Impact Analysis Statement

Summary IAS

Details

Lead department	Department of State Development, Infrastructure and Planning
Name of the proposal	Queensland Construction Productivity Code of Practice 2026 (the Code)
Submission type	Summary Impact Analysis Statement
Title of related legislative or regulatory instrument	Not applicable
Date of issue	November 2026

What is the nature, size and scope of the problem? What are the objectives of government action?

What is the nature, size and scope of the problem?

In 2025, the Queensland Productivity Commission (QPC) was tasked with conducting an inquiry into opportunities to improve the productivity of the Queensland construction industry. The QPC's final report was provided to Government on 24 October 2025, and the report and the government's response to the final report's recommendations were published on 21 January 2026.

The QPC found a compelling case for a renewed focus on productivity in the Queensland construction sector, with poor productivity growth attributable to increases in red tape and suboptimal procurement practices. The report highlighted the need for an 'industry reset', noting sector productivity had declined by 9 per cent (equating to 77,000 fewer new homes) since 2018 and labour productivity increasing by just 5 per cent in the last 30 years compared to 65 per cent in the market economy over the same period.

Recommendations 6 and 7 of the QPC's final report relate particularly to an updated or new code and enforcement of a code. The Government agreed or agreed in principle to these recommendations, and the Government response also notes that the development of a new code and subsequent enforcement.

Recommendation 6 refers to an updated Code of Practice for Queensland Government projects. It recommends that the Office of Industrial Relations update the Building and Construction Code of Practice 2000 (2000 Code) or develop a new code to set out the Queensland Government's expectations about productivity performance on Queensland Government Projects. The code should focus on the principles and practices to underpin improved productivity, including requirements that:

- Contractors preclude any unnecessary productivity limiting clauses in their enterprise bargaining agreements (EBA);
- Contractors do not include EBA provisions that pass-through conditions to subcontractors (jump up clauses; and
- Right-of-entry provisions prevent misuse of work health and safety outcomes.

Recommendation 7 refers to enforcement of a Code of Practice where a process should be established for identifying breaches and enforcing code requirements. Any enforcement mechanism should focus on low-cost options, such as use of 'negative licensing' where there is material evidence of non-compliance, rather than requiring all firms to demonstrate compliance through procurement, tendering or prequalification processes. Consideration could also be given to preventing firms found to be non-compliant from working on or tendering for Queensland Government projects until compliance can be demonstrated.

On 30 October 2026, Commissioner Stuart Wood AM KC submitted his Interim Report of the Commission of Inquiry into the CFMEU and Misconduct in the Construction Industry - *Building Queensland's future: interim report on a Queensland construction code* (Interim Report).

The Queensland Government notes the findings and recommendations of Commissioner Wood in the Building Queensland's Future - Interim Report on a Queensland Construction Code and accepted in principle the following recommendations:

(a) introduce the Recommended Code (see Annexure D of this Interim Report); and

(b) establish a regulator, suitably resourced, to monitor and enforce compliance with the Recommended Code.

What are the objectives of government action?

The proposed Code seeks to address risks to productivity, project delivery, industrial relations compliance and value for money on publicly funded construction projects. The proposed framework identifies workplace and industrial practices that may adversely affect efficient project delivery and seeks to establish clear standards for contractors undertaking government-funded work.

Current procurement arrangements do not provide a consistent mechanism to manage industrial relations risks, monitor compliance, or enforce standards across all government-funded construction projects.

The objectives of the proposal are to:

- improve productivity and efficiency on publicly funded construction projects;
- support timely and cost-effective project delivery;
- promote compliance with industrial relations and work health and safety requirements;
- support lawful freedom of association and right of entry practices;
- improve workforce management practices; and
- strengthen government oversight of industrial relations risks in the construction sector.

What options were considered?

Option 1: Status Quo

Maintain existing procurement and contract management arrangements without a dedicated Code framework.

This option avoids implementation costs but does not provide a structured mechanism to manage industrial relations risks, assess contractor industrial relations arrangements, or monitor compliance.

Option 2: Introduce the Code (administratively)

Implement the Code through supplementing existing government procurement processes, including:

- mandatory compliance obligations in tender and contract documentation;
- Workplace Relations Management Plan (WRMP) requirements;
- establishment of a compliance and enforcement function;
- education and advisory services; and
- a graduated compliance and sanctions framework.

Option 3: Introduce the Code (regulatory model)

A legislative model including legislated Code would still rely on the procurement framework in terms of the policy approach. This approach is high-risk, creates an additional layer of regulatory burden for business and for Queensland Government, potentially leading to delays and legal challenge.

What are the impacts?

Impact on Industry

The proposal introduces new administrative requirements for businesses undertaking government-funded construction work. That said these obligations largely mirror existing legislative requirements either at the State or Commonwealth level (e.g., *Work Health and Safety Act 2011* (Qld), *Workers' Compensation and Rehabilitation Act 2003* (Qld) and the *Fair Work Act 2009* (Cth) and only apply to those suppliers seeking to tender for or perform construction work.

Apart from compliance costs associated with existing legislative requirements, the administrative burden arises from:

- developing and maintaining WRMPs (this impact will be mitigated through providing guidance and templates to support industry)

- compliance reporting requirements (i.e., notifying the regulator of certain matters);
- record keeping and document retention;
- participation in audits, inspections and investigations; and
- staff training and familiarisation with Code requirements.

The main impact will be borne by head/principal contractors who are awarded contracts however these Tier 1 construction businesses are sophisticated enterprises and already maintain mature systems for industrial relations, safety management and contract compliance, meaning the Code simply standardises existing practices to provide certainty and a level playing field for all.

The proposal is not expected to create significant impacts for businesses that do not participate in government-funded construction projects.

Overall impacts are considered low to moderate.

Benefits

- Greater certainty regarding government expectations for industrial relations and contract and project management.
- Consistent requirements across publicly funded construction projects.
- Improved guidance regarding compliant workplace and industrial relations practices.
- Reduced likelihood of project disruption arising from industrial relations issues.
- Improved transparency and confidence in government-funded procurement processes.

Costs

- Preparation and maintenance of WRMPs.
- Additional reporting and record-keeping requirements.
- Time spent undertaking compliance activities and responding to audits or investigations.
- Staff training and familiarisation with Code requirements.

Impact on Government

There will some impacts on government to become familiar with and implement the administrative requirements and to stand up a new compliance monitoring function. These low to moderate impacts will potentially be offset by benefits outlined below. Impacts are considered moderate.

- improved project governance.
- reduced industrial relations risks.
- enhanced compliance oversight.
- improved value-for-money outcomes for public expenditure.

Benefits

- Improved oversight of industrial relations risks.
- Reduced project disruption.
- Stronger mechanisms for managing non-compliance.
- Improved project governance and value-for-money outcomes.
- Increased consistency in procurement administration across agencies.

Costs

- Establishment and operation of a dedicated compliance function.
- Development of guidance materials, procedures and training programs.
- Ongoing compliance monitoring, investigation and reporting activities.
- Ensuring proper integration with existing procurement policies and processes.

Community Impacts

Impacts on community are positive and likely to improve public confidence and sentiment when it comes to publicly funded constructions projects. Impacts are considered negligible.

Benefits

- Improved delivery of publicly funded construction projects.
- Increased accountability and integrity in government-funded construction projects.
- Potential improvements in productivity, cost performance and safety outcomes.
- Support for broader workforce participation objectives, including increased participation of women in the construction industry.

Who was consulted?

Targeted consultation was undertaken with a number of agencies who will be impacted by the introduction of the proposed Code as well as a number of key stakeholders in the construction sector.

The matter of a revised or new code has also been subject to public consultation processes including the QPC inquiry into opportunities to improve the productivity of the Queensland construction industry as well as the Commission of Inquiry into the CFMEU and Misconduct in the Construction Industry. These included submissions and engagement with government agencies, industry bodies, contractors, unions and other stakeholders. Feedback informed the proposed Code released by the Commission.

What is the recommended option and why?

Preferred Option

Option 2: Introduce the Code (administratively)

This option provides a targeted procurement-based approach to improving industrial relations management, compliance oversight and project delivery outcomes for government-funded construction projects. While implementation will create additional administrative obligations, the anticipated benefits are expected to outweigh the associated administrative costs.

The effectiveness of the Code will be assessed through:

- compliance and audit outcomes
- number and nature of reported breaches
- contractor compliance rates
- project delivery performance indicators
- stakeholder feedback
- industry awareness and understanding of obligations
- annual reporting and periodic review of the Code framework.

The proposal is expected to deliver a net community benefit through improved governance, productivity, compliance and value for money in Queensland Government-funded construction projects.

Impact assessment

All proposals – complete:

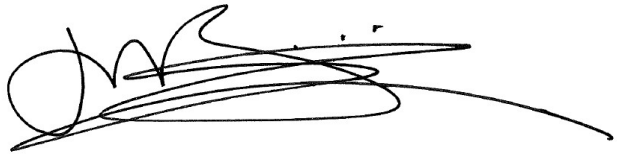
	First full year	First 5 years**
Direct costs – *Compliance costs**	Low-to-moderate administrative burden on affected contractors	Minimal as most impacts will be borne during the initial implementation phase of the code
Direct costs – *Government costs*	Moderate administrative burden on affected agencies	Minimal as most impacts will be borne during the initial implementation phase of the code

* The *direct costs calculator tool* (available at qpc.qld.gov.au/best-practice-regulation) should be used to calculate direct costs of regulatory burden. If the proposal has no costs, report as zero. **Agency to note where a longer or different timeframe may be more appropriate.

Signed



David Mackie
Director-General
Department of State Development, Infrastructure and Planning
Date: 4/11/2026



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Date: 4/11/2026