Association of Consulting Architects
The Business of Architecture

Queensland Productivity Commission

Construction Productivity Inquiry
Interim Report Response

ACA QLD/NT Submission

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Introduction

The Association of Consulting Architects, Queensland and Northern Territory (ACA QLD/NT) welcomes the opportunity to provide this supplementary submission. This response builds on our May 2025 submission *Improving Productivity in the Queensland Construction Sector*, and addresses specific topics raised in the Commission's Interim Report. In that earlier submission we outlined six core reforms – **Modernise government procurement**; **Fix contracts & insurance**; **Invest in people**; **Embrace technology**; **Embed safety & quality**, and **Robust scope definition** – as essential levers for lifting productivity and public value. This follow-up submission offers additional detail aligned with those reform areas, focusing on:

- **Preliminary Recommendation 3 – Queensland Government Procurement Policies**
- **Reform Direction 2 – Pre-qualification**
- **Reform Direction 4 – Improving Tendering and Contracting**
- **Preliminary Recommendation 15 – Modern Methods of Construction**

Our comments concentrate on the often-under-recognised pre-construction phase of projects – planning, scoping, design and documentation, contract preparation, and contract administration – which is generally managed by architects and other professional consultants. We assert that improving productivity before a project reaches the construction site is just as critical as efficiency on-site. Indeed, many construction challenges and cost overruns originate from inadequate project definition, rushed design processes, or poor risk allocation upstream. By reforming front-end practices in line with ACA's core principles, the Queensland Government can significantly reduce downstream issues, delivering better outcomes for the public.

It is also evident that effective procurement methods differ by project scale and type. While our focus is on the traditional procurement pathway (brief → design → document → tender → construct), many issues we raise are applicable to alternative delivery models (e.g. design-and-construct). Ultimately, smarter procurement and contracting in the early project stages will amplify the success of any construction method.

Key Recommendations by Topic

The ACA's recommendations focus on systemic reform rather than quick fixes, emphasising that productivity improvements must align with public interest outcomes.

Queensland Government Procurement Policies (Preliminary Recommendation 3)
Core Issue: Current procurement practices often prioritise lowest price over value for money, undermining the Queensland Procurement Policy's six principles.
Key Recommendations:

- Develop "Model Client" procurement guidelines with fair contract conditions and appropriate risk allocation
- Establish an ongoing Industry Reference Group for government-industry dialogue
- Focus on value-based selection rather than cost-only decisions
- Address gaps in understanding specialised professional services roles

Expected Benefits: Fewer disputes, reduced project delays, better-designed projects, and improved public value through a collaborative procurement approach.

Pre-qualification System (Reform Direction 2)
Core Issue: Excessive duplication of information between PQC registration and individual tender submissions creates an administrative burden, particularly for SMEs and regional firms.
Key Recommendations:

- Streamline PQC process by leveraging the existing database rather than requiring resubmission
- Review and right-size PQC thresholds with regional considerations
- Implement more flexible criteria, allowing alternative demonstrations of capability
- Provide targeted support and training for SMEs in PQC processes

Impact: Broader participation, increased competition, stronger local industries, and reduced procedural costs.

Improving Tendering and Contracting (Reform Direction 4)
Digital Technologies
Barriers: Cultural resistance, lack of client mandates, skills gaps, and risk aversion to innovation.
Recommendations:

- Mandate digital deliverables (BIM) for major projects by 2027
- Weight tender evaluation to favour digital capability
- Provide grants and training for digital skills development
- Establish "Construction AI Challenge" for productivity solutions

Collaborative Contracting
Benefits: Innovation through early engagement, improved risk sharing, time savings, and better-quality outcomes.
Recommendations:

- Expand the use of alliances and early contractor involvement for complex projects
- Invest in building agency capability to manage collaborative contracts
- Start with pilot projects to demonstrate effectiveness

Risk Management and Standard Contracts

Core Issue: Proliferation of bespoke contracts with onerous clauses undermines Professional Indemnity insurance market and increases costs.
Recommendations:

- Mandate the use of standard form contracts (e.g., AS 4122-2010) without amendments
- Implement proportionate liability principles
- Cap consultant liability appropriately
- Ensure visibility of subcontract terms to prevent unfair risk transfer

Project Bundling
Position: Selective use only, with careful consideration of market impact.
Guidelines:

- Assess whether bundling reduces competition below acceptable levels
- Consider regional impacts and SME participation
- Allow joint ventures, but avoid mandating them
- Monitor outcomes and adjust approach based on evidence

Agency Capacity
Issue: Erosion of public sector project management expertise leads to inconsistent practices.
Recommendations:

- Develop central procurement guidance and Model Client principles
- Invest in public sector skills development
- Create an Industry Reference Group for ongoing support
- Consider formal capability reviews of major procuring agencies

Performance vs Prescriptive Specifications
Position: Support shift toward performance-based specifications to encourage innovation.
Implementation:

- Ensure performance criteria are clear and measurable
- Build agency capability in verification and testing
- Start with selective implementation (energy, acoustics, structural)
- Explicitly invite alternative proposals that meet performance intent

Modern Methods of Construction (Preliminary Recommendation 15)
Expanded Focus: Beyond traditional MMC, emphasise the transformative potential of AI and digital technologies in design and project delivery.
Future Skills Roadmap (2025-2035+):

- **2025-2028:** AI literacy, prompt engineering, ethical oversight
- **2028-2032:** Strategic leadership, multi-scenario simulation management
- **2032-2035+:** AGI orchestration, cultural mediation, moral risk leadership

Key Actions:

- Establish Queensland Architectural Future Skills Fund
- Fund 200 architectural cadetships focused on AI-enabled practice
- Require human sign-off on AI-generated designs for public projects
- Create Built Environment Ethics Council for AI governance

Implementation Strategy
Immediate Actions (2025-2026)

- Adopt Model Client procurement guidelines

- Streamline PQC system
- Pilot collaborative contracts on select projects
- Launch digital skills training programs

Medium-term Goals (2026-2028)

- Mandate standard contracts across government
- Implement BIM requirements for major projects
- Establish Industry Reference Group
- Roll out AI integration support for SMEs

Long-term Vision (2028-2035+)

- Position Queensland as national leader in construction innovation
- Develop comprehensive AI governance framework
- Achieve productivity gains while maintaining safety and quality standards

Expected Outcomes

For Government:

- Better project outcomes at lower cost
- Reduced disputes and delays
- Enhanced reputation as preferred client

For Industry:

- Fairer risk allocation and contract terms
- Increased opportunities for SMEs and regional firms
- Investment in innovation and skills development

For Public:

- Higher quality infrastructure delivered more efficiently
- Stronger local construction industry
- Better value for taxpayer investment

Interim Report Preliminary Recommendation 3 – Queensland Government Procurement Policies

The Commission is examining **Queensland Government procurement policies** and has requested further information on how these policies impact government procurement decisions, affect contractor behaviour and on-site productivity, and whether they impose costs or offer benefits not yet considered (and if so, whether those justify retaining current policies). We address these points below, focusing on professional services procurement (architects and other consultants), which is an area we believe holds substantial untapped productivity gains.

Current Government Procurement Objectives

As a starting point, it is vital to consider the Queensland Government's own stated aims for procurement. The *Queensland Procurement Policy 2023* (QPP) articulates six core principles for government purchasing:

- **Achieve value for money** – not just lowest price, but outcomes and whole-of-life value.
- **Apply a responsible public procurement approach** – support local business, social and sustainable objectives.
- **Behave ethically, and embed integrity, probity and accountability**.
- **Be leaders in procurement practice** – innovate and set high standards.
- **Collaborate for more effective outcomes** – engage openly with industry for mutual benefit.
- **Support strong governance and planning** – ensure robust processes and capability.

These principles establish a balanced framework for procurement. In practice, however, our members observe that procurement officers and processes do not always reflect the spirit of the QPP. There appears to be a gap in understanding the specialised skills and roles of professional service providers (such as architects) and the value these services add to project outcomes. This gap can lead to decisions that prioritize short-term metrics or procedural "compliance" at the expense of long-term value and project success.

Some unintended outcomes when procurement practices diverge from policy principles include:

- **Cost focus over value** – A preference for the lowest fee bid rather than a true value for money assessment. This can result in suboptimal design outcomes, higher whole-of-life costs, and buildings that are not fully fit for purpose. Importantly, it can also mean selecting consultants with less capability or relevant experience, which increases project risk and costs later (through variations, delays, or quality issues). These outcomes undermine the "Achieve value for money" principle by focusing on upfront price only.
- **Underestimating risk and complexity** – Procurement that treats professional services as a commodity often fails to account for risk appropriately. For example, insufficient design fees or overly tight timeframes shift risk to the construction phase (where it is costlier to manage). This can manifest as documentation errors, scope gaps, or coordination issues that cause on-site inefficiencies. In other cases, clients impose excessive contractual liabilities on consultants, which **discourages candid risk assessment** and innovation. As one industry stakeholder noted, lengthy and complex procurement requirements and "problematic risk allocation" in contracts are key issues undermining productivity.

- **Damage to local industry and social objectives** – When procurement is executed purely as an administrative exercise, it may neglect the responsible procurement goals of supporting local businesses and broader social outcomes. For instance, consistently favouring lowest-cost providers can sideline qualified Queensland firms (especially small or regional practices) in favour of larger out-of-state companies that can absorb losses or undercut fees. This not only hurts local industry capability but can reduce regional equity in project delivery.
- **Erosion of ethical practice** – In some cases, we've seen tender or contract conditions that could be described as unfair or unethical, such as *"take it or leave it"* consultancy agreements with unlimited liability or onerous insurance clauses. Consultants feel pressured to accept these terms or risk losing work, but doing so jeopardises their professional indemnity coverage and business viability. Such practices run counter to the principle of ethical behaviour and accountability, and they ultimately increase costs to government (through higher "risk premiums" or reduced competition).
- **Reputation and trust issues** – If agencies are seen as procuring professional services in a perfunctory or inequitable way, it damages the Government's reputation as a "leader in procurement practice". The best consulting firms may avoid bidding on government work due to frustration with process or perceived lack of fairness. This reduces the pool of expertise available to the government and can diminish quality. A government that consistently collaborates in good faith and plans procurements well will become a client of choice, attracting more and better tenders.

In summary, there is a risk that the **intent** of the QPP's six principles is not being fully realised on the ground. The ACA's advocacy therefore focuses on helping government identify where current procurement practices fall short and how to realign them with the stated objectives.

ACA Objectives & Goals

The ACA's key objective in this area is to work collaboratively with government to pinpoint specific procurement practices that are failing to meet the QPP principles and to recommend practical adjustments. Rather than criticize, our approach is *solutions-oriented* – we seek to partner on improving systems for mutual benefit.

Once problematic practices are identified (through industry feedback, case studies, and data), we propose establishing a joint government–industry working group or taskforce to develop reforms. This collaborative approach acknowledges that procurement reform is a two-way street: government insight and industry experience must combine to craft workable solutions. The ultimate goal is a set of changes that deliver wins for all parties – the Government (better project outcomes and public value), the architectural and consulting industry (fair engagement and viable fees), and most importantly the public interest (quality infrastructure, delivered cost-effectively and safely).

Concretely, the ACA QLD/NT is aiming for the following outcomes from this strategy:

- **Policy guidance for fair procurement:** We offer to assist in developing a "model client" procurement policy or guidelines that encapsulate key issues and best practices for engaging consultants. This document would provide government officers with clear guidance on fair and equitable contract conditions, appropriate risk allocation, realistic timeframes, and the proper assessment of value (over cost). We envision something analogous to the *Partnership for Change* Model Client Policy developed by Consult Australia and the Australian Constructors Association – a set of principles and behaviours that define an exemplary government client. By

adopting such guidelines, the Queensland Government can **ensure good governance and value for public funds in all professional services engagements**.

- **Structured industry–government dialogue:** We propose the establishment of an ongoing *Industry Reference Group*, comprising representatives from government agencies and consulting professions (architecture, engineering, etc.). This forum would enable regular communication, feedback, and collaboration on procurement practices. It institutionalises the "Collaborate for more effective outcomes" principle by creating a mechanism to continuously refine processes based on what is working or not working on the ground. The reference group can also serve as an early sounding board for new initiatives (e.g. digital tendering platforms or new contract templates), helping to iron out issues before wider rollout.

Together, these initiatives aim to modernise government procurement (core reform #1) in a way that government procurement officers become more informed and proactive, while consultants feel their expertise is valued and fairly compensated. Over time, this should translate into fewer disputes, fewer project delays, and better-designed projects – which is in the best interest of the Queensland public.

Benefits of a Collaborative Strategy

A genuinely collaborative, solutions-focused approach between government and industry will yield numerous benefits:

- **Awareness of unintended consequences:** By engaging with industry feedback, Government agencies will better understand the downstream repercussions of current practices. For example, they may discover how ultra-short tender periods or excessive bid documentation requirements are causing *fewer bids* or *lower quality proposals*, ultimately costing the Government more. With this awareness, policies can be adjusted pre-emptively.
- **More efficient procurement processes:** Our aim is to help agencies procure professional services more quickly and efficiently, while still ensuring quality and fairness. Streamlined prequalification, standardized proposal requirements, and realistic timelines mean projects can start sooner with the right team on board, without the costly repeats or extensions that plague some tenders today.
- **Fair risk and reward sharing:** Collaborative reform will reinforce fair allocation of risk and appropriate remuneration. A key benefit is that it will stabilise the consulting sector's insurance environment – standard contracts and reasonable liability caps remove the "hidden risk premiums" currently priced into bids. This encourages more firms to bid (enhancing competition) and supports innovation (consultants are less fearful of unbounded liability). The public sector also benefits through fewer protracted contract negotiations. For instance, Consult Australia has observed that government projects often face delays due to negotiating out onerous insurance clauses that would otherwise cripple consultants; avoiding such clauses in the first place saves time.
- **Better project outcomes through capability matching:** By refining selection criteria and processes, the Government can more consistently engage consultants who are truly capable, resourced, and experienced for the specific project at hand. This alignment means a higher likelihood of achieving the project's anticipated outcomes (functional performance, design quality, budget and time targets) while delivering value for public funds. Essentially, it's about getting "the right team for the job" rather than the cheapest team.

- **Improved guidance for non-tangible procurements:** Procuring professional and creative services (like design) is fundamentally different from buying tangible goods or construction works. A key benefit of our proposed strategy is a resource or framework that guides agencies in these nuances – from crafting a clear brief to evaluating design quality. This addresses a current gap, helping procurement officers navigate the less quantifiable aspects of design value.
- **Continuous improvement through feedback:** By instituting regular collaboration and feedback loops (e.g. via the Industry Reference Group), the Government can **practice strong governance and maintain a reputation as a procurement leader. Mistakes or inefficiencies in process can be caught and corrected faster. Industry, in turn, feels heard and is more likely to invest in doing business with the Government**. The result is a positive cycle of trust and improvement, rather than a stagnant system.

All of the above contributes to the overarching goal: delivering public projects more efficiently and cost-effectively without compromising on quality or safety. This approach treats productivity not as a zero-sum tug-of-war between cutting costs and maintaining standards, but as a collaborative effort to "do things right the first time" – thereby saving money and time over the project lifecycle.

Alignment with AIA and Consult Australia Submissions

We note that many points raised here echo recommendations from other peak industry bodies, notably the Australian Institute of Architects (AIA) Queensland Chapter and Consult Australia, in their submissions to this inquiry. This consensus underscores that the issues – and solutions – we highlight are broadly supported across the sector:

- **AIA Queensland's perspective:** The AIA's submission emphasised that clear, predictable processes and early collaboration are essential to improving construction productivity. They warned that overly convoluted or changing regulatory and procurement requirements create delays, increase costs, and hinder innovation – all of which ultimately undermine public value. The AIA also stressed investing in human capital and regional capability, noting that efforts to speed up building delivery must not come at the expense of quality or equity. In particular, the AIA advocated procurement reforms that focus on design quality and involving architects early in project scoping, to ensure that projects are well-defined and viable from the outset. We strongly support these points: a procurement system that values design expertise and robust scope definition will reduce costly abortive work and align deliverables with expectations.
- **Consult Australia's recommendations:** Consult Australia, representing engineering and design consulting firms, has urged governments to adopt a *"Model Client"* approach. This approach would see the government acting as an active and informed client, setting a collaborative tone from the top. In practice, this means understanding market conditions and the roles of suppliers, balancing risk appropriately, providing clear briefs and reasonable timeframes, and avoiding heavy-handed contract amendments. Their submission specifically calls on Queensland to embed Model Client principles across all construction procurement. For example, they recommend the government *avoid non-standard contracts and prioritise collaborative contracting*, maintain proportionate liability, and eschew multiple rounds of "price-only" bidding. They also highlight practical steps such as ensuring the government has visibility of contracts between head contractors and sub-consultants to prevent unfair "back-to-back" risk transfers and promoting fair insurance requirements to stabilize the PI insurance market. The ACA endorses these recommendations – they align closely with our own, especially

regarding standard contracts and fair risk allocation (see further discussion in *Reform Direction 4* below). Adopting a Model Client policy in Queensland, as was jointly developed by Consult Australia and the Australian Constructors Association in 2022, would send a strong signal that the Government is committed to modern, collaborative procurement practices.

In conclusion for Recommendation 3, our view is that Queensland's procurement policies can be modernised in line with both government objectives and industry best practice. By doing so, the Government will not only achieve better cost-efficiency and risk management on its projects but will also cultivate a more robust local consulting industry capable of delivering the ambitious infrastructure and housing agenda ahead. This is fundamentally in the public interest: every dollar of public money will go further when spent under a procurement system that emphasises quality, fairness, and long-term value.

Reform Direction 2 – Pre-qualification

Request For Information - Queensland Government Procurement Policy

The Commission seeks further information on how the government's **Pre-Qualification (PQC) system** impacts contractors, building consultants and subcontractors – particularly **small and medium enterprises in regional areas** – and what could be done to improve it. Additionally, is the current sizing of PQC thresholds appropriate, and should thresholds vary for different stakeholders?

ACA Response

The PQC registration system is frequently cited by our members as an area ripe for streamlining. At present, to be eligible to tender for Queensland Government architectural and other professional consultancy services, a firm must be registered on the PQC database. The process of obtaining and maintaining PQC registration involves compiling and submitting a significant amount of information, including but not limited to:

- Company details (name, business number (ABN) and company number (ACN) if applicable)
- Insurances (professional indemnity, public liability, etc., with policy details)
- Office locations and addresses
- Professional licences and registrations (e.g. Queensland Building and Construction Commission licence, Board of Architects registration, Board of Professional Engineers registration)
- Management system certifications (quality assurance, WHS, environmental – if applicable)
- Project history and referees (including detailed referee reports on past projects)

Gathering and providing this data is a substantial administrative task for any consulting firm. Our concern is not with the existence of these requirements – clearly, it's important for government to vet suppliers – but with the duplication of effort that occurs when the same information is repeatedly requested. In theory, once a firm is PQC-registered, much of this information is already on file with the government. In practice, however, consultants must reproduce the same material for each Expression of Interest (EOI) or Request for Tender (RFT) they submit, as if starting from scratch.

For example, even if a firm has updated its insurances and referee reports in the PQC system, an individual tender often asks for those documents anew. We appreciate the need to capture any changes or project-specific details at the time of each tender. However, requiring *all* standard PQC information in every bid is an inefficient burden on both industry and government. Preparing large appendices of firm details and past experience for each submission diverts time and resources that could be better spent on project-specific proposals and design thinking.

Consider that a typical government EOI might attract dozens of consulting firms, and a tender shortlist perhaps 3–4 firms – each assembling a similar package of company info and credentials. Multiply this across hundreds of tenders, and the cumulative cost to industry is enormous for re-submitting static information. This is ultimately passed on in higher overheads (and thus fees) or results in smaller firms opting not to bid due to the paperwork load. Moreover, much of the PQC dossier is not directly relevant

to the final selection once a firm is on the tender shortlist – at that stage, specific team capability, methodology, and price typically drive the decision.

Streamlining the PQC process would therefore yield productivity gains for all. We recommend that the Government leverage the existing PQC database by allowing tender panels to access a firm's PQC records instead of asking for resubmission of those details. A practical improvement would be to require consultants only to confirm that their PQC info is up-to-date (and provide any new or changed information) in a tender response, rather than attaching every certificate and project list again. Modern procurement portals can even integrate with the PQC registry so that much of the standard data auto-populates in a bid. By eliminating duplicated content, bids become shorter, and evaluation becomes faster, focusing on the value-add aspects of proposals rather than boilerplate compliance documents.

Beyond duplication, the Commission specifically enquires about regional and small business impacts of PQC, and whether the sizing of thresholds is appropriate. This is an important dimension, as a one-size-fits-all pre-qualification system can inadvertently disadvantage smaller firms or those outside metropolitan areas:

- **Regional SMEs and market access:** Firms in regional Queensland report that the PQC system can be a barrier to competing for government projects. The administrative burden we described is even heavier for a small practice with perhaps one part-time administrator (or in many cases, the directors themselves doing tender admin). Unlike larger firms, small consultancies cannot easily amortise the cost of maintaining elaborate pre-qualification submissions. If the PQC process were simpler or tiered appropriately, more regional players could throw their hat in the ring, increasing competition and building local capability. Keeping work local has community benefits: it develops regional professional talent and ensures local knowledge is applied to local projects (often leading to more context-sensitive outcomes).
- **Threshold levels and flexibility:** The PQC system categorises firms by financial and project experience thresholds (PQC Levels 1 through 4, corresponding to the project size or complexity the firm is deemed capable of). If these thresholds are set too rigidly, a capable small firm might be excluded from a mid-sized project simply because they haven't previously completed a project of that dollar value. For instance, a firm that has successfully delivered several $3 million buildings might be restricted at a lower PQC level and barred from a $5 million project – even though its skills are adequate – because they lack a single past project above the cutoff. The Commission should consider whether more nuanced criteria could be applied. This could include allowing *alternative demonstrations of capability* (e.g. a track record of on-budget delivery, or a successful partnership with a larger firm) to qualify for a higher band, or region-specific adjustments where the pool of higher-PQC firms is limited.
- **Avoiding unintended pressure on SMEs:** We have observed at least one recent instance in Queensland where an agency introduced a requirement that consultants form joint ventures at the pre-qualification stage for certain projects, purportedly to ensure capacity and avoid delays after award. Consult Australia noted this "new requirement" with concern, pointing out that forcing JVs so early is contrary to normal practice and creates unnecessary cost for businesses. In effect, consulting firms had to invest time and money to set up a legal joint venture entity solely to satisfy a tender condition – even if ultimately that JV might not be needed to deliver the work. This kind of over-specification in pre-qualification can be counterproductive: it deters participation (as many SMEs will not go to such lengths on the chance of winning a job) and adds no real value (since capable firms could always partner if they win, without pre-emptively forming new companies). We urge the Government to review and avoid such practices, ensuring

that pre-qualification remains proportionate to project needs. Requirements should not needlessly exceed what the private market would organically do to assure project delivery.

To directly answer the Commission's question on PQC thresholds: we believe there is merit in exploring more appropriately sized and possibly more flexible thresholds. This does not necessarily mean lowering standards but rather making the pre-qualification process *smart*. One idea could be implementing a *"stepping stone"* approach: allow firms at PQC Level 2 to bid for a Level 3 project if they partner with a mentor firm, or if they have a proven performance record on similar smaller jobs. Another idea is to have regional PQC panels – for example, pre-qualifying firms within regions for certain project sizes taking into account local context. A $10 million hospital in a remote area might reasonably be designed by a local firm with $5 million project experience, especially if the alternative is no local firm at all. The Government could thereby promote regional economic development by slightly relaxing or adjusting thresholds in regional tenders, without compromising quality (since all basic qualifications like licensing and insurance still apply).

The ACA also suggests ongoing consultation with small and regional firms to identify specific friction points in the PQC system. It may be that the solution is not purely in rule changes, but also in providing support. For instance, the Government could provide targeted training or templates to help SMEs compile PQC submissions more easily, or designate procurement officers to assist first-time PQC applicants. These small investments would pay off in greater diversity of tenderers and potentially better value bids for the Government.

In summary, pre-qualification should be an enabler, not a hurdle. The goal is to ensure that all bidders on government work are qualified and capable – but once that is established, the system should *get out of the way* and let competition occur on the merits of proposals. By removing redundant paperwork, right-sizing thresholds, and accommodating regional realities, Queensland can broaden participation in government projects. This means more competition (driving better value), stronger local industries (more jobs and skills in region), and ultimately better project outcomes, because the government can choose from a rich pool of appropriately qualified consultants. These improvements align with our core reforms to *modernise procurement* and *invest in people* (by giving smaller firms and their staff opportunities to grow). They also serve the public interest by reducing costs and delays associated with over-bureaucratic procedures, ensuring that vital projects (schools, hospitals, housing, etc.) are not slow-tracked by procedural inertia.

Reform Direction 4 – Improving Tendering and Contracting

Request For Information – Improving Tendering and Contracting

The Commission seeks information and examples on a range of issues related to tendering and contracting, including:

- The key barriers to increased adoption of **digital technologies** (e.g. Building Information Modelling) and what policies or practices would allow fully leveraging these opportunities.
- The benefits and costs of **collaborative contracting** arrangements (including early contractor engagement), and barriers to their greater adoption.
- How **risk** can be allocated more appropriately in government contracts.
- The benefits and costs of adopting **standardised contracts**.
- The extent to which there are likely benefits from greater **bundling of projects**, and whether bundling might reduce competition by excluding smaller firms.
- Whether government **procurement agencies have the capacity** to implement the types of changes noted by stakeholders, and what additional public or private capabilities would be required (and how to achieve them).
- Examples of successful approaches used to **incentivise improved risk allocation** by contracting agencies.
- The pros and cons of replacing **prescriptive specifications** with more **performance-based** specifications.

ACA Response

We address each of these sub-topics in turn below. Our response draws on the collective experience of our member firms and aligns with ACA's core advocacy themes of technology adoption, fair contracts, and quality-focused procurement.

Digital Technologies

In our original submission, we highlighted the transformative potential of digital technology in design and construction. Global evidence already shows that AI-enabled and BIM-enabled teams can deliver projects significantly faster and at lower cost. BuildingSMART and international studies on BIM have documented reduced clashes, fewer change orders, and time savings when robust digital models are employed.

The key barriers to wider adoption of technologies like Building Information Modelling (BIM), computational design, and AI in Queensland's construction sector are not *technology* per se – the tools exist and continue to improve rapidly – but rather cultural and procedural barriers. These include:

- **Procurement models that don't reward innovation:** If tenders are decided primarily on lowest price and fastest program, firms may feel they don't have the "luxury" to invest in cutting-edge digital processes. Designing and coordinating via BIM, for example, can save enormous costs

downstream, but it requires sufficient fee and time upfront to execute properly. Procurement needs to value the long-term savings of digital delivery (fewer RFIs, less rework) rather than assuming all bids are equal and just picking the cheapest. One solution is to require or incentivise digital methodologies in bids – e.g. allocate a portion of tender evaluation to digital capability and approach, or mandate BIM execution plans for significant projects.

- **Lack of client demand or mandate:** Many private sector clients and some government agencies around the world have now mandated BIM deliverables in their projects (with deadlines such as "all projects by 2025 must be delivered with an open BIM model"). Such mandates force the industry to upskill and invest. In Queensland, there is not yet a blanket mandate. Without a client requirement, some consultants and contractors will stick to familiar 2D processes. A clear government policy on **"**digital by default" for major projects – including standard BIM standards, common data environments, etc. – would remove ambiguity and accelerate uptake. (We note that Consult Australia's submission recommends moving away from the current *"digital by exception"* practice to an "Enabling Digital by Default" approach.)
- **Training and skills gap:** Embracing AI and BIM means firms (especially SMEs) need staff with the right skills or the resources to train them. There is a cost barrier here. Not every small practice can afford a dedicated BIM manager or data scientist. Government can play a facilitative role: for example, by providing grants or vouchers for digital upskilling (as per our original recommendation of $5m/year for digital skills grants and $25k tech adoption vouchers) or partnering with industry groups on training programs. Another idea is that tender criteria could reward teams that include younger professionals with digital expertise, thus encouraging firms to bring along cadets or recent graduates fluent in new tools.
- **Interoperability and standards:** If every agency or every project uses a different software or standard, it fragments effort. The government should endorse or adopt open standards (like Industry Foundation Classes for BIM) to ensure that digital deliverables are usable across different platforms and by facility managers post-construction. Requiring open-standard BIM deliverables on new state projects by a set date (as we recommended, from 1 January 2027) will push both consultants and software vendors towards better interoperability.
- **Risk aversion to new technology:** There can be a mindset, especially in procurement and client rep roles, that innovation equals risk. For instance, if a contractor proposes using an AI scheduling tool that isn't "tried and true," a client might reject it in favour of traditional methods. This is partly generational and partly due to lack of understanding. Overcoming it will involve leadership and education – for example, showcasing pilot projects where AI or other tech have been successfully used (perhaps through a government-supported "Construction AI Challenge" that profiles winners and lessons learned). The Commission could encourage a structured program of pilot projects in different departments to demonstrate benefits in a low-risk environment.

In short, to fully leverage digital technologies, we recommend Queensland Government adopt a proactive stance: fund and demand innovation in equal measure. Fund, by helping industry upskill and by investing in digital R&D (as an example, some governments fund hackathons or pilot programs to develop AI solutions for construction monitoring, etc.). Demand, by setting digital delivery requirements in procurement (phasing them in to give industry time to adjust) and by weighting tenders to favour those who will deliver a technology dividend.

We also note that *Building Information Modelling (BIM)* is just the first step. Artificial Intelligence (AI) is rapidly emerging as the next frontier (from generative design to automated compliance checking). The

accelerating capabilities of AI – and eventually Artificial General Intelligence (AGI) – will profoundly reshape architectural practice and construction workflows. We have dedicated a separate section (our response to Preliminary Recommendation 15, below) to discuss this in detail. In summary here, embracing technology is not optional if Queensland wishes to boost productivity. We must ensure Queensland's policies enable us to capture such productivity gains, rather than lag and end up importing expertise at higher cost.

Collaborative Contracting

The ACA strongly supports collaborative consultant models (such as alliances, early consultant involvement (ECI), and other partnership-based arrangements) where appropriate to the project. The benefits of collaborative contracting can be significant: improved risk sharing, innovation through early input, reduced adversarial disputes, and often better cost and time performance on complex projects. However, we acknowledge there are both benefits *and* costs, and some clear barriers holding back wider adoption in Queensland.

Benefits: Collaborative contracting shifts the paradigm from "we win when you lose" to "we win together or lose together." In practical terms, methods like alliancing (used in major infrastructure in other states) or ECI (bringing a contractor on during design phase) can lead to:

- **Innovation and buildability improvements:** Early contractor involvement allows construction expertise to inform design decisions. This can prevent scenarios where a beautifully designed solution is impractical or expensive to build. Instead, the team iterates to find approaches that achieve the project goals more efficiently. Numerous case studies (for example, the Alliancing used in Victorian transport projects, or IPD – Integrated Project Delivery – in the US) show that when designers, contractors, and clients work through problems together from the start, the outcome is more innovative and cost-effective than a siloed D&B approach. The MacLeamy Curve famously illustrates this: the ability to impact cost and performance is highest early in design, and the cost of changes rises exponentially later. Collaboration taps into that principle.
- **Risk management (the right way):** Instead of each party fighting to transfer risk, collaborative contracts often use a "best-for-project" approach to allocate risk to whoever can best manage it and sometimes hold certain risks in a *shared* contingency. This leads to fewer claims and surprises. For example, in an alliance, if an unexpected ground condition is encountered, the team addresses it collectively rather than immediately resorting to contract clauses and variations. This can save time (no lengthy disputes) and money (solutions are found rather than positions defended). It also creates a culture of transparency – issues are flagged early, not hidden.
- **Time savings:** With early contractor engagement, the project timeline can be compressed because some construction planning happens in parallel with design. Long lead items can be procured early, and staging can be optimised collaboratively. There is also no delay for a lengthy tendering phase after full design – since the contractor is on board, construction can start sooner. However, we caution that this works best when the project is complex enough to warrant ECI; for straightforward projects, traditional tendering may still be faster.
- **Quality and client satisfaction:** Collaborative models can improve quality because everyone is jointly accountable for the end result, not just their piece of the scope. The alliance agreements typically include Key Performance Indicators for outcomes like quality, safety, and stakeholder satisfaction, with financial incentives/penalties attached. This can drive a higher performance culture. We have seen instances where alliance teams go above and beyond

minimum specs, because the *collective reputation* is on the line and they are thinking in terms of whole-of-life output (often the owner is part of the alliance, aligning interests directly).

- **Flexibility for change:** If the client's needs evolve (which on long projects, they often do), a collaborative contract is generally more flexible to accommodate changes without massive rework of contracts. In a traditional D&C, a change in brief can be very costly due to "contractual change order" mechanisms. In an alliance, the team can incorporate the change in an integrated way, negotiating the cost transparently. This can be very beneficial in, say, fast-moving technology projects or where policy decisions might impact scope mid-project.

Costs/Challenges: On the flip side, collaborative contracting can involve higher upfront costs for procurement and a need for greater skill in contract management:

- **Higher procurement effort:** Selecting an alliance partner or ECI contractor is often a more involved process than a simple tender, sometimes involving detailed interactive workshops, evaluations of culture fit, etc. It can cost more to run and require more agency resources in the early stage. If not done carefully, these can be expensive bids for industry too (though ideally an alliance selection limits the field to a few shortlisted consortia).
- **Learning curve and skills:** A significant barrier noted in Queensland is the lack of familiarity and capability within some agencies to undertake collaborative contracts. Because such models haven't been used frequently, there's limited understanding of how to set them up and manage them. This can lead to missteps – for example, we have heard of instances where an alliance contract was structured but the agency attempted to impose traditional D&C risk allocation within it, negating many benefits. Consult Australia pointed out that if clients try to shoehorn old risk approaches (like transferring all design risk to the contractor) into an alliance, it results in "skewed risk allocations" and consultants being exposed to inappropriate liabilities. In other words, if the parties don't understand the collaborative model, they might inadvertently undermine it. The solution is investing in procurement capability – training government staff (and industry) in how to do alliances/IPD properly, possibly hiring experienced advisors who have done it elsewhere, and starting with pilot projects to build internal knowledge.
- **Not suitable for all projects:** Collaborative contracts tend to work best for complex, high-risk projects where outcomes are uncertain and innovation is needed (e.g. a new hospital with cutting-edge requirements, or a major infrastructure project with tunnelling). For simple, well-defined projects, the cost of collaboration may outweigh benefits – a straightforward school building might not need an alliance; a well-managed design-bid-build could suffice. So, government agencies need the judgment to choose the right procurement model for the right project. This ties back to capability and guidance.
- **Perception of reduced-price tension:** One reason agencies sometimes hesitate to use, say, ECI or negotiated contracts is the fear that without competitive tender at 100% design, they might not get the lowest price. While alliancing often uses open-book costings and independent estimators to ensure value, this concern can be alleviated by, for instance, having competitive tension at the selection stage or using pain/gain share mechanisms to keep pressure on efficiency. It's a matter of trust in the model – once a few successes demonstrate that collaborative projects can come in on or under budget, confidence grows.

Barriers to adoption: In addition to the skill gap mentioned, one barrier in the past was policy inertia. If existing procurement policy didn't explicitly encourage collaborative approaches, departments might stick to business-as-usual. We note positively that the Commission's interim report and stakeholders like Consult Australia have brought this opportunity to the fore. In fact, Consult Australia reports that

collaborative contracting was a key focus in developing the recent Infrastructure Pipeline (IPWR) recommendations, and there is already an agreed set of core principles awaiting progress. We encourage the Government to follow through on those principles – which include collaboration, pipeline transparency, early engagement, and standardised contracts – as they will set a conducive framework.

Additionally, industry culture can be a barrier: after years of adversarial contracting, it can be hard for some companies to adjust to a truly collaborative mindset. Clients can incentivise this change by selecting teams (in bids) who demonstrate a collaborative culture, not just technical ability. For example, one could include behavioural assessments in the bid (as is done in alliance selections) to gauge how teams interact and solve problems together.

ACA's view: We recommend the Queensland Government expand the use of collaborative contracting models, especially for large and complex projects, and invest in building the knowledge to do so effectively. This aligns with our call to *modernise procurement* in a way that emphasises partnership over antagonism. A practical step could be to pilot an alliance or IPD contract on a public building project (e.g. a regional hospital or a major education facility) to demonstrate the approach in vertical construction, not just civil infrastructure. The lessons from such pilots can then inform broader rollout. We also echo Consult Australia's suggestion that government review its standard contracts to incorporate collaborative principles and ensure risk is allocated to the party best able to manage it rather than reflexively passed down.

In conclusion, collaborative contracting, if implemented well, offers a path to "procure best value, not just best price." It creates an environment where all parties are motivated to achieve the project objectives, which ultimately means better outcomes for the public – projects delivered with fewer disputes, and with more of the creative potential of industry unleashed. The key is to overcome the knowledge barriers through capacity building and perhaps external support. Once those are addressed, we anticipate many in industry will enthusiastically participate, as it offers a more rewarding way to work and a chance to do what professionals actually want: deliver great projects for the community.

Risk Management and Standard Contracts

The allocation and management of risk in contracts is a critical factor in productivity. Poor risk allocation can lead to hidden costs, reduced competition (as some firms decline to bid), and defensive behaviours that undermine project outcomes. The ACA firmly believes that government clients should set the tone for fair risk allocation, and a major part of this is the use of standard, well-balanced contracts for professional services.

Currently, all consultants engaged on government projects are required to hold Professional Indemnity (PI) insurance (this is even a prerequisite for PQC registration). However, we have observed a proliferation of bespoke or heavily amended contracts in consultancy engagements which often include onerous clauses – such as unlimited liability, broad indemnities, fitness for purpose warranties, or disproportionate insurance requirements. These practices lead to multiple negative consequences:

- **Inappropriate risk allocation:** Non-standard contracts frequently push risks to consultants that they have little or no control over (for example, requiring the architect to warrant the future performance of materials or the solvency of other parties). A consultant can manage the risk related to their own professional care and diligence but cannot reasonably accept liability for matters beyond their scope. Pushing such risk onto them doesn't make it vanish – it simply

becomes unmanaged risk, as Consult Australia aptly describes. When a consultant is forced to take on unmanageable risk, two things happen: either they price it (making the bid more expensive) or, if they can't price it, they operate under financial stress hoping nothing goes wrong – which is not healthy for project or firm.

- **Insurance instability:** PI insurers are wary of unusual contract conditions. If every government job comes with a bespoke contract, insurers must review each for insurability. This has led to situations where insurers exclude certain contracts or increase premiums for those jobs. Consultants then struggle to obtain the required PI cover at a reasonable cost, or at all. Unfair contract conditions (like very high liability caps or indemnities) have been a contributing factor to the PI insurance crisis in our industry post-Grenfell. As a result, some firms have had to exit certain work or accept high premiums, costs which ultimately get passed back to government clients. A standard contract, which is an industry-accepted consultancy agreement, is something insurers are familiar with and comfortable covering. Mandating its use (unamended) on government projects would immediately remove a lot of uncertainty and allow insurers to price risk more confidently.
- **Unnecessary risk-taking or exclusions:** When faced with a harsh contract, some consultants may, out of necessity, *accept risks they shouldn't*, just to stay in business – essentially hoping nothing goes wrong. This is dangerous: it can lead to business failures or contentious claims if a risk does materialise. Others may carve out scope to avoid uninsurable risks, which can leave gaps. Neither scenario is ideal for project delivery or public interest. It is far better to have a clear, fair baseline of risk-sharing so all parties can focus on performing their role, not looking over their shoulder.
- **Increased claims and costs:** The combination of the above factors tends to breed disputes. If contracts are balanced and roles clear, true negligence or breaches are easier to pinpoint and resolve (often without litigation). In contrast, if a contract is riddled with onerous clauses, there's more likely to be arguments about interpretation, or attempts by parties to transfer blame to avoid massive liabilities. This leads to more claims, which means more legal costs and time wasted rather than on productive work. Over time it also pushes premiums up for everyone, as insurers pay more in legal fees and payouts.

To address these issues, the ACA recommends: Use a standard form consultancy contract (unamended) for government engagements and implement proportionate liability principles (i.e. no contracting out of proportionate liability legislation, no requirements for consultants to shoulder 100% of liability regardless of their share). The *Australian Standard AS 4122–2010* (General Conditions of Contract for Consultants) is one such form that was developed collaboratively by industry and government. If used without bespoke insertions, it reasonably limits liability, defines obligations clearly, and includes duty of care but not warranties of outcome. It allows the consultant to "own" the risks in their control (and insure against them) while the client and other parties retain their appropriate share.

We also support capping consultant liability (often at a multiple of fee or a fixed dollar cap) on government projects, which is common in other jurisdictions. The ACA's earlier recommendation was to cap liability for state projects, which we believe strikes a balance – it ensures consultants are accountable for their work, but not to a ruinous extent out of proportion to their remuneration.

Adopting standard contracts and fair liability caps is very much in line with making Queensland a "model client." It shows that the government understands the distinct role of consultants versus contractors and is not trying to unfairly offload all risk downstream. As Consult Australia notes, being a

model client means ensuring consultant contracts reflect the role and services of the consultant – nothing more, nothing less. This is a prudent approach to risk management: issues are addressed by the party best placed to do so, and there is no illusion that risk can be transferred away without consequence.

Furthermore, the government should be vigilant about the "back-to-back" contracting practices in the wider market. Even if an agency gives a fair contract to a head contractor, that contractor may pass onerous clauses to their sub-consultants. We recommend the government *explicitly require* that its head contractors use similarly fair terms when engaging architects and engineers. As mentioned, Consult Australia has advocated for visibility of these subcontracts to stop inappropriate risk pass-through. The government could, for example, stipulate in head contracts that any consultancy subcontracts must not impose greater liability or duty than the head contract imposes on the contractor, and perhaps even require the use of standard subconsultant deeds. This would help close the loop so that the entire chain operates under aligned risk principles.

To highlight a successful approach, we can look at other states or countries: for instance, the NSW Government through its Construction Leadership Group has standardised consultancy contracts for infrastructure projects, which has reduced friction. In the UK, the government promotes the NEC suite which fosters a collaborative approach and clear risk allocation. Queensland could take inspiration from such models to develop its own suite of contracts or adopt existing ones like AS 4122 across departments.

Incentivising improved risk allocation: The Commission asked for examples of incentivising better risk allocation by agencies. One idea is to include procurement KPIs for departments – for example, measure and publish metrics like number of bids received per tender (as a proxy for market attractiveness), time taken to reach contract award, etc. If an agency consistently has poor numbers, it may point to off-putting contract conditions or processes, prompting an internal review. Recognising agencies or project teams that successfully implement fair contracts could also be part of an awards program or just internal recognition – a bit of competition in being an "agency of choice" for suppliers can motivate change. Ultimately, however, top-down directive is needed: if the Cabinet or Treasurer mandates the use of standard contracts and caps, that will universally lift practice.

In summary, fixing contracts and insurance (our core reform #2) is foundational to improving productivity. It reduces the hidden costs (insurance premiums, contingency pricing, legal disputes) that plague the industry and ensures the focus stays on delivering the project rather than managing contractual minefields. It will encourage more consultants to bid (increasing competition and innovation) and help maintain a healthy local consulting sector (so government isn't forced to rely on a few big firms). The public benefits from a system where taxpayer dollars aren't being gobbled up by risk premiums and legal fees but instead go into tangible project value.

Bundling of Projects

"Bundling" refers to the practice of combining multiple projects or project elements into a single larger contract. The idea is to achieve economies of scale or reduce procurement overhead. For example, a department might bundle the design or construction of five schools into one package, or a regional health authority might award one contract for maintenance upgrades across several hospitals. While bundling can make sense in some contexts, the ACA urges caution because the size and scope of contracts have a direct impact on market competition and industry structure.

A large majority of ACA member firms – and indeed of architectural practices generally – are small to medium enterprises. In Queensland, this is especially pronounced. Recent surveys indicate that 85% of architectural firms in Queensland employ 5 or fewer staff. These micro and small businesses are the backbone of regional and suburban service delivery. They are agile, close to their communities, and often offer cost-effective solutions. However, they do not have the capacity to take on extremely large projects or multiple-site packages at once. If the government bundles many projects together (or simply issues very large contracts), it effectively shuts out those smaller players from participating as lead consultants or contractors.

The consequences of over-bundling can include:

- **Reduced competition:** As the Commission itself noted from stakeholder feedback, bundling can "disproportionately impact SMEs" – the trade-off for any efficiency gained is often a reduced pool of bidders. Only big firms (or consortia of smaller ones) will bid on a bundle of, say, 5 schools at once. This can lead to higher prices in the long run, as the few large firms know they face limited competition. It might also encourage collusive behaviours or simply reduce the incentive to put forth the best effort, as the *winner takes all* nature of big contracts can dull competitive pressure.
- **Loss of local input:** When smaller regional projects are bundled into a state-wide package, typically a big metropolitan firm wins the work. The result can be less local engagement in design, less understanding of local context, and fewer opportunities for local consultants and subconsultants. Over time, this undermines the development of professional capacity in regional areas. One of Queensland's challenges is to ensure prosperity and growth are not just concentrated in the Southeast. Having local architects design local projects (council facilities, schools, clinics, etc.) is a part of economic activity in those communities.
- **All eggs in one basket (delivery risk):** If one contract covers numerous projects and that contract encounters problems (say the firm becomes insolvent or falls drastically behind schedule), it can cascade delays or issues across all those projects. In contrast, separate smaller contracts compartmentalise the risk. For example, bundling projects can sometimes backfire – if one site in the bundle has an unforeseen issue (contamination, community opposition, etc.), it could hold up progress payment or focus on the entire bundle.
- **Detriment to small builders and subtrades:** It's not just design professionals; bundling construction projects into mega-contracts can exclude small and medium contractors as well. Many capable local builders could handle a $5 million project, but not a $50 million bundle. Thus, bundling can lead to work going to tier-1 contractors who might then subcontract anyway (sometimes back to those smaller firms, but often bringing in their own usual subs). The net effect is potentially more layers of management and cost, rather than less.

This is not to say bundling has no merit. Certainly, there are cases where bundling is logical – for instance, if highly specialised work needs to be done at multiple sites, grouping it might attract a firm with the niche expertise to do it efficiently. Or if the government knows it has a repeat program (like a standard design for social housing units to be replicated), a bundled approach might yield volume discounts on prefabrication, etc. Bundling may also be advantageous in a very busy market to ensure workload continuity for suppliers (though conversely, in a busy market bundling could limit competition severely).

Our recommendation is that project bundling should be used selectively and with strategic intent, not as a blanket approach. The Commission's interim report rightly asks about better "sizing" of tenders to

suit circumstances. We wholeheartedly agree with taking a case-by-case approach: some projects should be bundled to benefit from scale; others should be deliberately un-bundled (broken into smaller packages) to enhance competition and local participation.

Specifically, we suggest the following guidelines:

- **Assess market impact before bundling:** Agencies should conduct a market sounding or analysis: How many firms in Queensland (or Australia, if needed) could realistically deliver the bundled package? If the answer is only 2 or 3, you are severely constraining competition. If it's 5 or more, bundling might still be competitive. Also consider regional impacts – if bundling crosses regions, are you effectively sidelining regional firms?
- **Consider de-bundling large projects:** The inverse scenario is also worth noting – occasionally a single very large project might be better split into smaller packages (by trade, phase, or location) to allow more firms to participate and to reduce execution risk. For example, a hospital project might be delivered in parts (core hospital vs. ancillary buildings) with different teams, if that reduces complexity and aligns with contractor capacity.
- **Support small firm participation:** If bundling is pursued, look for ways to keep small firms in the mix. This could be requiring that large lead contractors include local SMEs in their teams (though that can sometimes lead to token roles). Another method: allow SMEs to joint venture or form consortia to bid on bundles, and maybe even facilitate matchmaking. However, as noted earlier with pre-qualification, forced JV requirements can be burdensome, so any such approach should be done by providing support, not mandates.
- **Monitor and adjust:** The Government should monitor the outcomes of bundling vs non-bundling. If a pattern emerges that bundled contracts have less bidder turnout or higher cost escalation, that's evidence to pivot strategies. There's also the possibility of a hybrid approach – bundle for procurement efficiency but break into separable portions that can be awarded to multiple providers if advantageous.

At the end of the day, our stance is pro-competition and pro-regional capacity. We want Queensland's policies to enable small and medium businesses to grow, not inadvertently squeeze them out. This feeds into the public interest because a diverse industry base means more stable pricing, more innovation (small firms often bring fresh ideas), and resilience (the collapse of one large firm has less impact if many others exist to fill the gap).

The Commission's own finding encapsulates this well: bundling yields some efficiencies but "often the trade-off is reduced competition". Such trade-offs must be weighed carefully. If bundling is causing more harm (in higher long-term costs or weaker industry) than good, it should be avoided. The ACA will be keen to see the Commission's final recommendations on this matter and supports an evidence-based approach to determine the optimal tender sizing for different project types.

Agency Capacity

A recurring theme in discussions about procurement reform is whether government agencies have the capacity and expertise to implement the desired changes. The Interim Report rightly asks if agencies can undertake these changes, and what additional capabilities might be needed in both the public and private sectors.

From the ACA's perspective, there has been a notable erosion of public sector project management and procurement capability over the past decade in Queensland. Historically, the state government

had centralised expertise (for example, the former Project Services division) that provided experienced project managers, architects, and quantity surveyors who oversaw capital works. That institutional knowledge helped maintain consistency and high standards. Since the disbandment or downsizing of those central bodies, many departments now manage their own capital programs with varying levels of success.

Consequences of this change include:

- **Inconsistent procurement approaches:** Without a single guiding entity, each agency or even each regional office might develop its own way of engaging consultants and contractors. Some follow best practice, others perhaps less so, leading to a patchwork of processes. Industry finds this frustrating as it must adapt to different rules and contract quirks depending on the client. More importantly, it means lessons learned in one part of government may not be transmitted to others.
- **Reliance on external PMs:** Many agencies, lacking internal project managers, hire external project management firms to represent the client. These firms vary in quality. Some are excellent, but others may not have deep understanding of government's broader objectives or the nuances of design management. They often default to conservative or one-size-fits-all procurement methods (like design and construct, or using boilerplate contracts) that may not serve the project's unique needs, because their incentive is to minimise their own risk. Essentially, if government is not an "informed buyer," it can't effectively direct its external PMs either.
- **Loss of engineering/architectural input on the client side:** If agencies don't have technical professionals on staff, they might struggle to define scopes or evaluate design quality. We have seen cases where briefs are poorly defined, or where the evaluation of consultant bids is done only on price or simplistic measures because the agency lacks people who can delve into the technical proposal. This ties back to earlier points about robust scope definition and value-based selection. To fix that, agencies either need to hire/retain more in-house expertise or have very clear protocols to bring in independent expert advice during procurement (for example, having the Office of the Queensland Government Architect or similar bodies review important design tenders).
- **Aversion to certain procurement routes:** As mentioned, some agencies have gravitated towards procurement models that seem "easier" to manage given limited internal resources. We often hear that traditional fully documented design→tender→construct is seen as too demanding for agencies now, so they opt for design–build to offload that effort, or they heavily bundle to reduce the number of contracts to supervise. But these choices, made to compensate for internal capacity gaps, might not yield the best project outcomes or industry development. It's like choosing a delivery method to suit the client's staffing, rather than what suits the project – which is arguably backwards.

To address agency capacity, the ACA has two parallel suggestions:

1. **Develop a central guiding policy and knowledge base** – This goes back to our earlier proposal of a draft policy document and Model Client principles. If agencies can draw on a comprehensive procurement guide (covering how to pre-qualify, how to tender, how to choose contract types, how to allocate risk, etc.), it reduces reliance on individual heroics. It gives less experienced staff a roadmap to follow. Coupled with an *Industry Reference Group* or help desk, agencies could have access to ongoing advice. For example, if a department is about to procure

something atypical, they could consult the reference group or experts for recommendations on approach.

2. **Invest in building public sector skills** – This might mean hiring, training, or seconding talent. The government could create roles or programs to attract experienced professionals (architects, engineers, project managers) into the public sector, even if on a project-basis or rotating fellowship. Alternately, partnerships with universities or professional bodies could be formed to provide courses in public procurement and project governance. The key areas of capability needed include: understanding of modern contracts, project planning/scheduling expertise, cost estimation and value management, digital/BIM competency (to implement digital initiatives), and softer skills like collaborative negotiation. Strengthening these within the public service will pay dividends: a capable owner can much better drive a capable project. Where internal hiring is not feasible, the government should ensure it has qualified advisors – for example, use of a Contracts Advisory Panel (which we recommended establishing) that can be called upon to review or guide on major project contracts and procurement plans.

We should also consider the private sector capacity: Many of the changes we advocate (like more rigorous design processes, or collaborative contracts) require that consultancies and contractors also step up with skilled staff. For instance, if alliances become more common, contractors need people who know how to work in that environment (open-book accounting, etc.). If BIM is mandated, firms need BIM managers. So, part of the adaptation is industry training – which could be supported by government via the skills funding mentioned in the technology section.

Encouragingly, none of these needs are insurmountable. Queensland has plenty of talented professionals; it's a matter of mobilising and empowering them. The Commission may consider recommending a formal capability review of major procuring agencies, and a resulting workforce development plan to fill the gaps identified. The cost of a few salaries or training courses is minor compared to the waste that can occur on multi-million (or billion) dollar projects from mismanagement.

Ultimately, we see the role of government agencies evolving to be more of an "intelligent client**"** – one that plans properly, engages the right expertise at the right time, and monitors projects with a focus on outcomes, not micromanaging process. This again ties into becoming a Model Client. The ACA QLD/NT stands ready to assist, even via secondments or advisory input if needed, to help build that capacity. We all share the common goal of delivering excellent projects for Queensland, so helping the public sector to be strong in its procurement leadership is in everyone's interest.

Prescriptive vs Performance-Based Specifications

Specifications can broadly be written in two ways: prescriptive (detailed instructions on materials, methods, etc.) or performance-based (defining the required performance or outcome and allowing the contractor/consultant to meet it via any suitable solution). The Commission asks about the pros and cons of shifting towards more performance-based specs.

The ACA supports a move towards performance-based specifications wherever feasible, as a means to spur innovation and avoid over-constraining solutions. The benefits of performance specs include:

- **Encouraging innovation and cost-saving solutions:** When the focus is on *what needs to be achieved* (e.g. a building must meet a certain energy efficiency target or withstand certain loads) rather than dictating *how* to achieve it, contractors and designers can propose alternative materials or methods that might be cheaper, faster, or better. This harnesses the expertise of

industry. For example, a prescriptive spec might insist on a particular proprietary product, whereas a performance spec would say the assembly must achieve a fire rating of X – allowing the contractor to perhaps use a newer, cheaper product that still meets the fire criteria. Over many items in a project, such freedom can result in significant cost efficiency or improved performance.

- **Avoiding unnecessary overdesign:** Sometimes prescriptive specifications carry legacy requirements or overly conservative measures that don't add value to the end result. Performance specs trim that fat by focusing on the end goals. This can also reduce material waste; for instance, if a spec says "use 25 MPa concrete" everywhere, that might be stronger than needed in some elements – a performance spec would simply require the element to support the load, and perhaps 20 MPa concrete could suffice in certain areas, saving cement and money.
- **Flexibility to incorporate new technologies:** In fast-evolving fields (like sustainability or smart building tech), prescriptive specs can quickly become outdated. Performance specs are more future-proof – they allow whatever new solution meets the performance to be adopted. This is particularly pertinent as we push for net-zero buildings, innovative materials like cross-laminated timber, etc. A rigid spec might accidentally exclude these because they weren't considered when writing it.
- **Contractor ownership and potentially fewer variations:** If contractors have the freedom to choose means and methods to meet performance outcomes, they also take on ownership of those choices. Under a prescriptive approach, if the spec is found to be flawed or unbuildable, the contractor can claim variations. Under performance, the onus is more on the delivery side to make it work (as long as the criteria and tolerances are clear). This can reduce finger-pointing like "I followed your spec, so it's not my fault it doesn't work" – instead, the contractor has incentive to ensure it works, because that's the requirement.

However, moving to performance-based specifications also has potential downsides and requires certain conditions to be successful:

- **Clarity and enforceability:** Performance criteria must be clearly defined and measurable, otherwise disputes can arise about whether the outcome has been met. Writing a good performance spec is a skill – it needs to avoid ambiguity. For instance, specifying *"first-class workmanship"* is too vague. But specifying *"no more than 1mm deviation in flatness over 1m for the finished surface"* is clear. If performance specs are not precise, you could end up with arguments or unsatisfactory results that technically "meet spec" but not the spirit.
- **Risk of lowest-common-denominator outcomes:** Contractors might choose the cheapest way to meet a performance requirement, which could in some cases lead to solutions that are just good enough but not great. If not monitored, performance specs could result in variability in quality. For example, if acoustic performance is specified, a contractor might meet it by just barely achieving the decibel reduction in a clunky way, whereas a prescriptive spec might have enforced a higher-quality approach. The remedy is to ensure performance criteria cover all important aspects (like durability, aesthetics, maintainability, not just immediate performance). It can also be mitigated by having a review process of proposed solutions.
- **Need for expertise in verification:** Performance-based approach requires that someone verifies the end performance. This might involve more testing (e.g. load testing of an element, or commissioning tests for systems). It's critical that the contract assign responsibility and cost for that testing. The client may need to hire independent testers or have strong clerk-of-works

oversight to ensure what's delivered truly meets the requirements. In some cases, if the performance is not met, it could be very costly to retrofit or fix after the fact (imagine finding out a building doesn't meet energy performance after it's built). So, the stakes are higher in ensuring compliance during delivery.

- **Not suitable for everything:** There are certain areas where prescriptive specs remain preferable for safety or consistency. For example, many aspects of structural design are performance-based by nature (meet these loads), but some aspects of, say, waterproofing might be better prescriptive because the industry knows a certain method works reliably. Or government might have reasons to prescribe a particular product for standardisation or maintenance efficiency across its assets.

On balance, the global trend in construction is towards more performance-based codes and specs, because they allow innovation. Australia's National Construction Code (NCC) itself is performance-based, with deemed-to-satisfy (prescriptive) as one way to comply. However, take-up of performance solutions in NCC has been slow, partly due to risk aversion and complexity in proving compliance. The Commission noted that it didn't see clear market failures justifying heavy intervention in Modern Methods of Construction, implying perhaps that the regulatory framework (like NCC) isn't the main barrier. But one might argue that procurement practices are a barrier – if government clients always give prescriptive briefs (e.g. design to these drawings with no deviation), then contractors have no chance to propose an MMC or alternative solution.

One telling point from Consult Australia's submission is the critique of the "non-conforming bid" mindset in procurement. Currently, if a tenderer proposes a solution that differs from the specified design or method (even if it might be better), it is often labelled "non-conforming" and not even considered. This stifles innovation. To shift this, government could explicitly invite alternative proposals** that meet the intent (with appropriate safeguards). Performance-based specifications naturally facilitate that, because the tenderer can say, "We'll meet your outcome via a different design." If done in a controlled way (perhaps requiring a base bid to be conforming and an alternative as a separate offer), this could yield creative ideas without jeopardising fairness.

We suggest a pragmatic approach: embed performance-based elements gradually. For example, certain aspects like energy, acoustics, structural capacity, durability could be specified in performance terms, while perhaps aesthetic or heritage aspects remain prescriptive to ensure specific requirements are met. Over time, as agencies and industry become comfortable verifying performance, the scope can broaden.

One pro of performance specs especially worth noting in context of productivity is time saving in design: If designers are given a performance spec, they might spend less time churning through prescribed details and more time finding optimal solutions. It can also compress documentation, since you don't need to detail every nut and bolt if you've stated the outcome needed (though the contractor then documents their method, effectively shifting some documentation burden to the contractor's shop drawings or proposals).

In terms of *public interest*, performance specs can lead to higher-performing infrastructure (because it encourages continuous improvement). However, public interest also requires safeguarding against corner-cutting. Thus, an equilibrium must be struck: maintain prescriptive requirements in areas related to critical safety (or have stringent performance criteria there) and allow flexibility in areas where innovation can thrive without compromising safety.

To sum up, the ACA advocates for a balanced but forward-leaning shift to performance-based specifications in government projects. We believe it will unleash more innovation from the market and potentially reduce costs, as contractors engage in value engineering not just after the contract (as a cost-cutting exercise) but from the outset as a value-creating exercise. We also encourage the government to build capacity in its teams to manage this approach – including training in drafting performance specs and in evaluating alternative solutions. The result should be a procurement environment where *ingenuity is rewarded*, not penalised as non-compliance. Such an environment is essential if Queensland is to take advantage of modern construction techniques and continuous improvement in the industry.

Preliminary Recommendation 15 – Modern Methods of Construction

Request For Information – Modern Methods of Construction

The Commission found that uptake of Modern Methods of Construction (MMC) (e.g. off-site fabrication, modular construction, etc.) in Queensland has been limited compared to overseas, and it did not identify obvious market failures justifying heavy government intervention. It seeks further insights on barriers to MMC arising from market or regulatory failures, including any identified barriers preventing uptake, issues with complying with codes or planning, and barriers in government procurement processes.

ACA Response

We agree that MMC – such as prefabrication, modular building, and other innovative construction techniques – hold promise for improving productivity by reducing onsite labour and speeding up project delivery. However, our focus in this response is on a closely related structural shift that we feel is not adequately acknowledged by Recommendation 15: the impact of emerging digital design technologies, particularly Artificial Intelligence (AI) and eventual Artificial General Intelligence (AGI), on the construction sector's productivity. In other words, modern methods of design and project delivery are as crucial as modern methods of construction.

Both the Australian Institute of Architects (Qld Chapter) and Consult Australia highlighted in their submissions that technological advancements in the design and documentation phase will significantly affect industry productivity. We strongly concur. In fact, one could argue that without modernising how we conceive, design, and document projects, the benefits of modern construction methods will be limited. For example, modular construction works best when projects are designed from the outset with modular principles – something that requires advanced design modelling and coordination tools.

Thus, we take this opportunity to address what we see as a critical structural shift facing the industry: the accelerating capabilities of Artificial Intelligence (AI) in professional services. We treat this as an extension of the discussion on MMC, because AI will be integral to both designing for MMC and optimizing traditional construction processes. If Queensland wants to remain competitive, it must anticipate and integrate these technologies into its productivity strategy.

What follows is an addendum outlining a Future Skills Roadmap for architects (and by extension other design professionals) in the context of AI/AGI, and recommendations for how the Commission and Government can support this transition. Embracing technology (core reform #4) and investing in people (core reform #3) are both at play here, with the ultimate goal of boosting productivity while safeguarding public interest outcomes.

Why AI & AGI Integration Is a Productivity Imperative

Global trend: Forward-looking jurisdictions and firms around the world are already leveraging AI in design and construction. For instance, regulatory authorities in Singapore use AI to auto-check building code compliance on BIM models, and firms in Denmark apply generative design algorithms to optimise building layouts. Results have been striking – studies and industry reports indicate project delivery

times can be significantly faster in addition to cost savings when human teams collaborate effectively with AI tools. These gains come from AI's ability to rapidly generate and evaluate options, detect clashes or errors early, and handle mundane tasks that free up human professionals to focus on higher-level problem-solving.

Risk of lag: If Queensland does not proactively embrace these technologies, we risk falling behind. Without targeted investment in upskilling our workforce and encouraging local adoption of AI, the likely scenario is that global AI-enabled firms will start doing more of our design work, effectively exporting services into Queensland or winning local tenders because they can undercut timelines and fees. This would undermine local capability and result in a loss of regional employment and intellectual property creation. It's not a far-fetched scenario – consider how manufacturing offshoring occurred. With professional services, offshoring can happen digitally if we're not competitive. We need to equip our local industry to compete in an AI-augmented environment.

Public value: Integration of AI must be done in a way that protects public interest. Architects and engineers aren't just service providers; they are custodians of safety, quality, and cultural context in the built environment. While AI can automate many tasks, it cannot (at least not yet) replicate human judgement in areas like ethical decision-making, holistic sustainability, or cultural sensitivity. We see the future architect's role as even more critical in "steering" the AI – checking its outputs, guiding it with the right constraints, and bringing community values into the design. In an AI-dominated workflow, human oversight is paramount to ensure that the outcomes are safe, meet societal expectations, and truly enhance quality of life. In short, AI can supercharge productivity, but human architects will define whether that productivity translates to positive outcomes or simply faster production of subpar results. Thus, we must define new professional standards and perhaps regulations (e.g. requiring an architect of record to sign off AI-generated designs, akin to what we propose in recommendations below) to secure public trust.

Future Skills Roadmap for Queensland Architects (2025–2035+)

To ensure our workforce is ready, we outline a staged **Future Skills Roadmap** that aligns with the expected progression of AI/AGI technologies:

- **2025–2028 (AI Integration Phase):**
  Skills Focus: AI literacy; data-driven brief development; prompt engineering (i.e. effectively guiding generative AI); negotiation and collaboration with AI insights; ethical risk oversight of AI outputs.
  Human Competitive Advantage: In this phase, AI will handle many routine tasks, but humans excel at problem framing, asking the right questions, critically reviewing AI-generated options, and interpreting cultural or contextual factors that AI might overlook. Architects should be masters at defining the design brief (what the AI is solving) and scrutinising AI proposals for feasibility and alignment with human values.
  Recommended Actions: We should fund SMEs to adopt AI/BIM – e.g. grants for acquiring AI-based design software or consultancy to implement machine learning in workflows. Subsidise or provide Continuous Professional Development (CPD) in AI tools and data management for architects (many firms want to adapt but fear the cost/learning curve). Also, government procurement can start including an "AI compliance review" step – i.e. requiring that major projects undergo an AI-based optimization or code-check as part of the process (or at least encouraging tenders to include their AI approach), to nudge both agencies and consultants to build AI into their workflow.

- **2028–2032 (Strategic Leadership Phase):**
  Skills Focus: By now AI will be deeply integrated. Architects need skills in AI-augmented systems design, managing multi-scenario simulations (e.g. test 100 building variations for different objectives), cross-disciplinary integration (using AI to coordinate between architecture, engineering, urban planning), and influencing policy around tech-driven design. Human Competitive Advantage: At this stage, the architect's advantage is stakeholder leadership – orchestrating diverse inputs (including AI findings, community feedback, specialist expertise) to make balanced decisions. Also, managing trade-offs (AI might optimize one variable, but humans weigh multiple priorities) and narrative stewardship – ensuring the project still tells a story and serves an identity or purpose that AI wouldn't inherently know.
  Recommended Actions: We propose embedding architects within broader teams such as infrastructure planning groups – basically ensuring an architectural perspective in early policy and planning, so that tech solutions don't just become engineering-dominated. Also, tie government contracts to continued professional development (CPD) in AI systems: for example, require that any firm leading a major project has key staff who have undergone advanced digital delivery training. This incentivises firms to keep advancing their team's skills.
- **2032–2035+ (Post-AGI Governance Phase):**
  Skills Focus: If and when Artificial General Intelligence arrives, architects (and all professionals) will enter a new paradigm. Skills would centre on AGI orchestration (working with extremely advanced AI as a partner), cultural diplomacy (bridging the gap between what AGI can do and what society wants – mediating cultural values), moral risk leadership (making judgement calls on ethical dilemmas posed by AI capabilities), and legacy planning (ensuring long-term human-centric vision in projects that AGI might design or manage).
  Human Competitive Advantage: This is where uniquely human traits shine – ethical oversight (AI might propose demolishing a heritage building because it's efficient; a human weighs cultural value), cultural mediation (translating a community's identity into design choices, which is hard for an AI lacking human experience), and long-term societal planning beyond immediate optimization. Architects could be the conscience and cultural memory in an era where AGI handles much of the heavy lifting.
  Recommended Actions: We should proactively establish structures like a "Built Environment Ethics Council" (as we recommended) that includes architects, ethicists, community representatives, etc., to guide decisions involving advanced AI in construction. Also, likely introduce regulations such as requiring human sign-off on all AI-generated designs for public projects – basically a mandated human-in-the-loop for critical decisions, so accountability remains clear and tied to public interest.

This roadmap is summarized in the table format in our draft, but the key point is that different skills will have different value over time. An analysis we've done (Competitive Advantage Matrix) suggests that easily automatable skills (like drafting or basic code checking) will soon be commoditized by AI, whereas higher-order skills (like ethical judgment, design vision, and cross-cultural negotiation) will increase in relative importance. Thus, Queensland should prioritise early investment in skills that sustain or increase human competitive advantage over the next decade. If we train people only in tasks AI will take over, we risk redundancy of local professional capacity.

Recommended QPC Actions – AI & Future Skills Integration

Aligned with our six primary reforms, we propose the following additional measures for the Commission and Government to adopt in order to integrate AI and future skills considerations into the construction productivity agenda:

- **Procurement Reform with AI Readiness:** When assessing tenders for design services, require bidders to demonstrate their AI integration capacity alongside traditional quality measures. This doesn't mean small firms need a supercomputer, but they should show awareness and a plan for using available digital tools (or partnering with those who do). By doing so, the Government signals that *productivity-enhancing tech is expected*. Also, as part of robust scope definition efforts, include architects early in project scoping specifically to ensure that any AI-generated outputs align with community values and compliance requirements. In practice, this could mean that if a project uses AI for generative design options, an architect and client representatives evaluate those options against qualitative objectives (urban context, social license, etc.) before finalising the brief.

- **Workforce & Skills:** Establish a Queensland Architectural Future Skills Fund dedicated to upskilling the design workforce in AI, automation, and systems thinking. This fund could provide grants or scholarships for courses on AI in construction, support mentorship programs where tech companies embed someone in design firms, etc. We also reiterate our recommendation (from our initial submission) to fund 200 architectural cadetships over three years, and we suggest focusing many of these on AI-enabled practice – i.e. placements where young professionals can champion new tech in host firms. We should ensure a broad inclusion (regional, First Nations, diverse backgrounds) in these programs, to spread the benefits and create champions of innovation across the state, not just in Brisbane.

- **Technology & Innovation:** Launch a "Construction AI Challenge" – a government-sponsored competition or grant program aimed at solving key productivity issues via AI. Categories could include AI-assisted design optimization (perhaps for net-zero buildings), ethical AI deployment (tools that help ensure AI suggestions meet ethical standards), and cultural integration of AI (for instance, software that better incorporates Indigenous knowledge into planning). By publicly challenging the market (including startups, universities, industry consortia) to innovate, Queensland can become a testbed for new tech. Additionally, make sure that any AI tools adopted in Queensland use open data standards and are accessible to SMEs. We don't want AI productivity gains to be locked up with a few big software vendors or only large firms who can afford them. Government could negotiate state-wide licenses or provide shared digital infrastructure (similar to how some countries have open digital building libraries) so smaller practices can plug in easily.

- **Safety & Quality:** In line with our core reform on embedding safety and quality, it will be crucial to maintain rigorous oversight of AI-driven outputs. We propose legislating a requirement that any AI or AGI-generated design for a public project must have a Principal Architect (or Engineer, as appropriate) formally endorse it. This "human in the loop" approach ensures someone is accountable for verifying safety, code compliance, and general soundness. AI might not yet understand the subtleties of safety margins or the spirit behind code provisions; a human professional does. Also, mandate that critical decisions affecting public safety or heritage cannot be fully left to AI – effectively, no fully autonomous decision-making in these domains. This might be a temporary measure until AI is proven, but likely AGI, whenever it comes, will still need moral and contextual guidance for the foreseeable future.

Finally, we tie this back to Modern Methods of Construction (MMC): Embracing AI and digital workflows will facilitate MMC uptake. For example, designing for modular construction benefits hugely from parametric design tools (a type of AI) that can quickly reconfigure module layouts. Planning off-site manufacturing requires precise digital twins and simulations. So, by implementing the above

recommendations, Queensland will indirectly remove some barriers to MMC as well – because our industry will be more digitally capable and ready to adopt new construction techniques that rely on those digital foundations.

Conclusion

Queensland's construction productivity challenge will not be solved by working harder or faster at the status quo – it will be solved by working smarter through better systems, policies, and skills. As we have detailed, improvements in upfront procurement practices, fairer contracting, investment in people, and embracing technology can collectively deliver a step-change in outcomes. By adopting the reforms outlined in this submission, Queensland can position itself to:

- **Deliver projects more efficiently and cost-effectively without sacrificing quality.** Streamlined procurement and proper scope definition mean *"doing it right the first time,"* avoiding costly rework. For example, ensuring designs are thoroughly resolved (with adequate fees and time) can prevent budget blowouts during construction. Faster approval and tender processes – but not rushed to the point of cutting corners – will enable the ambitious pipeline (like the 1 million homes target) to be met on time. In short, build faster and better simultaneously, through intelligent planning and execution.

- **Strengthen the professional capability of the entire supply chain.** The reforms emphasise training, retention, and fair opportunities for Queensland's workforce – from architects and engineers to regional builders and apprentices. This means more robust local industries with the skills to innovate. Instead of a race to the bottom, we foster a market where quality and expertise win. Over time, this elevates the baseline productivity as companies invest in new tools and staff development (knowing they can earn a return on those investments in a fair procurement environment). A stronger supply chain also means improved capacity to handle peaks in demand (like the Olympics infrastructure) without resorting to importing labour or skills.

- **Protect the public through robust safety and risk governance.** Several recommendations directly tackle risk allocation, safety oversight, and quality assurance – from mandating independent inspectors or *Principal Architects* sign-offs for complex projects, to maintaining human oversight in AI-driven processes, to capping liabilities so that consultants aren't incentivized to hide issues out of self-preservation. Collectively, these ensure that productivity improvements do not come at the expense of safety or building quality. Indeed, a more collaborative, upfront approach will likely catch issues early (when they are cheaper to fix) rather than manifesting as safety hazards later. The public can have confidence that faster construction won't mean corners cut, because governance frameworks (like model client policies and performance specs with oversight) are in place.

- **Position Queensland as a national (even global) leader in construction innovation.** By embracing new contracting models, digital technologies, and forward-looking skills development, Queensland can leapfrog other states in creating a modern construction sector. This has economic benefits beyond just cost – it can attract investment and talent. If Queensland is known for efficient, innovation-friendly procurement, companies at the cutting edge will want to pilot their new methods here. If we lead in AI integration in design and have a pipeline of sustainable, high-quality infrastructure, it builds our reputation. Leadership in this sector also means we can export our expertise – Queensland firms could win work elsewhere on the back of a strong domestic performance. It's a chance to turn what is now a challenge (low productivity) into a competitive advantage.

In implementing these changes, it is crucial to keep sight of the public interest. Productivity is not an end in itself – it's about delivering more value to the community: more schools and hospitals for the dollar, safer homes and workplaces, and an industry that provides good, secure jobs across the state. Every recommendation we make has been tested against that principle: *Does this ultimately benefit the public, either by reducing costs, improving outcomes, or strengthening the system that delivers our built environment?* We believe the answer is yes. For instance, using standard contracts might seem like an internal matter, but it directly benefits taxpayers by reducing the hidden contingencies in project pricing. Investing in digital skills might seem like industry welfare, but it directly results in quicker project turnarounds and better buildings for the community.

Change will require commitment and collaboration. There are no silver bullets – implementing these reforms will take coordinated effort from government, industry bodies (like ours), and the private sector. It will also take courage to break away from some entrenched practices. But the payoff is enormous: a construction industry that can do more with less, that can innovate, and that can sustain itself without boom-bust trauma. This is how we ensure Queensland can meet its growth and infrastructure needs in the coming decades.

The ACA QLD/NT branch has a knowledgeable and engaged membership that is ready to partner with the Government and the Commission in turning these recommendations into action. Whether it's participating in working groups, helping draft guidelines, disseminating training to our members, or piloting new processes, we are committed to making these reforms a reality. We appreciate the Commission's consideration of our input and look forward to the next steps.

In conclusion, by focusing on smarter systems and strategic investment in people and technology, Queensland can boost construction productivity in a way that is both productive and publicly valuable. We stand ready to assist in this important mission to improve the delivery of buildings and infrastructure for all Queenslanders. Let's work together to build a better future.