

# Queensland Major Contractors Association

Future Industry Working Group  
Sustainability Framework | June 2020



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## INTRODUCTION

The Queensland Major Contractors Association (QMCA) is the construction industry peak body representing Queensland's leading construction contracting companies. Our purpose is to engage and work collaboratively with government, supply partners and related organisations to improve the sustainability of the construction industry in Queensland.

QMCA seeks to promote, influence and drive higher standards to ensure a sustainable industry in the face of both local and global challenges. Economic, social, ethical and environmental factors continue to have had a profound impact on Queensland's construction industry. Low productivity, talent attraction and retention, digital disruption, lack of diversity, increasing project risks, poor culture and project pipeline fluctuations are just some of the issues facing our industry.

Solutions to these issues must be found if we are to create a sustainable construction industry for the benefit of all Queenslanders.

As we move towards the future, a sustainable construction industry will become increasingly important. Deemed an essential industry by government during the COVID19 pandemic, the industry employs almost 10% of the working population in Queensland and contributes 9% of Gross State Product.

Our Future Industry Working Group has been set-up to undertake studies in order to guide key stakeholders on specific sustainability issues and help accelerate positive change in the construction industry.

## QMCA WORKING GROUPS

The Future Industry Working Group is one of six working groups the QMCA has introduced in order to assess current industry conditions and stimulate continuous improvement.

The working groups include:

- Resources sector
- Safety
- Commercial
- Industrial Relations
- Events, Marketing and Sponsorship
- Future Industry
- Technology, Design and Innovation

## Future Industry Working Group

The Future Industry Working Group will research the environmental, social, economic and governance challenges within the construction industry. This quadruple pillar approach will explore how these challenges and issues relate to construction contracting companies, government and supply partners.

*Our Mission is 'to identify and respond to current and future challenges to ensure our industry is sustainable, future ready, and supports our workforce and communities.'*

### Defining Sustainability for the Future Working Group

This Sustainability Framework has been developed to clearly define sustainability in the context of the Future Working Group. Sustainability is a broad and multi-faceted term. While some may interpret sustainability through the environmental lens, it is important to also include the other dimensions of sustainability such as social responsibility, industry governance and business economic survival.

For the Future Industry Working Group, sustainability focuses on the long-term development and stability of the construction industry while minimising impact to immediate operations. To address the needs of current and future generations, the Future Industry Working Group will explore the five priorities of sustainability we have identified:

- Economic prosperity for the construction industry;
- Social responsibility;
- Talent attraction, retention and diversity;
- Optimisation of environmental performance and transitioning to cleaner energy sectors; and
- Technological disruption.

### Our Priorities

Over the course of 2020/2021, the Future Industry Working Group will work across several key focus areas, termed 'Our Priorities', where we will strive to drive and influence better outcomes. These priorities directly align with the quadruple bottom line framework, an effective framework to evaluate performance across four pillars including economic, social, environmental and governance.

Our Priorities and quadruple pillar alignment are shown below:

Our Priorities	Quadruple Pillar Approach Alignment
<b>Initiative #1:</b> Construction 4.1	Economic, Social, Environmental and Governance
<b>Initiative #2:</b> Social responsibility  <b>Initiative #3:</b> Talent attraction and retention	Social
<b>Initiative #4:</b> Environmental sustainability performance and transitioning sectors	Environmental
<i>The QMCA working groups are founded on industry participation with the accountability to explore construction sector challenges, and influence and change decision making in the industry.</i>	Governance





## Industry Challenges

To ensure long term sustainability of the construction industry, the Future Industry Working Group has conducted research with various stakeholders to identify the key industry challenges that have influenced our quadruple bottom line framework priorities and the commitments and objectives for each of these priorities.

The S&P *Global Sustainability Yearbook 2020* highlights three dimensions of sustainability within the construction and engineering industry; economic, social and environmental. The Future Industry Working Group also concluded that digital disruption is one of the underlying challenges the industry faces in terms of its long-term sustainability and growth.

We, as organisations are in a competitive race with each other to recognise and adapt to disruptions within the economic, social and environmental areas of business to increase our productivity and profitability for the future. Disruption, whether it be digital or technological is creating a dramatic divide between the forward-thinking companies and more conservative players, further impacting the way we look at areas from the selection of materials to the installation of advanced technological systems within our companies (*Five Mounting Forces Disrupting the Construction Industry, Kelly Romano*).

Increases in long term focused targets (*Sustainability Goals, UN*) is leading to enhanced government enforced standards and objectives putting increasing pressure on the construction industry at a time when it is already facing mounting governance, risk and financial challenges. The Future Industry Working Group has identified that the economic stability of the industry is paramount when considering the quadruple bottom line alignment framework.

Another sustainability priority is the need for increased social responsibility. Over the last 50 years, the provision of equal opportunities and social engagement have not always been at the forefront of business success, however building a social license to operate is becoming as important as building the infrastructure itself if project benefits are to be leveraged and outcomes optimised.

In terms of the environment, construction is the number one global consumer of raw materials and generates 25 to 40% of the world's carbon emissions (*Shaping the Future of Construction – A Landscape in Transformation, World Economic Forum*). As climate change risks rise around the world, the construction industry will need to focus on operational eco-efficiencies in design and construction of their projects.

We recognise the transformation from a traditional construction industry to a eco efficient construction industry involves great change and this is why we believe environmental sustainability should be a key focus area if the industry is to become more sustainable overall.



## Our Priority Initiatives

A brief definition and summary of goals for each of the priority initiatives selected are given below.

### Initiative #1: Construction 4.1

Construction of new infrastructure will be an important tool for governments seeking to rebuild economies devastated by shutdowns in response to COVID 19. Every dollar spent on construction projects has a multiplier effect. It directly results in increased employment by the contractors and consultants engaged to do the work, increases in demand for goods and services required to build the project, resulting in increased spending by the new workers employed. This, in turn, leads to further employment of people in the wider economy.

Chosen wisely, new infrastructure also has the capacity to improve the performance and competitiveness of the economy as a whole and bring broader social benefits.

Unfortunately, the industry being called upon to build this new infrastructure has itself been in poor health for some time. Profits have declined, and risk profiles increased as megaprojects have become the new norm.

The 4<sup>th</sup> industrial age was supposed to herald the widespread adoption of Building Information Modelling (BIM) which, through sharing of digital information, would provide the insight and tools to more efficiently plan, design, construct, and manage buildings and infrastructure. This, in turn, would lead to an increase in productivity and reduced life cycle cost of the asset. The McKinsey Global Institutes Reinventing construction: A route to high productivity report states that global productivity growth in construction has averaged a meagre 1 per cent a year over the past two decades compared with growth of 2.6 per cent for the world economy and 3.6 per cent in manufacturing.

This Group will investigate what has gone wrong with Construction 4.0 and what needs to change to address this (Construction 4.1).

### Initiative #2: Social Responsibility

The impact that the construction industry has on society is considerable. We not only have a responsibility to minimise the impact of our operations but also to realise the opportunity to better support local communities and businesses and leave a lasting social legacy. The construction industry is perceived by the public as being dirty and disruptive and this impacts on our ability to influence key stakeholders to achieve positive change. The need to change this into a positive image is therefore vital for the reputation and sustainable growth of the industry.

The Group will explore the current and future ways in which our industry impacts on society in order to identify ways to make a positive contribution to the social fabric of Queensland. This may include opportunities to build capacity and capability in the local supply chain, ways to promote employment equality and inclusion, training and development, strengthening Indigenous participation, increasing opportunities for economically and socially disadvantaged groups and ways to maximise social benefits beyond those that accrue directly from the products and services we provide.





### Initiative #3: Talent Attraction and Retention

One of the single biggest risks to the sustainability of the construction industry is the lack of a skilled workforce, be it technical, professional, trade or support roles.

Viewed against other industries, construction is increasingly seen as being male-dominated, where long and inflexible working hours are expected to be worked in difficult conditions, and disputes and discord are commonplace.

It is hardly surprising, therefore that the industry has a looming talent attraction and retention problem.

The Group will outline some of the best actions construction companies, and leaders can do to attract and retain the next generation of workers, create a diverse workforce and further support our current workforce.

The Group published its first report early in 2020:

*QMCA Future Industry Working Group -Focus Area: Talent Attraction & Retention in the Civil Construction Industry.*

### Initiative #4: Environmental Sustainability.

Climate change and resource scarcity presents a number of significant risks for the construction industry. The UN Intergovernmental Panel on Climate Change Report *Global Warming of 1.5°C*, presented a stark picture of the dramatically different world we will inhabit if global average temperatures rise by 2°C compared to the 1.5 °C scenario.

The construction industry has already and will continue to be impacted by climate change from how we plan, design and deliver construction projects. The *Bringing Embodied Carbon Upfront Report* prepared by the World Green Building Council states that the building sector alone contributes to 39% of global carbon emissions and 11% is contributed by embodied carbon. Decarbonising the sector and transitioning to lower carbon sectors, technologies, and delivery solutions will be one of the most important responsibilities for the construction industry to mitigate the effects of climate change. Coupled with Climate Change, the world is running out of high-quality raw materials such as sand that's suitable for construction.

The Group will explore the best practice principles to decarbonise current construction industries, the path to transitioning to cleaner energy and driving circular economy principles to minimise the consumption of vital natural resources.



## OUR COMMITMENT TO ENABLE CHANGE

To enable positive change in the Queensland construction industry, our Group aims to:

- Create an industry conversation on these challenges and opportunities
- Promote and share leading best practices from other industries, states and territories.
- Stimulate collaboration and partnerships to set a positive path forward.



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