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QUEENSLAND MAJOR CONTRACTORS ASSOCIATION

# Queensland
## Major Projects Pipeline
# 2025

# Welcome to the 2025 Queensland Major Projects Pipeline Report

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# Andrew Chapman
# QMCA

# 2025 QLD Major Projects and Pipeline Report Toowoomba Breakfast

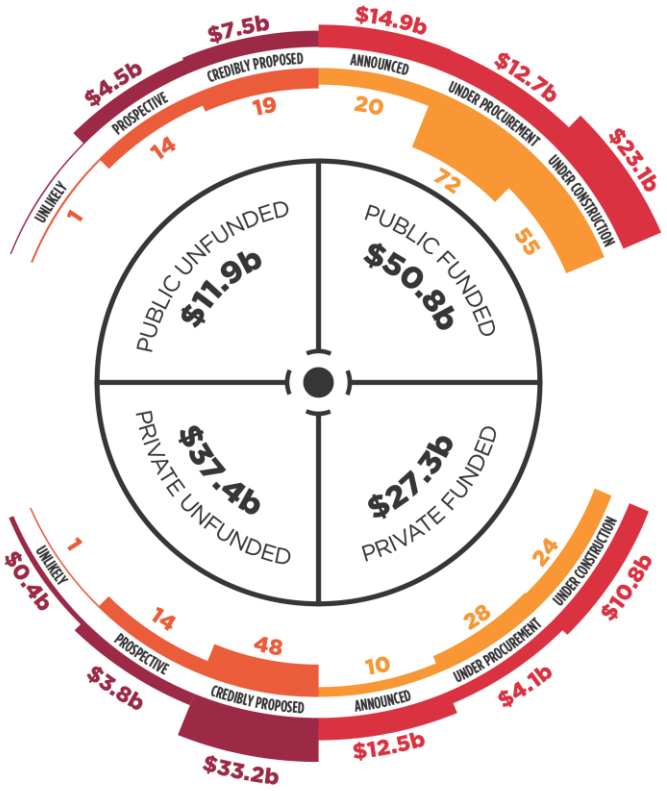
Andrew Chapman
QMCA

# Agenda

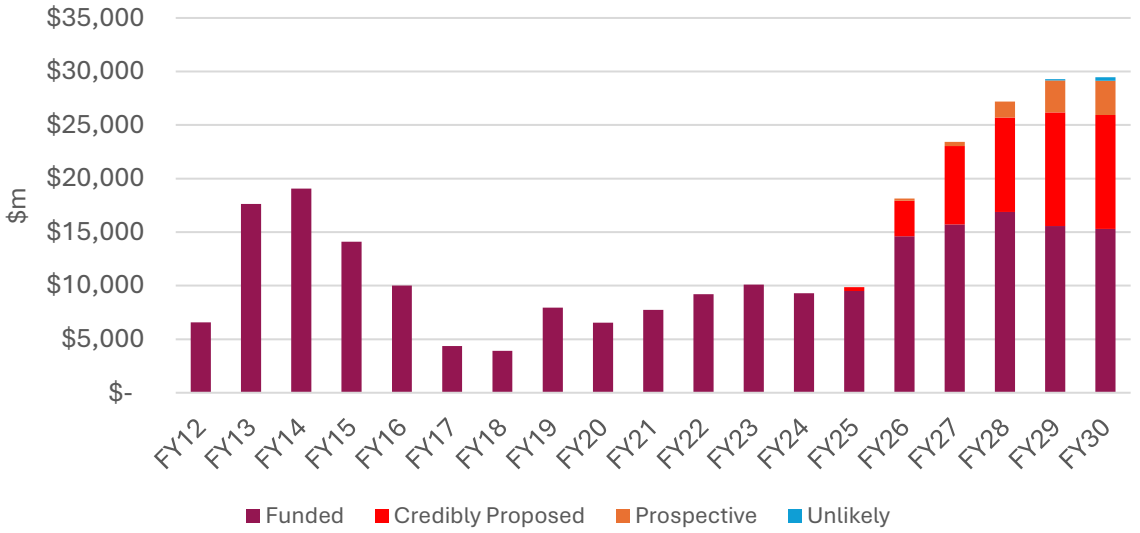
- Pipeline headlines
- Key issues:
  - Costs
  - Capacity
  - Productivity
- Solutions & Recommendations:
  - Productivity Improvements
  - Streamlined procurement (and collaborative)
  - Coordination of works

# QMPPR Headlines

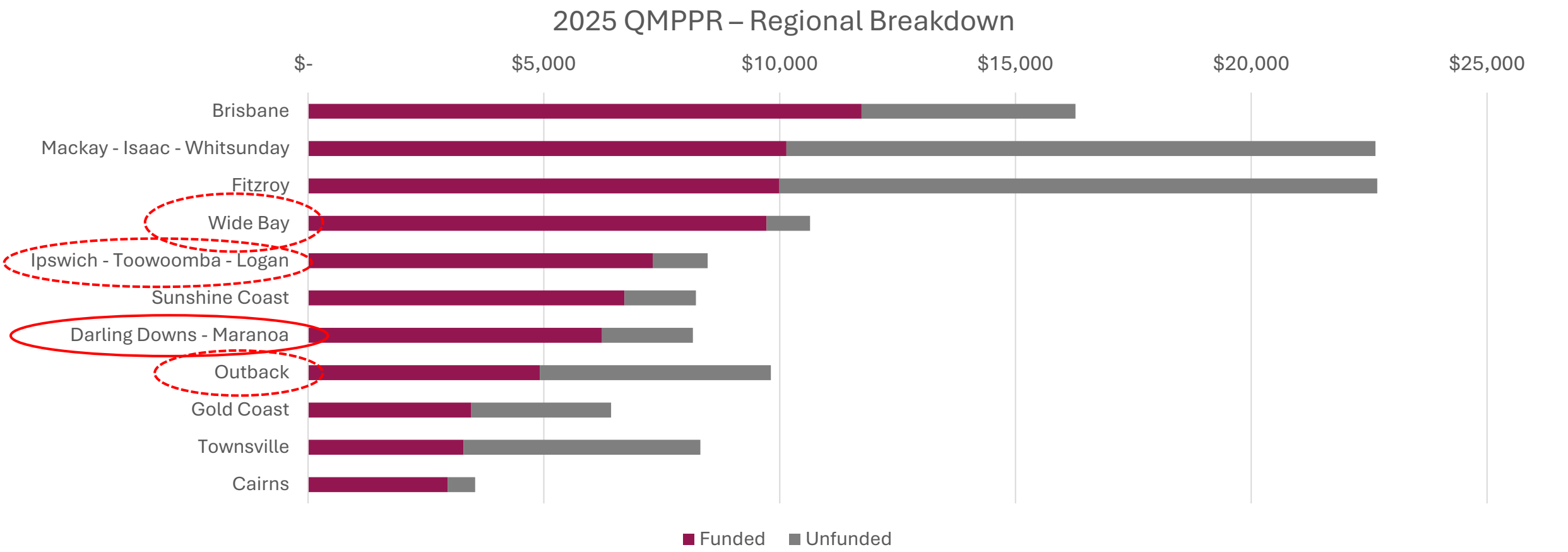
- Total 5 year pipeline now:
  - $120b
  - $127b with the Olympics Infrastructure
- Funded profile on average 2025-2030:
  - $14.5b/yr (w/o Games)
  - $15.6b/yr (incl. Games)
- TSBE:
  - $12.7b (71.5% funded)
  - Through to 2034: $21.3b
  - Avge profile: $1.8-$2.5b/yr
- Key issues affecting
  - Procurement & project approvals
  - Labour
  - Industry output (supply chain and productive capacity)




2025 QMPPR Outlook



# Where is the spend?



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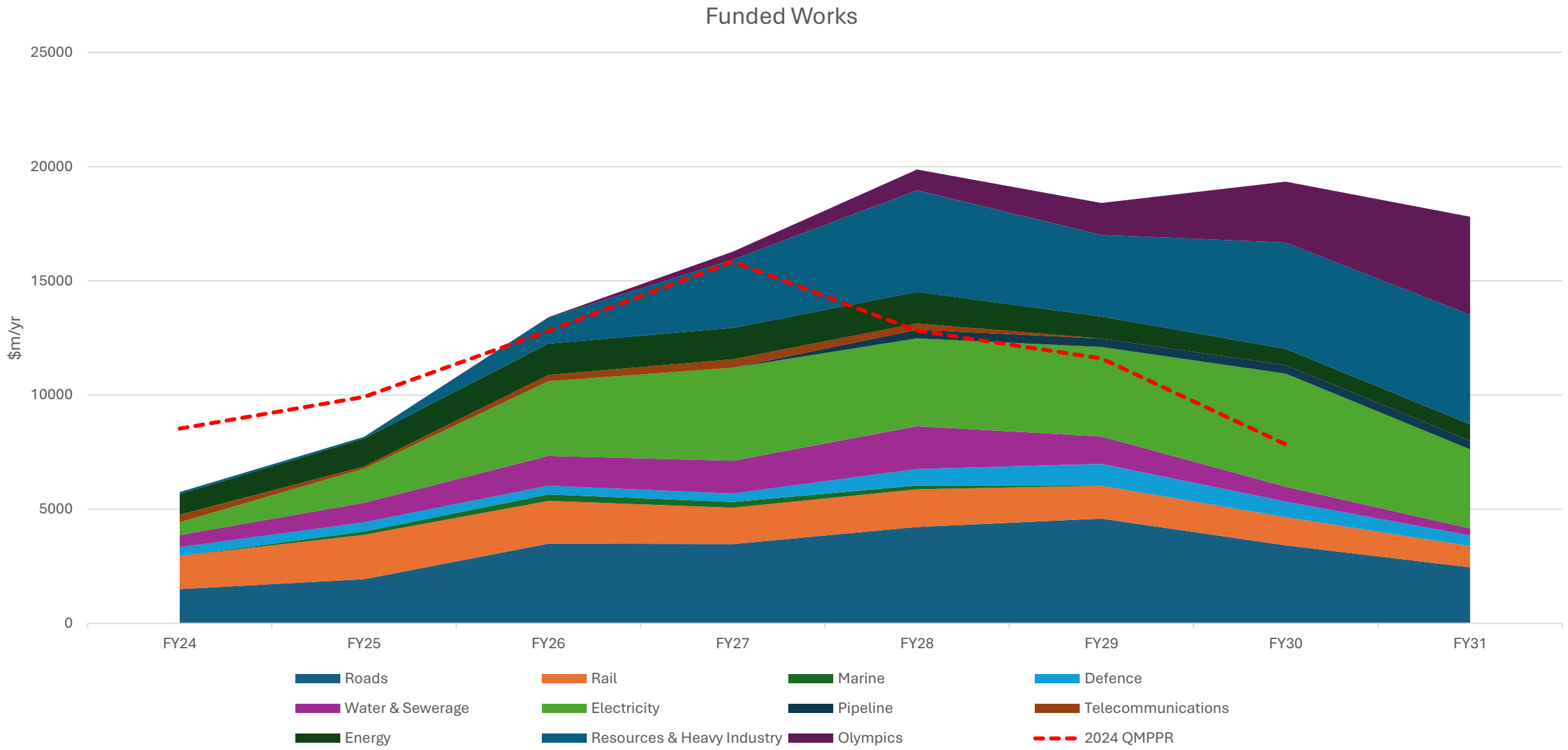

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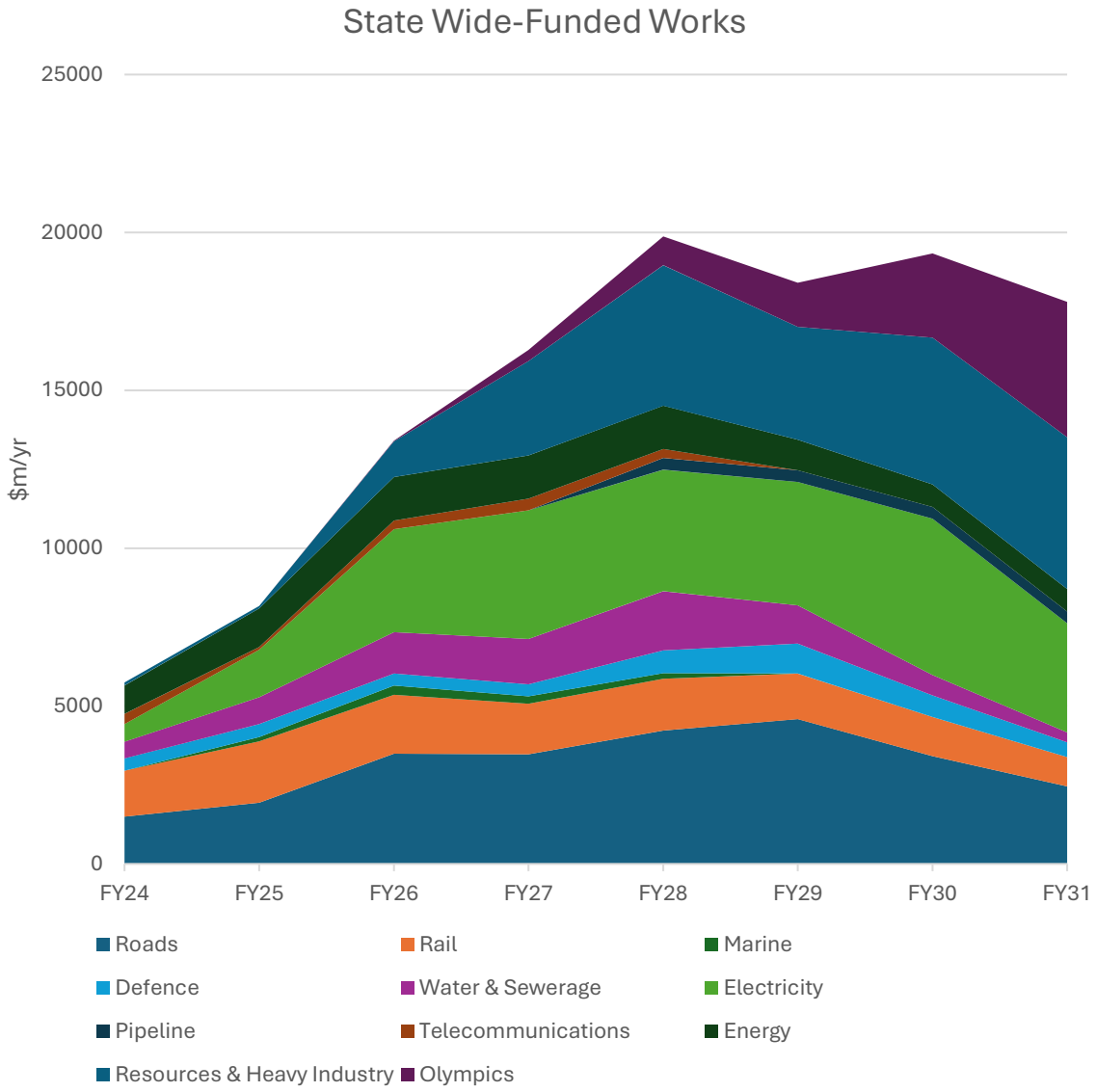


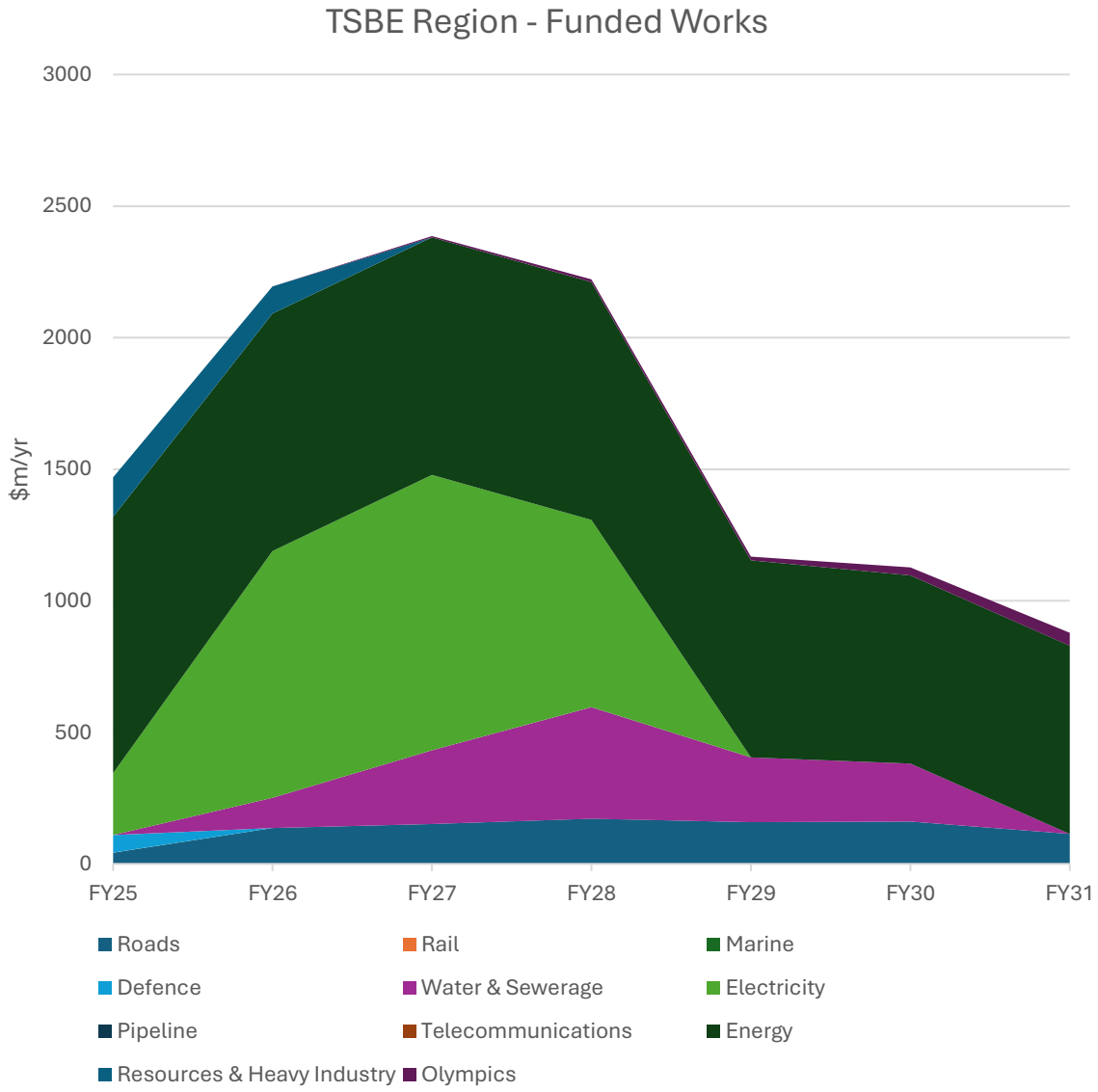

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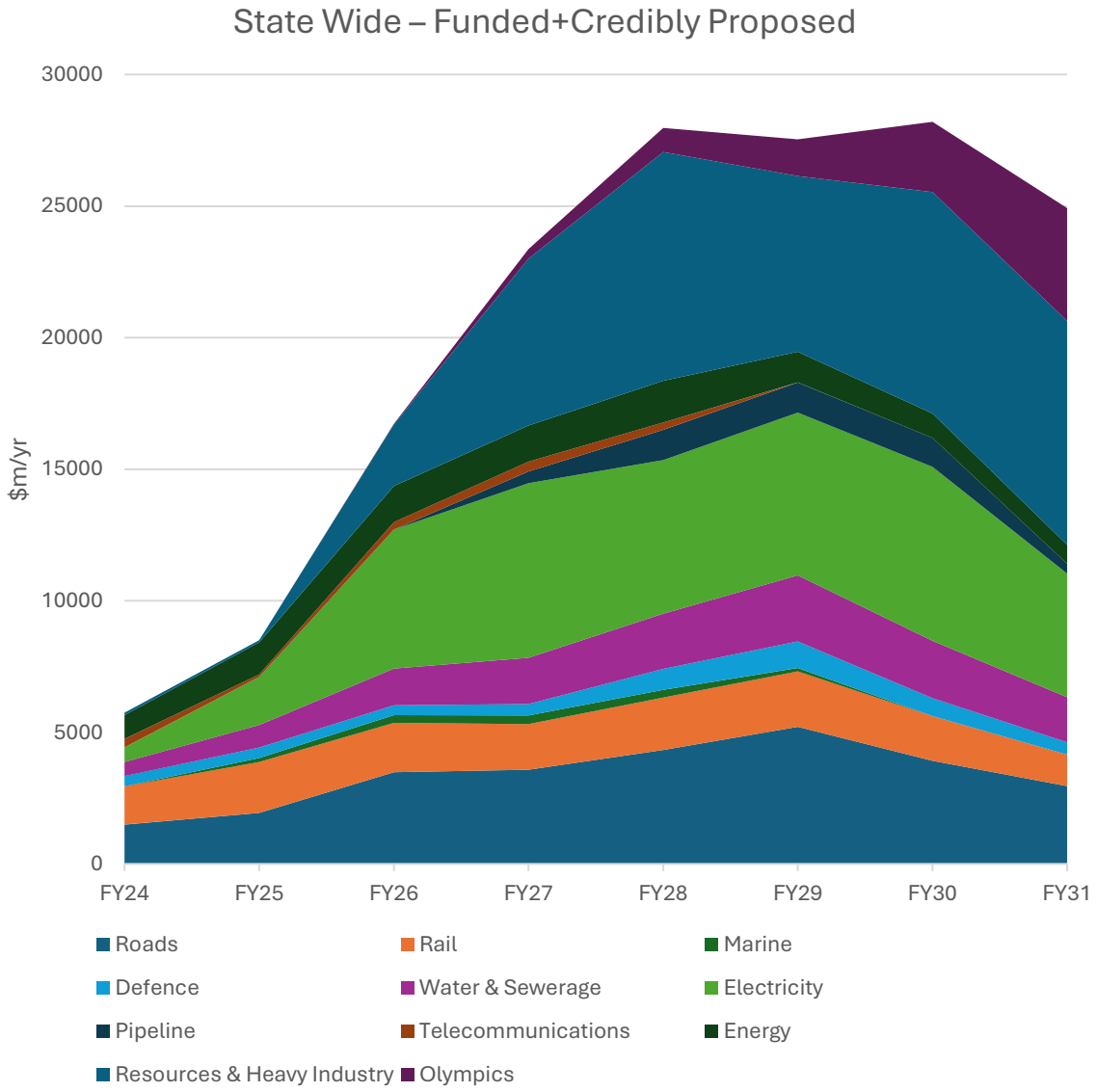


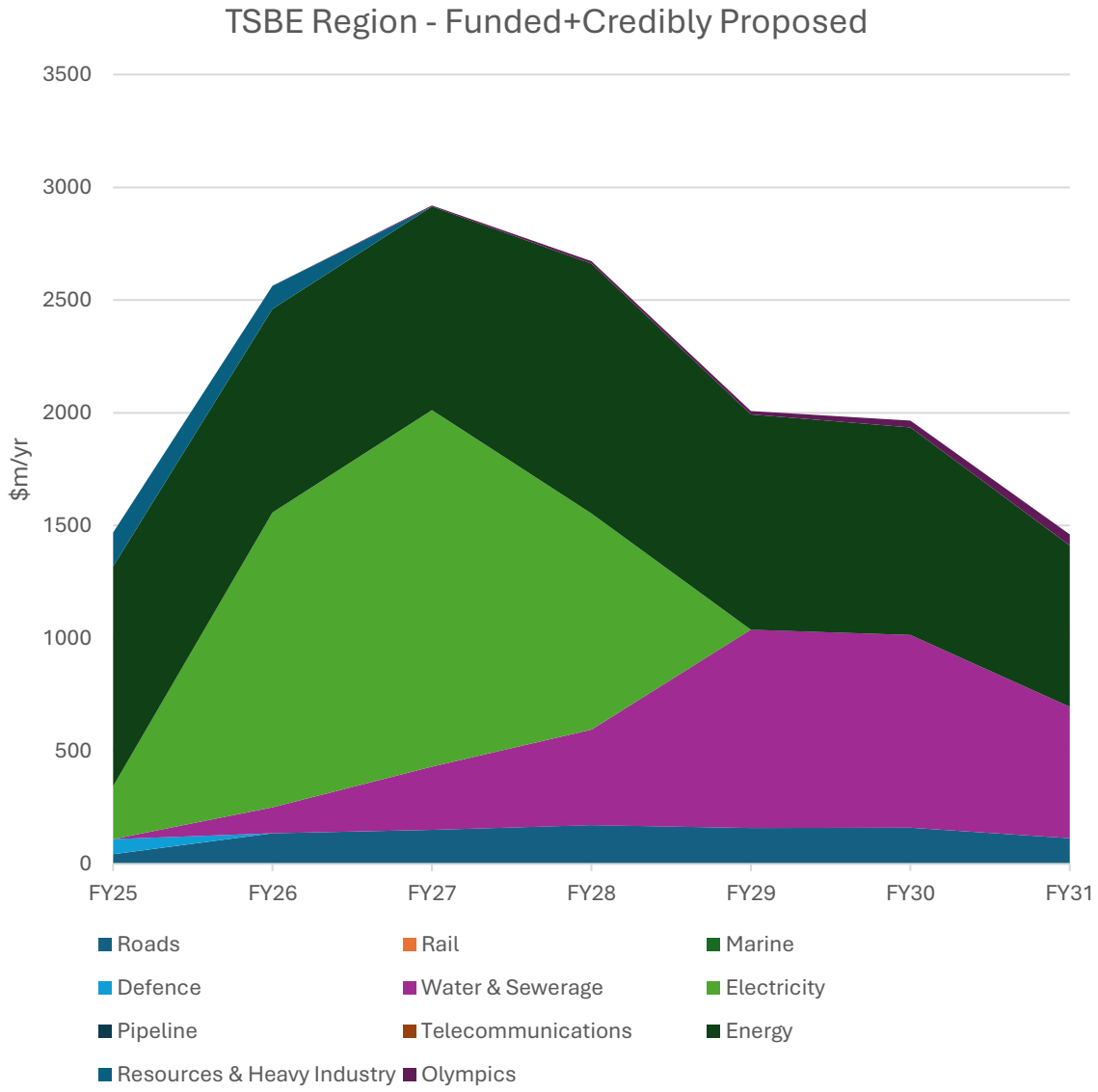

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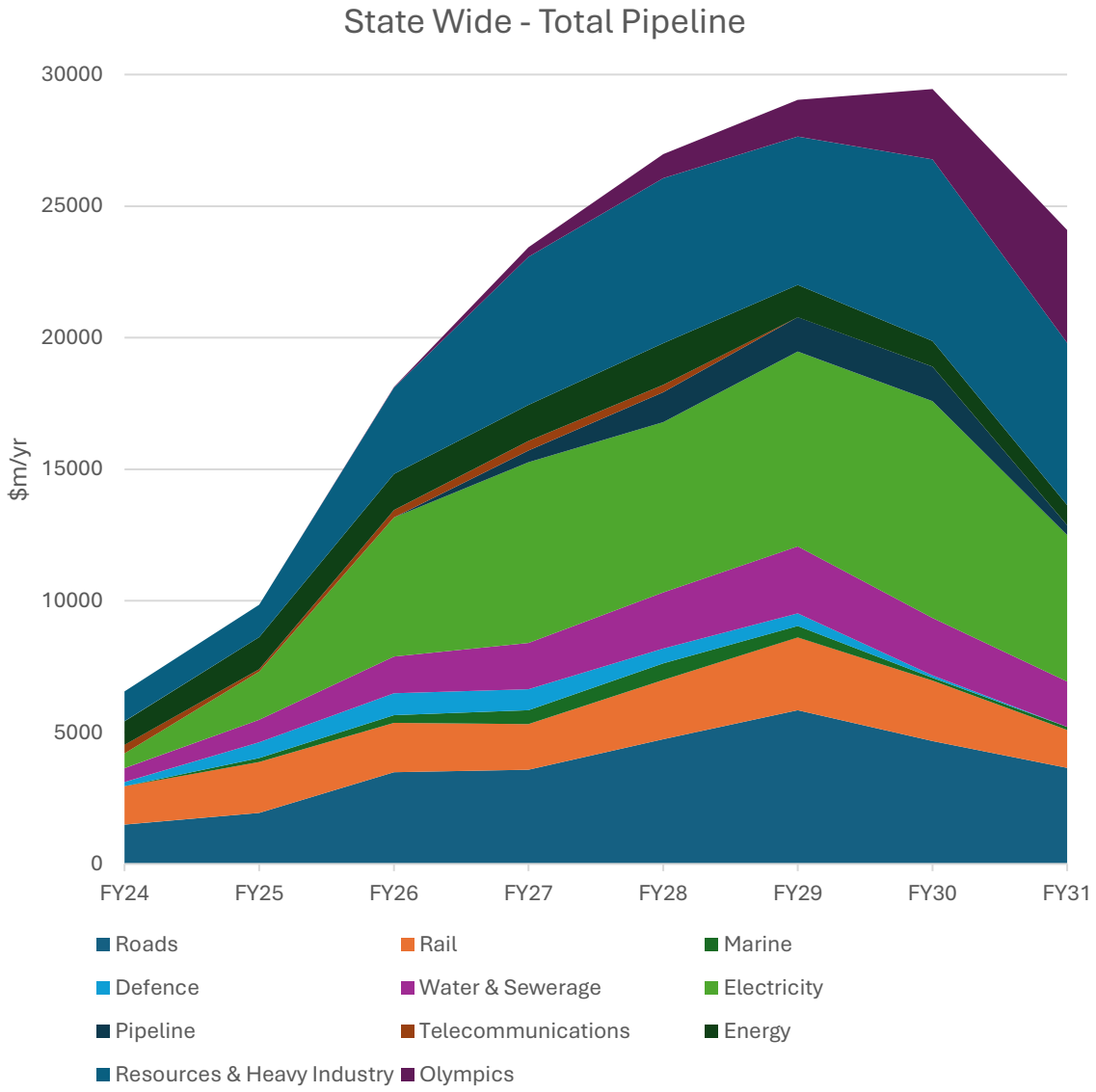
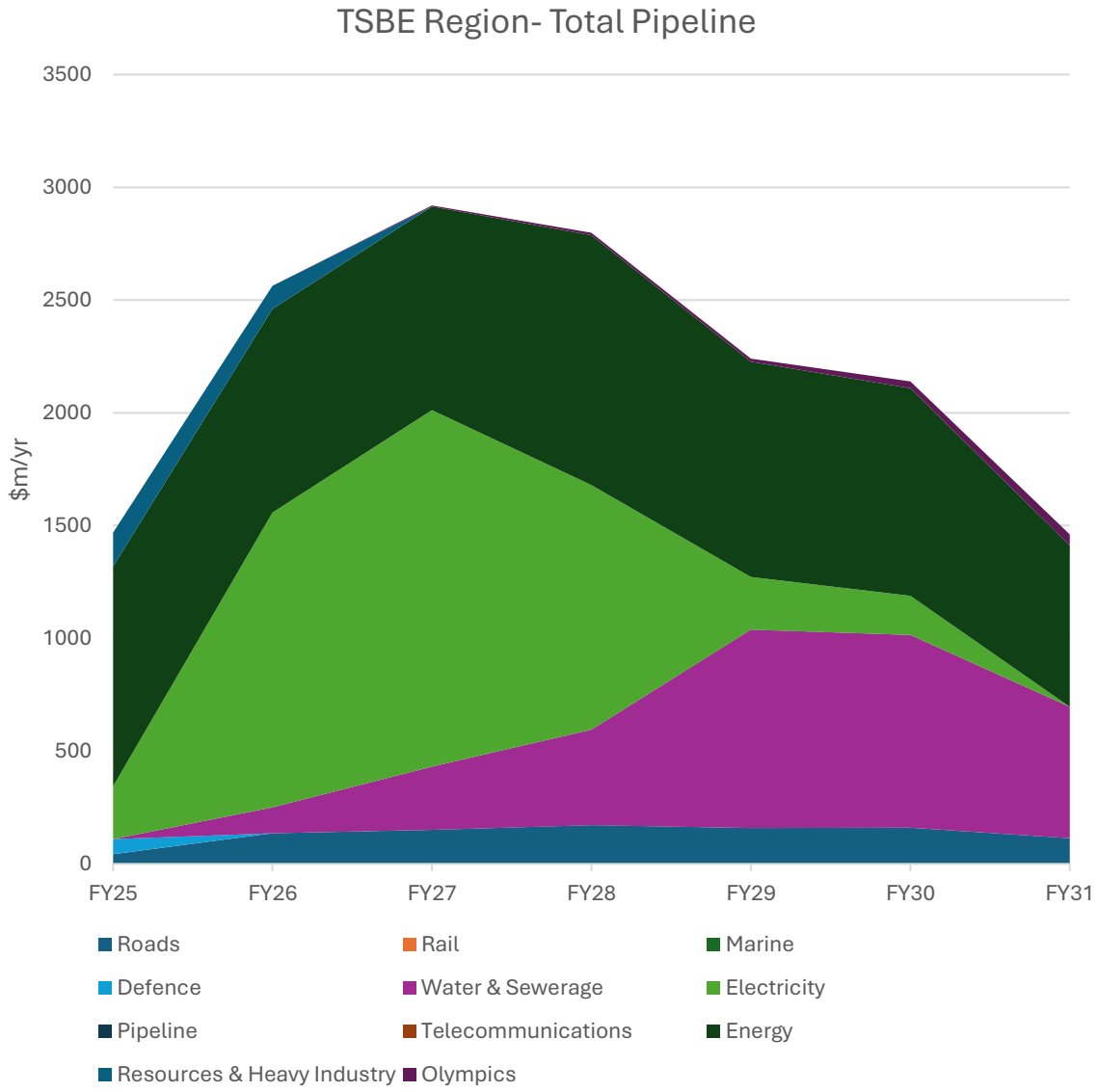
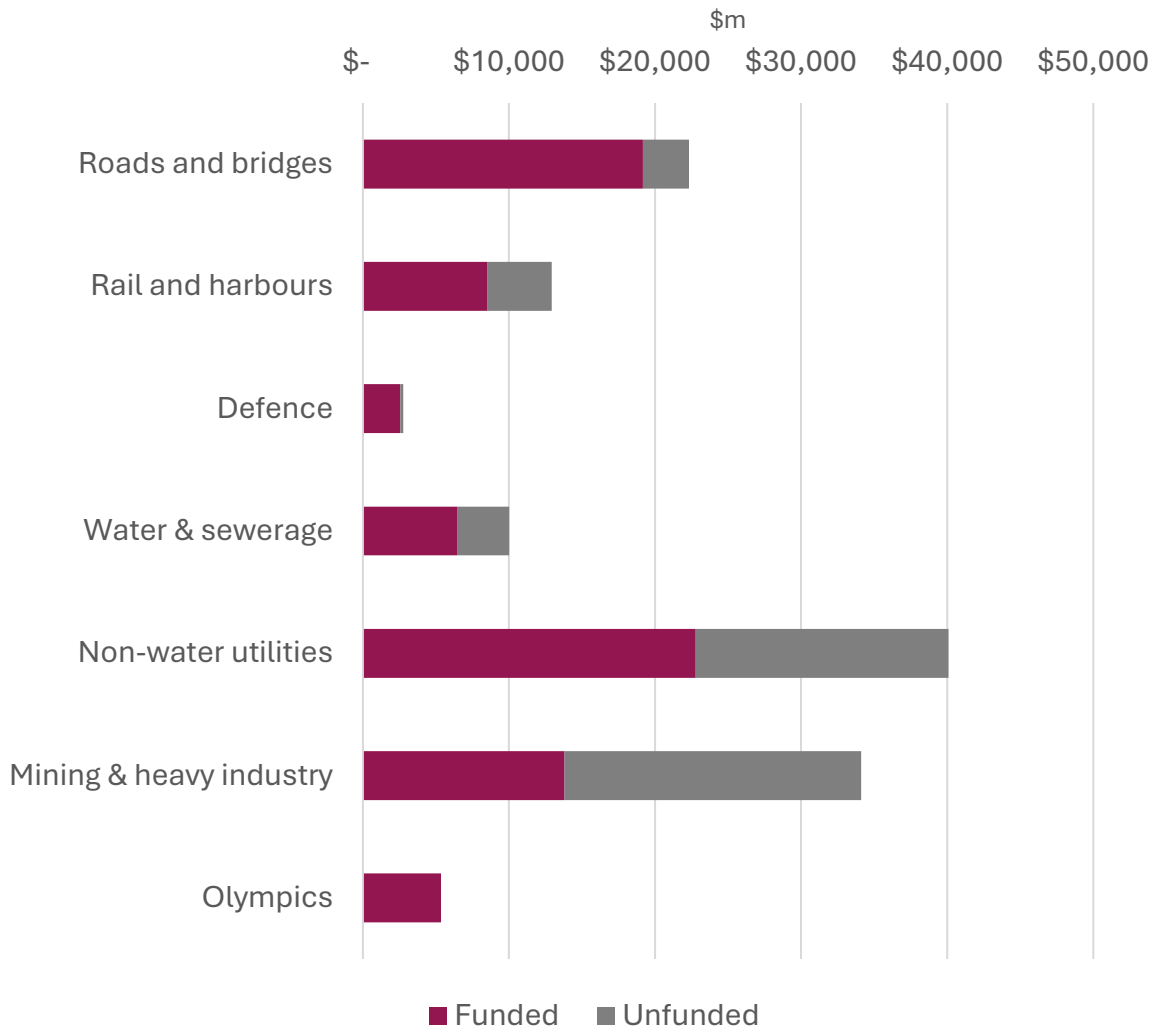


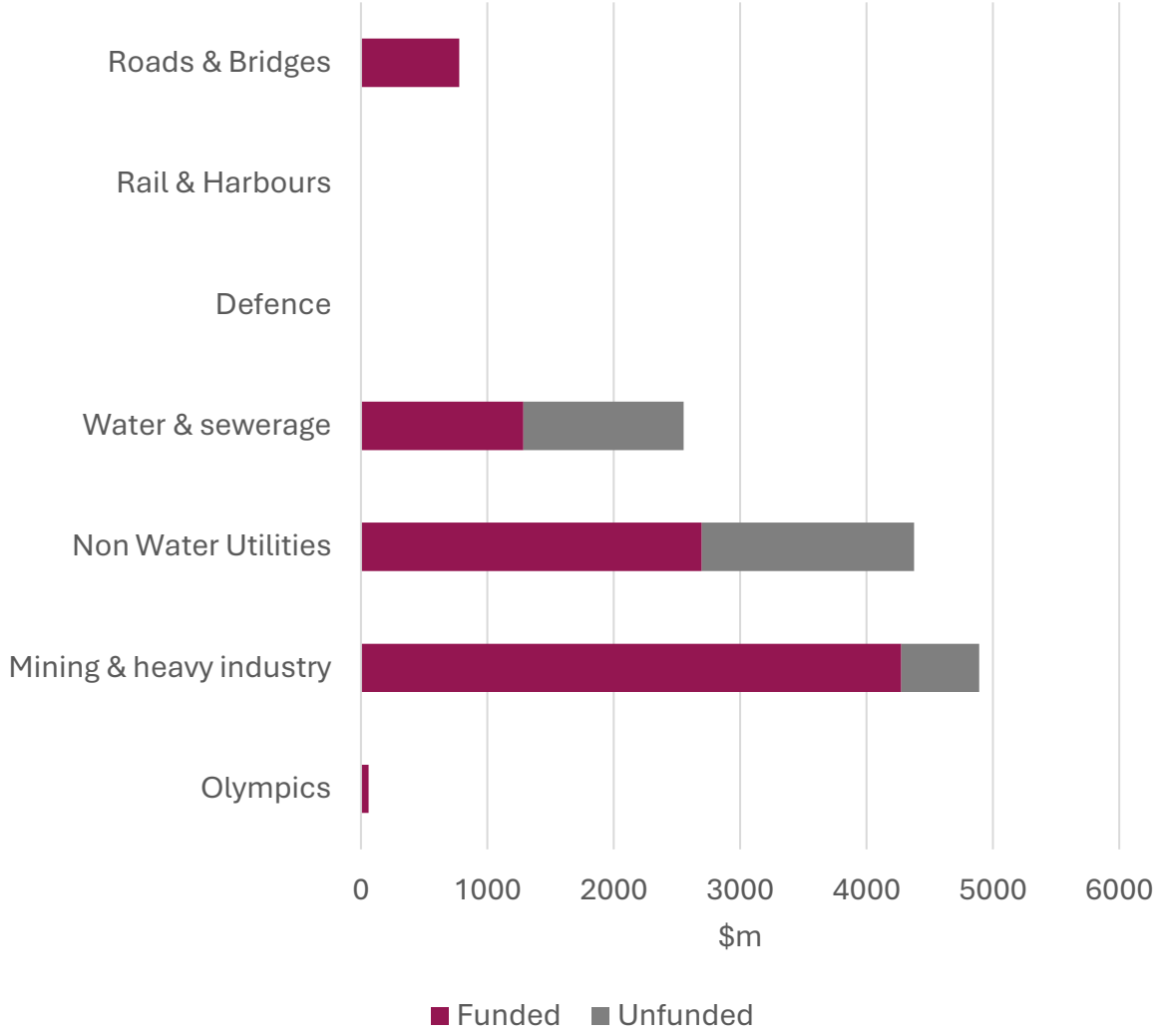



# Sector Breakdown

## 2025 QMPPR – Sector Breakdown




## TSBE Region - Sector Breakdown



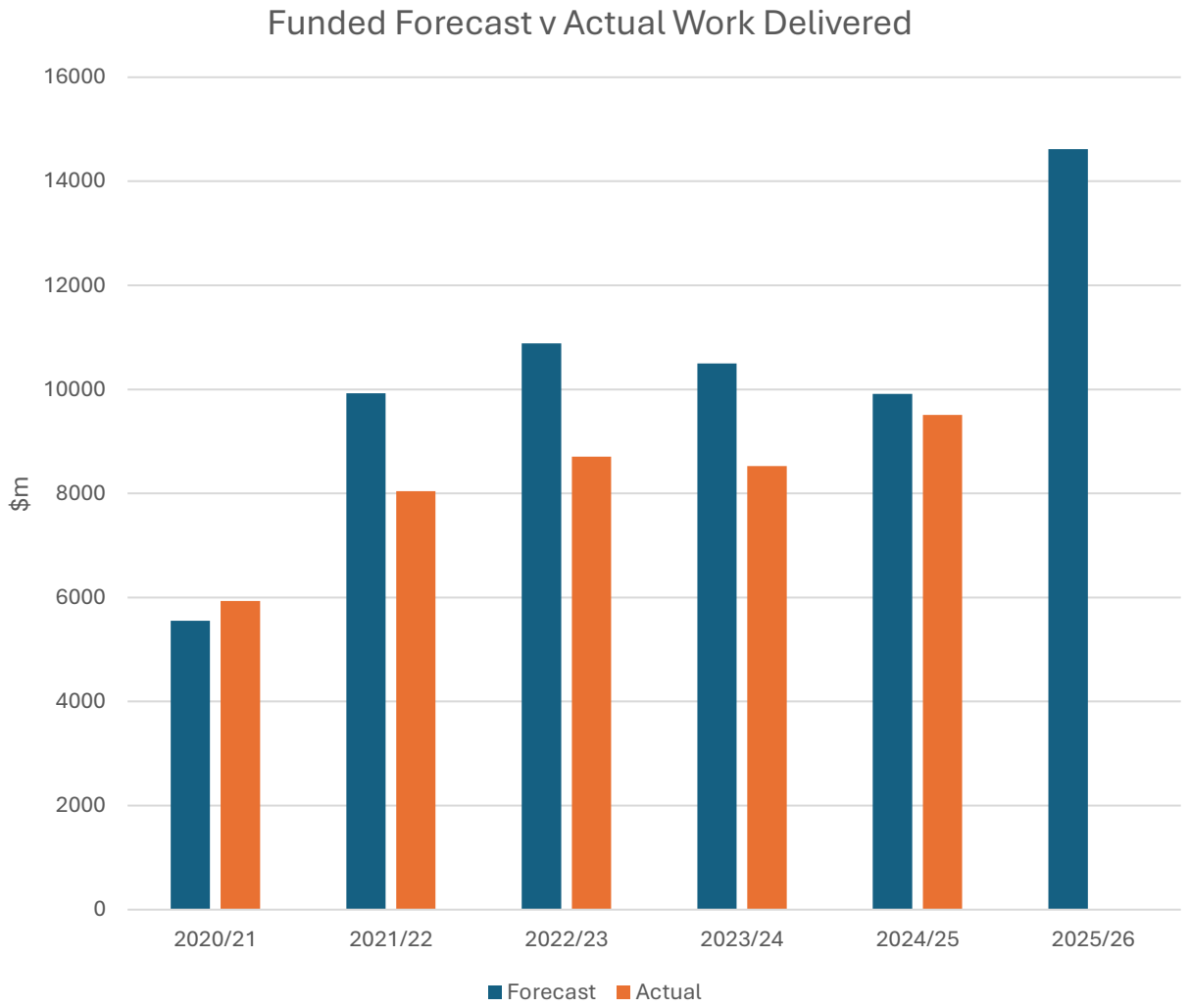
# TSBE Region – Key Projects

- Funded:
  - Roads: Warrego Highway Upgrade
  - Water:
    - Toowoomba – Warwick Water Pipeline
    - Cressbrook Dam Upgrade
    - Somerset Dam Upgrade (early works)
  - Electricity:
    - Brigalow power plant
    - Bulli Ck Solar
    - Big T
  - Energy: CSG sustaining and other capital works
- Unfunded:
  - Transport: Inland Rail
  - Water:
    - Wivenhoe Dam
    - Coolmunda Dam Upgrade
  - Electricity:
    - Tarong West Wind Farm
    - Lockyer Valley Gas/ BESS
    - Herries Range Wind Farm
  - Energy: Arcadia Valley CSG


# Key Issues

# What has been delivered

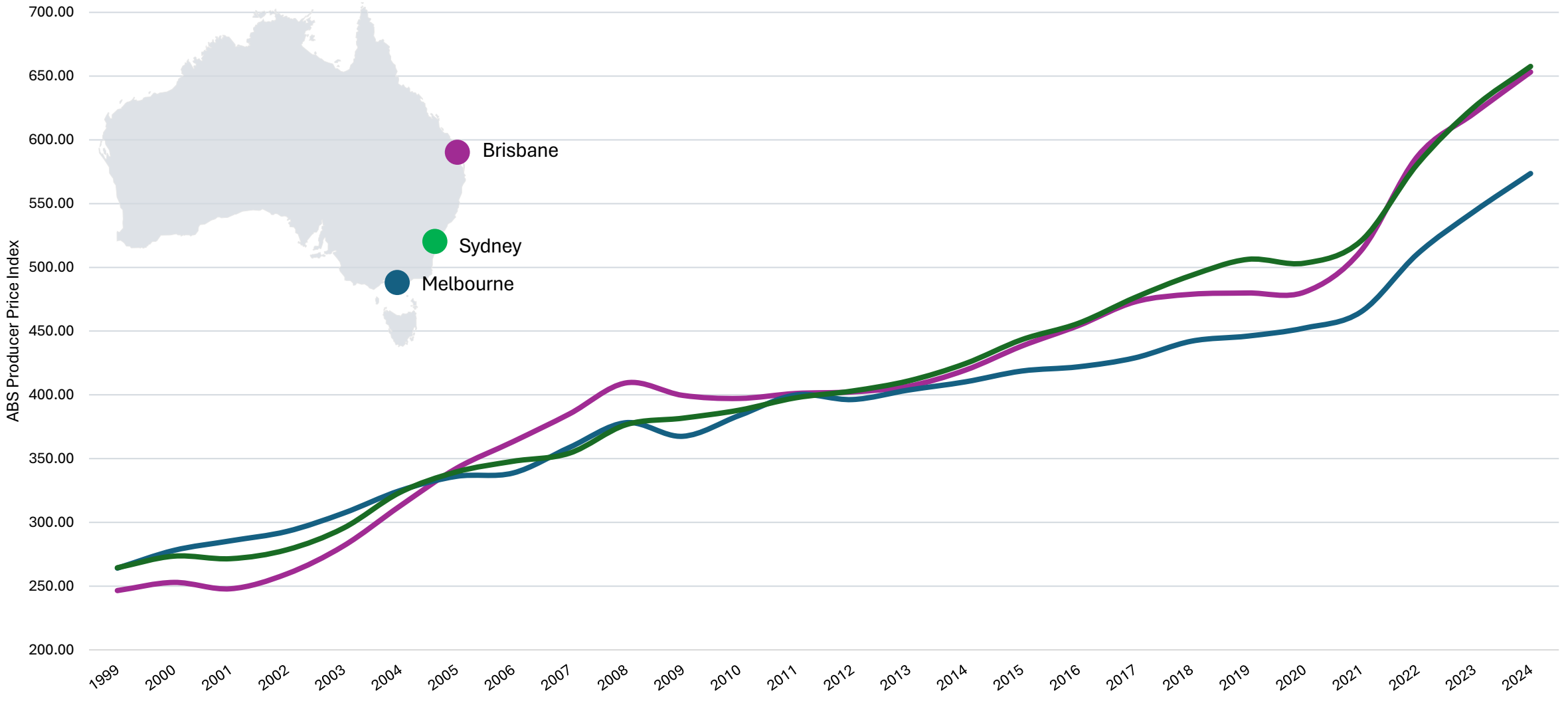
- From FY21-FY24 ~87% of projected work each year was delivered
- FY25 saw close to 12% uplift in delivery
- FY25 delivered 96% of the projected work
- To deliver FY26 will require 53% uplift
- To deliver the average of the total pipeline over the forward 5 years: 167% lift



# Key Issues that will affect the pipeline

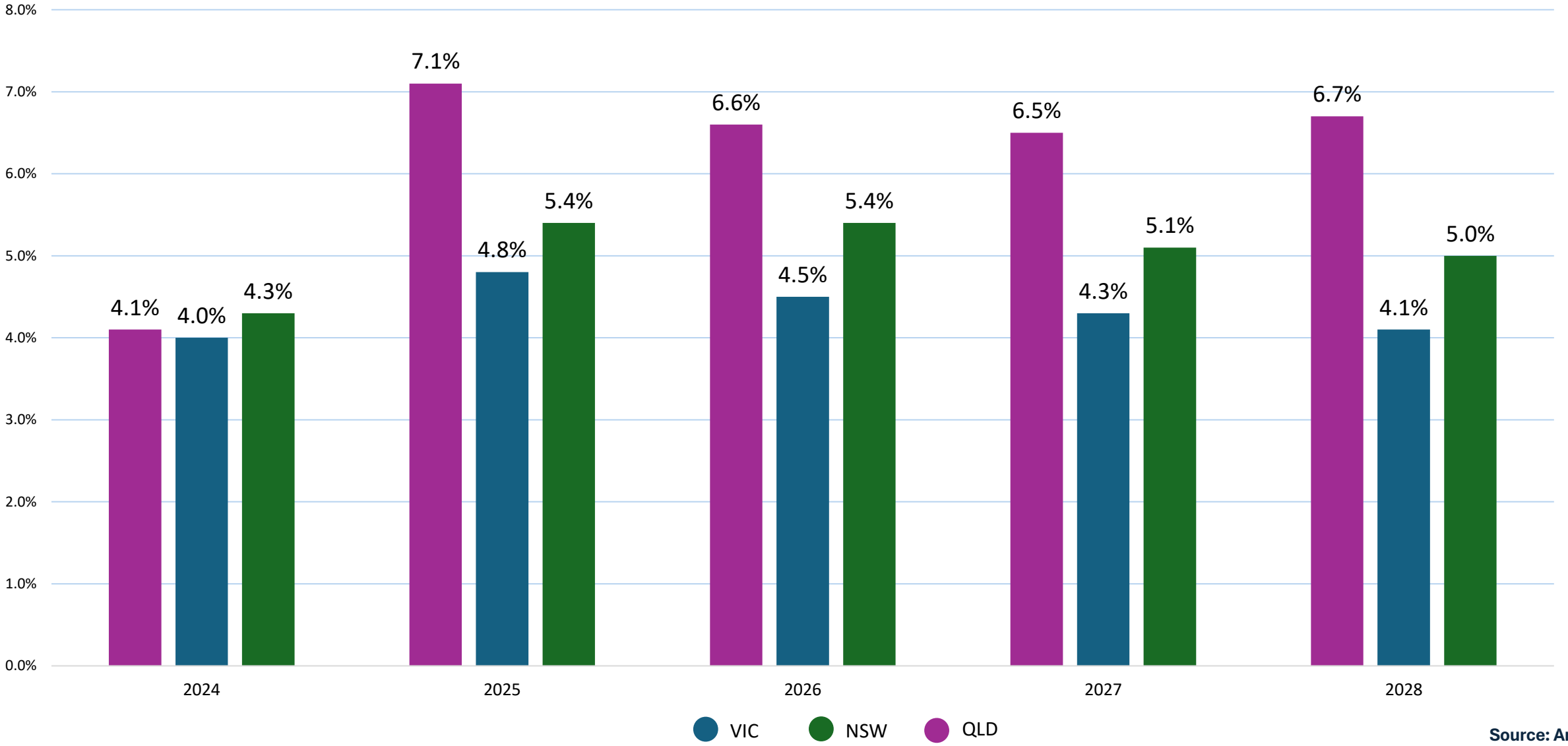
- Input cost escalation
- Market capacity:
  - Labour
  - Supply chain
- Procurement approach
- Industry productivity

# Construction Costs




Source: ABS / Arcadis

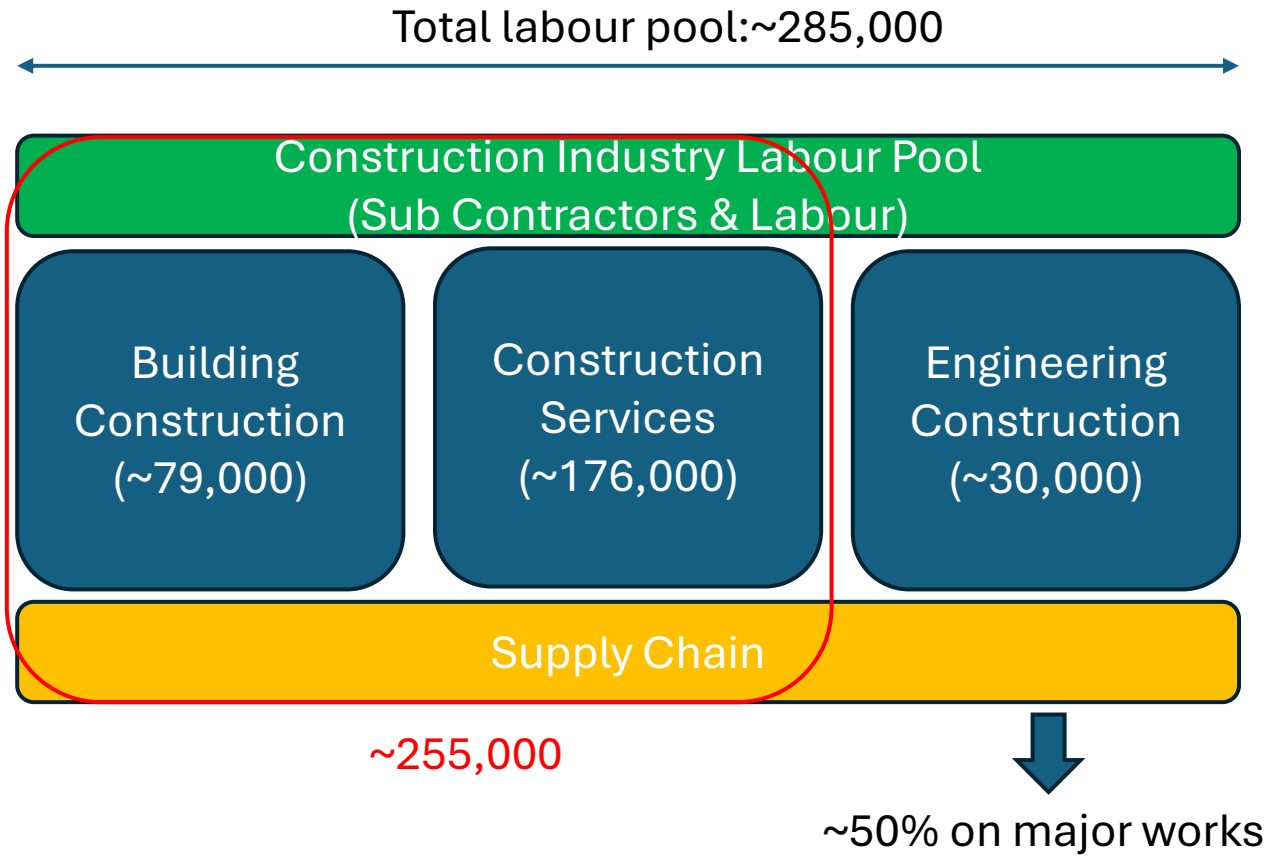
# Civil Infrastructure Cost Forecast




Source: Arcadis

# Capacity

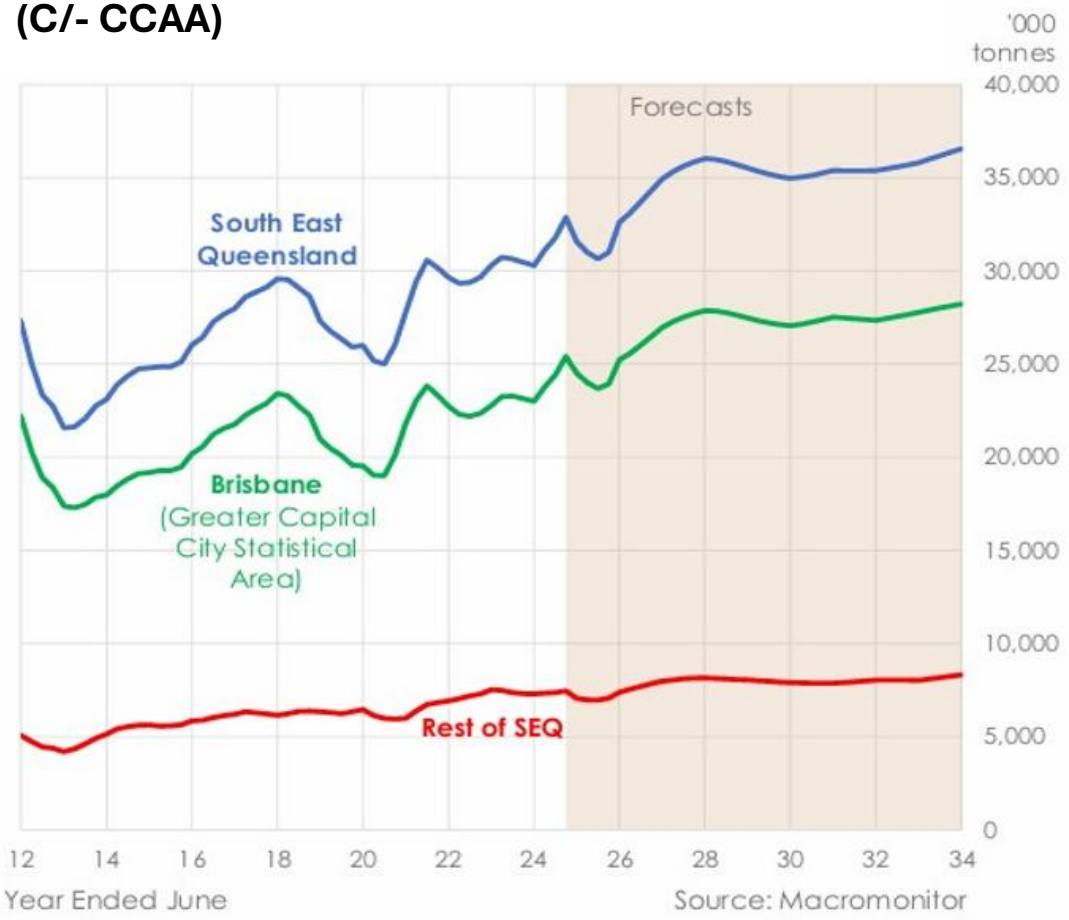
- Labour:
  - 285,000 currently employed across the entire building & construction industry
  - A large proportion of the supply chain, sub contractors and labour pool is shared
  - Engineering Construction accounts for ~30,000
  - Need up to 41,000 people to deliver the entire pipeline & 25,000 for the funded works
  - Currently ~15,500



# Capacity

- Labour: Need up to 41,000 people to deliver the QMPPR
- Supply chain:
  - Steel (reinforcing, structural & fabricated)
  - Concrete
  - Aggregates (hard rock, sand & gravel)
  - Pre cast elements (bridge units, culverts, concrete pipe etc)
- Aggregate supply for SEQ is a big challenge
- Regional aggregate supply will also be massively challenged
- Other issue: housing

**Demand for Hard rock, sand and gravel in SEQ (C/- CCAA)**




Source: CCAA

# Procurement

- To ensure delivery of the pipeline, projects need to move efficiently through the procurement process and commence works
- Over the past 5 years procurement activities have become more complex and time consuming:
  - Construct only projects up to 80% increase in time
  - D&C projects similar increase of up to 50% in time
- QMCA analysis has indicated an increase in procurement timeframes of up to 4.5 months over the past 5 years. The impact on the work rate to be delivered is:
  - Full pipeline: Increases by 6% from $2.1b/m to $2.23b/m
  - Funded pipeline: Increases by 7.7% from $1.3b/m to $1.4b/m

# The Productivity Challenge

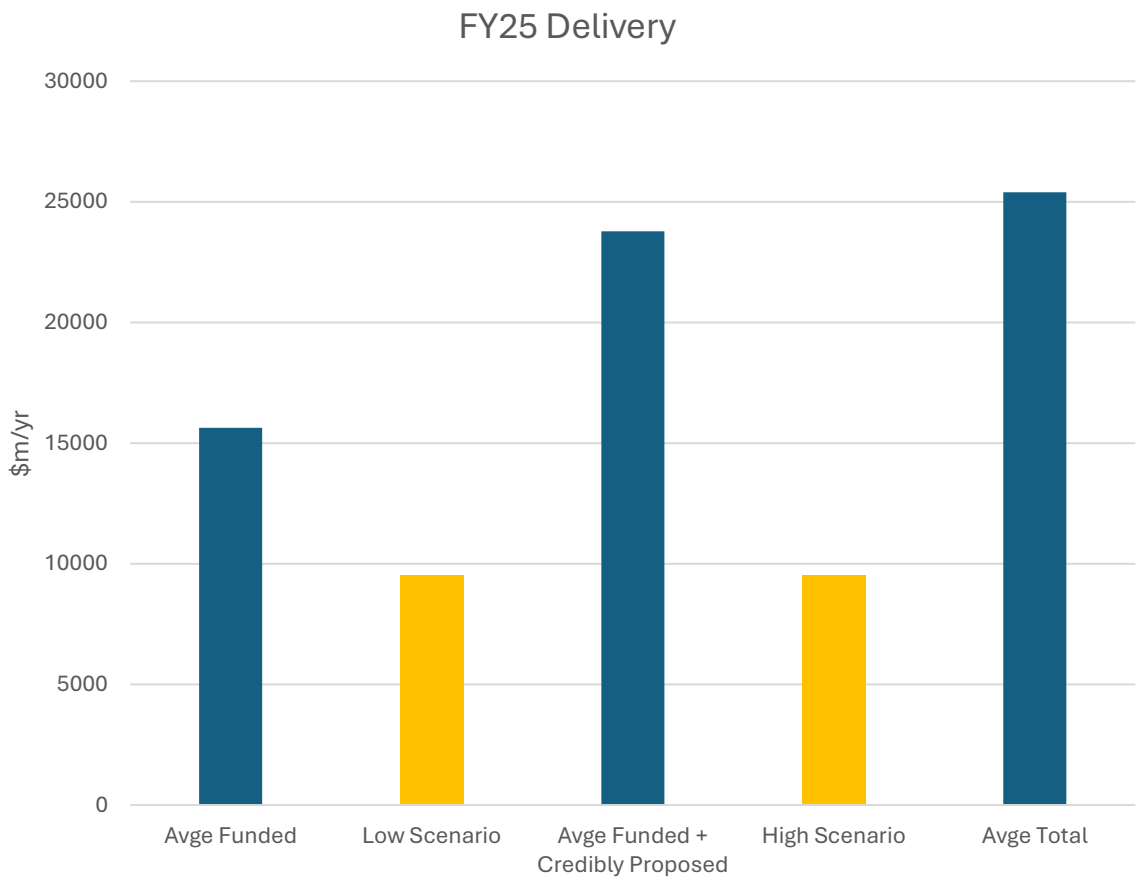
| | Total Pipeline | Funded Works | Funded + Credibly Proposed |
|---|---|---|---|
| Productive Output | | | |
| Average output req'd | $1.66m/ person | $1.29m/ person | $1.54m/ person |
| Current | $0.7-$0.82m/ person | | |
| No. of people | | | |
| Low | 31,000 | 19,000 | 29,000 |
| High | 41,000 | 25,000 | 38,000 |
| Current | 15,400 | | |

These numbers relate to the major engineering and construction works as laid out in the 2025 QMPPR

# Solutions & Recommendations

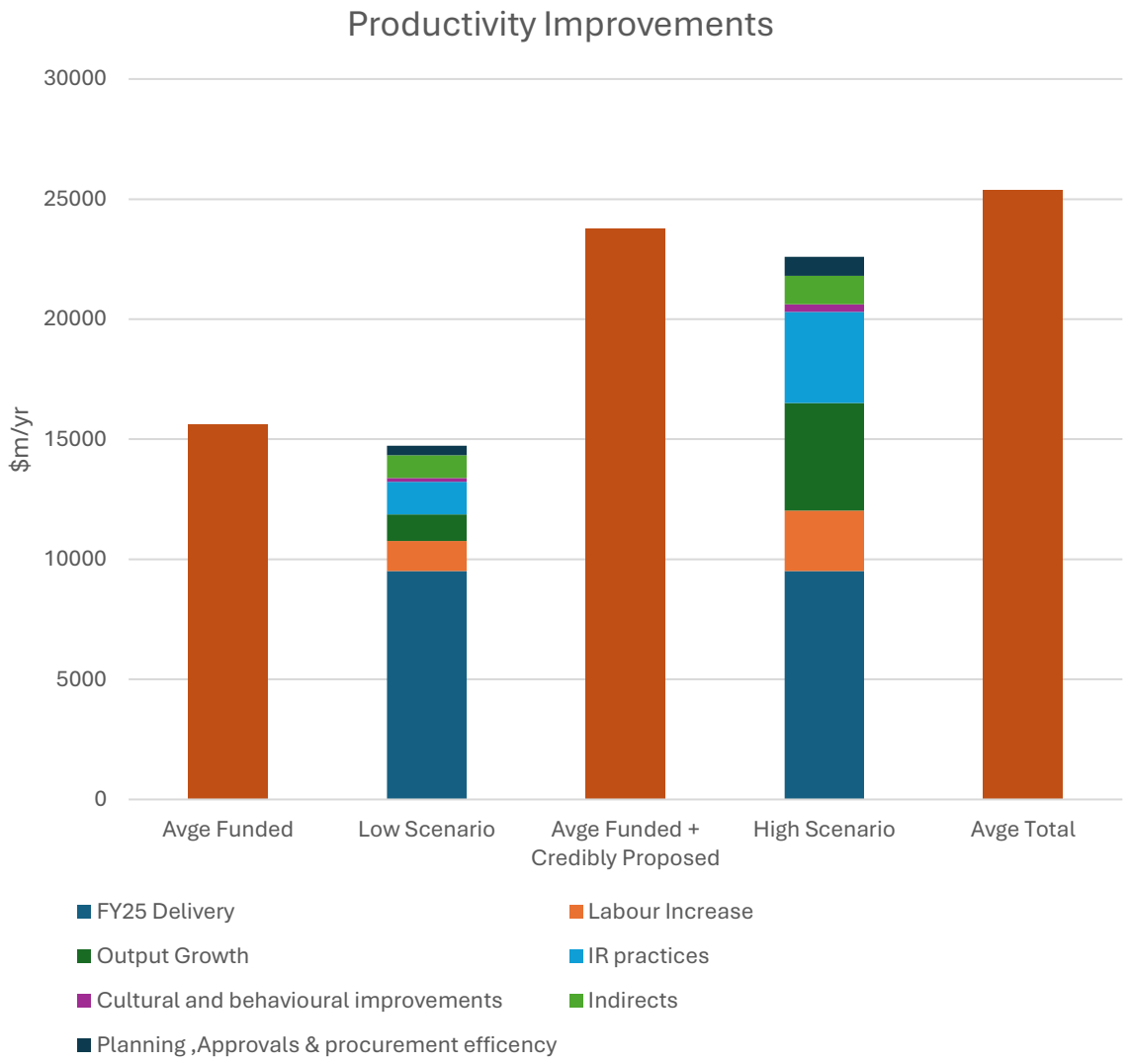
# Industry Output and Productivity

- Delivered $9.51b in FY25



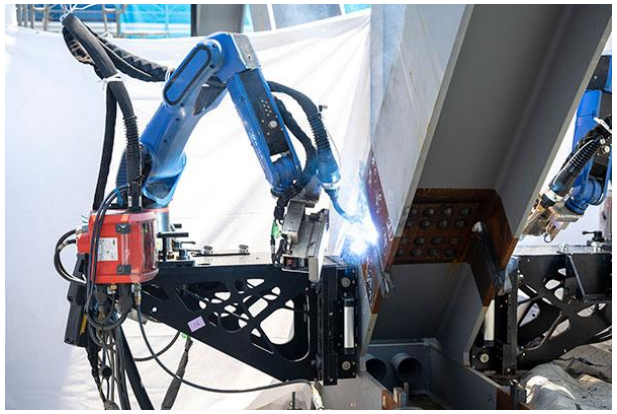
# Potential Productivity Improvements

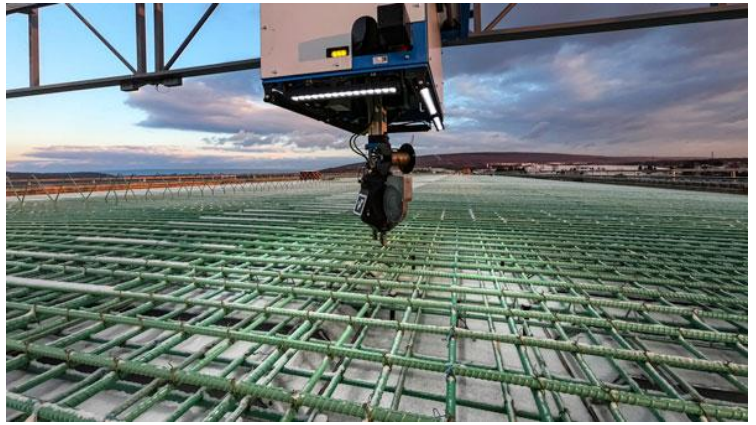
- Delivered $9.51b in FY25, plus:
  - Increase in labour pool
  - Growth in output from FY25 levels
  - IR practices
  - Culture and behavioural improvements
  - Reduction in Indirects
  - Planning, approvals & procurement efficiency
- Total:
  - Low Scenario: $14.7b
  - High Scenario: $22.6b



# Productivity - Innovation & Technology

- Technologies:
  - Robotics
  - Autonomous operating earth moving equipment, welding, material handling (cranes, etc)
  - Modular assembly
  - Digital models
  - Business operations
  - Artificial intelligence applications
- Applications across QMPPR:
  - Earthworks
  - Concrete works
  - Modularised and prefabricated sections for Olympics, Electricity, Water & Heavy engineering



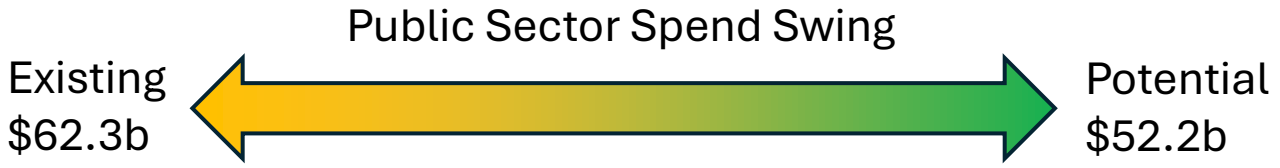



# Procurement Streamlining

- Early selection of preferred delivery partners is essential to work collaboratively with clients to ensure:
  - Project delivery planning is built into design
  - Technology and innovation
  - Risk understanding, apportionment and management
  - To result in better cost and time certainty
  - Local industry capacity strengthening
- By streamlining the procurement process can save >$1b across the pipeline in total costs:
  - Moving to a preferred partner on projects early
  - Reducing the “transaction costs” on client and contractor side
  - Engaging the contractor with other parties early (risk, cost, time, approach, innovation etc)

# Coordination of Works – Potential Private Co Investment

- Public sector investment will reach a capped level
- There are further opportunities for either full or part private funding
- Greatest areas where this might be appropriate include
  - Olympics (part funding of venues)
  - Marine (associated with resources)
  - Electricity (generation, transmission & storage)
  - Rail (station upgrades & mass transit)
  - Water & wastewater (treatment)

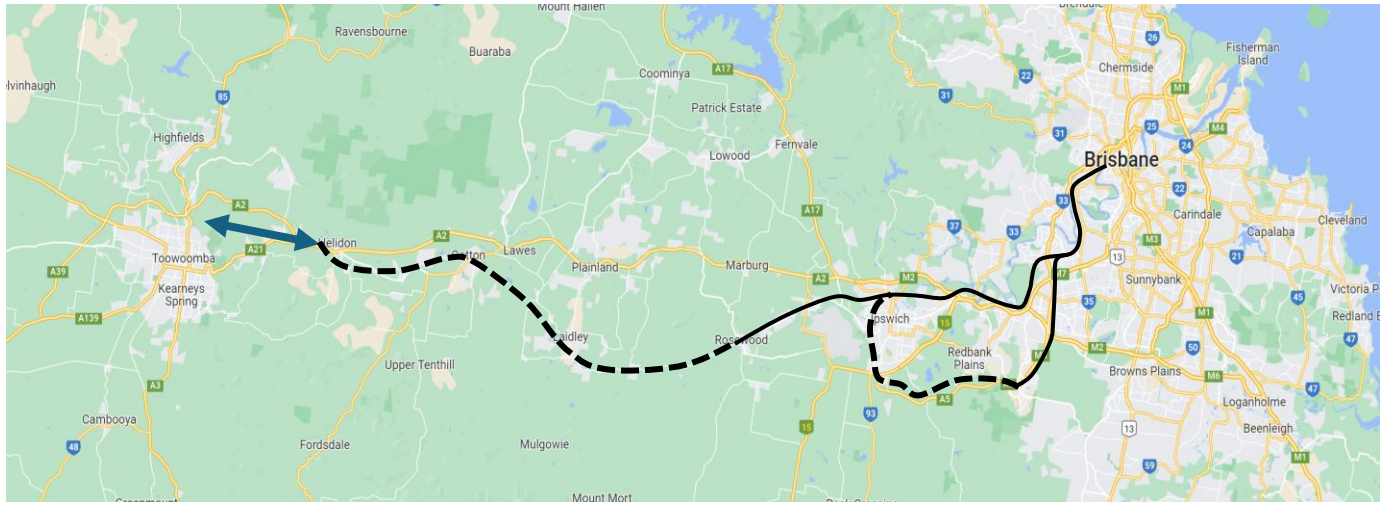



| Summary | Public $m | Private $m | Potential for co funding | |
|---|---|---|---|---|
| | | | $m | % |
| Roads | 21,545 | 776 | 1,798 | 8% |
| Rail | 10,923 | - | 2,044 | 19% |
| Marine | 1,541 | 455 | 554 | 36% |
| Defence | 2,763 | - | - | 0% |
| Water & Sewerage | 10,013 | - | 1,473 | 15% |
| Electricity | 11,620 | 22,636 | 2,719 | 23% |
| Pipeline | - | 4,206 | - | 0% |
| Telecoms | 67 | 867 | - | 0% |
| Energy | - | 6,519 | - | 0% |
| Resources & Heavy Industry | 9 | 27,719 | - | 0% |
| Olympics | 3,858 | 1,493 | 1,523 | 39% |

Forward 5 years of the pipeline

# Region Specific Opportunities

- Games legacy:
  - Equestrian quarantine facility
  - Housing
  - Rail services:
    - Short term: Initial BEMU service to Ipswich (Helidon or Toowoomba)
    - Medium term: potential rail spur to Withcott and PnR
    - Long Term: Upgraded line to Brisbane potentially with Inland Rail





# Region Specific Opportunities

- Games legacy:
  - Equestrian quarantine facility
  - Housing
  - Rail services
- Power:
  - Power generation (gas)
  - Renewables
  - Energy storage (pumped hydro, batteries, other)
- Agriculture: High production using industrial approaches & integrated energy

# Recommendations

- Unlock further opportunity for private sector investment
- Different approaches to increase employment and retention of workforce
- Streamlined procurement and approvals- potential savings:
  - Time (at least 3 months/ project)
  - Cost (at least $1b across the pipeline)
- Focus on elements that can deliver productivity improvements:
  - Specifications driving in directs
  - Industrial relations conditions
  - Technology & innovation
- Housing for workers

# The Need for Speed

- Implementing changes in procurement
- Project approvals
- Procuring the preferred delivery partners
- In how we deliver efficiently and effectively and implementing technology
- In how we get all parties aligned around driving real productivity gains

***It will take all parties to work together to ensure that we can deliver this pipeline***

# Thank you to contributing authors:

QEAS
Queensland Economic Advocacy Solutions

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AURORA marketing

ARCADIS