ETU QLD & NT

ETU RESPONSE TO INTERIM REPORT INTO PRODUCTIVITY OF THE CONSTRUCTION SECTOR

28 August 2025

Response to Productivity Commission Interim Report on Opportunities to Improve the Productivity of the Construction Sector

About the ETU

The Electrical Trades Union of Australia ('the ETU')[1] is the principal union for electrical and electrotechnology tradespeople and apprentices in Queensland, representing well over 16 000 workers in Queensland approximately one-hundred-thousand workers nationally. In the construction sector, the ETU in Queensland represents the overwhelming majority of electrical workers engaged in the construction industry.

Acknowledgement

In the spirit of reconciliation, the ETU acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all First Nations peoples today.

Introduction

The ETU welcomes the opportunity to make a submission in response to the Productivity Commission's interim report on productivity in the construction sector.

ETU members make up a critical pillar of the licenced trades in Queensland's construction industry. Furthermore, the ETU has long supported the training and development of apprentices, who will go onto make up a future, productive construction workforce.

While the ETU supports findings that encourage more investment in training of apprentices, the union remains concerned that this review is being used to attack the conditions of electrical workers, which will ultimately undermine safety and leave the Queensland construction industry unable to compete for electrical workers with the other sectors and other jurisdictions.

The ETU has been a consistent champion of the BPIC policy as the means of embedding consistent leading practice safety standards in Qld government major projects. BPICs has removed incentives for employers to compromise on workplace safety for short-term profit. It has also driven a much-needed increase in apprenticeships and can be a tool to improve apprenticeship completion rates in the industry. Moreover, the policy has delivered industrial peace and eliminated delays and costs from protected industrial action and other industrial disputes on government projects.

[1]Being a division of the CEPU, a trade union registered under the *Fair Work (Registered Organisations) Act 2009* (Cth).

Our submission has focused on the following areas of the government's interim report:

- Best Practice Industry Conditions (BPICs)
- Occupational licensing
- Apprentice shortages
- Energy Queensland EBA

In each of these sections, we find that the Productivity Commission has failed to properly account for the cost to the taxpayer of various mechanisms and their withdrawal. It has, furthermore, failed to cost the impacts of the LNP actions following the election, including the retendering of a contract for Stage 2 of the $530m expansion of Townsville University Hospital and delays in tendering for $7.1bn in capital works for the Brisbane 2032 Olympics.

As we find below, labour costs are not the primary driver of increased costs in the construction industry. As such, the ideological decision to pause BPICs and even retender major construction projects exposes the Queensland taxpayer to significantly increased costs, while destroying the secure pipeline of work that is necessary to employ and train the apprentices to address the extreme workforce shortfalls that will threaten the on time delivery of the state's Olympic build.

Best Practice Industry Conditions (BPIC)

In November 2024, the Queensland Liberal National Party announced that they would suspend Best Practice Industry Conditions (BPICs). Arguing that the suspension would boost productivity, increase housing construction and decrease housing costs.[2] However, that analysis relied on selective use of data and fails to account for the real drivers of increased construction costs.

BPICs were designed to strengthen and standardise safety practice, ensure fair employment conditions, drive apprenticeship uptake and completions, and make construction work a more attractive career path. It has been largely successful in driving improvements in industry practice.

Productivity Commission Wilfully Misrepresenting Cost to Taxpayers of BPICs

The Productivity Commission's model assumes that 50% of cost overruns can be attributed to BPICs, providing no empirical basis for this claim.[3]

In fact, the Productivity Commission's 'literal' interpretation of BPIC under the 'high scenario' does not reflect the enforceable and actual operation of the relevant enterprise agreements or the policy. The 'high scenario' of BPIC impacts modelled by the Productivity Commission includes several highly unlikely assumptions:

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[2] https://statements.qld.gov.au/statements/101618

[3] per Queensland Productivity Commission, 2025, *Interim Report – Opportunities to Improve the Productivity of the Construction Industry*, p. 296, the cost and time overruns outlined in Table C.10 *assume* 50 per cent of overruns can be attributed to BPICs.

- Union meetings are assumed to account for 6 days lost productivity largely due to secondary impacts to planned work, despite most union meetings occurring at the beginning of the day when they are least disruptive.
- Industrial action is assumed to occur over 6 days at all sites, despite BPIC policy effectively incentivising the making of enterprise agreement to cover the duration of a project, preventing any industrial action.
- Union meetings are assumed to occur for 4 hours per week at all sites, with no evidence of that practice. No union has the capacity to hold two meetings at each site each week.
- All work is assumed to stop during any amount of rain, which is not a BPIC condition.
- Impacts of complying with PM2.5 conditions for air quality are ascribed to BPIC, notwithstanding that the Queensland Health guidance applies to all workplaces.
- RDOs are assumed to be inflexibly applied, despite facility for flexible use of RDOs in the relevant enterprise agreements.
- BPIC-like conditions are assumed to prevail in high-rise building sites. No basis is provided for that assumption.
- BPIC-like conditions in other parts of industry, such as high-rise building sites, are assumed to be a result of BPICs rather than a reflection of prevailing market conditions. No basis is provided for that assumption.
- BPIC-like conditions are assumed to contribute to 50% of project delay times in high-rise residential construction, with no apparent basis for that assumption. This figure cannot be accurate because BPIC is only engaged in Government funded Commercial Construction Projects in excess of $100 million dollars.

As we show in the following analysis, recent cost increases in the construction sector have been driven by materials costs, not labour costs. Our findings correlate with ABS analysis of changes in construction output prices between 2019 and 2024, which found that cost increases were driven by "several interrelated factors, including demand across the industry, input material prices, labour availability, competition and risk have impacted builders' decisions on overall pricing".[4] According to the ABS, labour impacts on price increases were largely due to competition for skilled workers and reflects the competitive market rates for the industry. In other words, it is workforce shortages not BPICs that determines market rates for construction workers.

[4] https://www.abs.gov.au/articles/insights-output-building-construction-prices

Figure 1 and Figure 2 shows how growth in non-labour costs has significantly outpaced labour costs and explain the delays in construction times. [5]

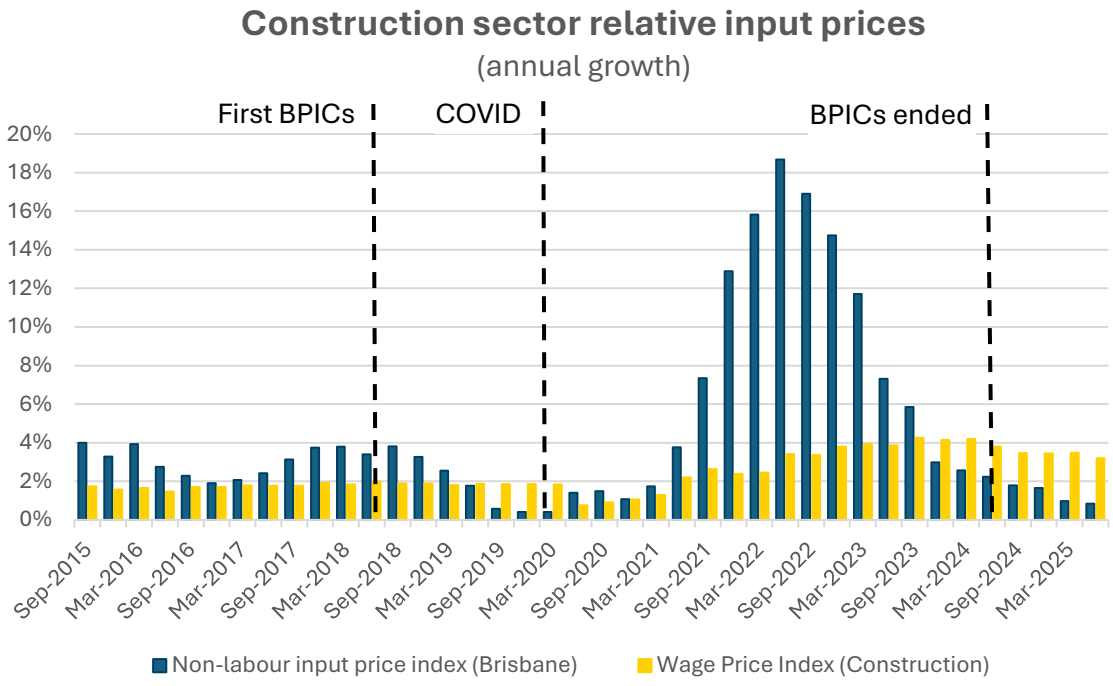


Figure 1 - Construction input cost increases have been driven by material costs and are uncorrelated with BPICs. ABS WPI & PPI

[5] *Non-labour input price* comprises material costs for the construction sector, excluding labour costs (wages).

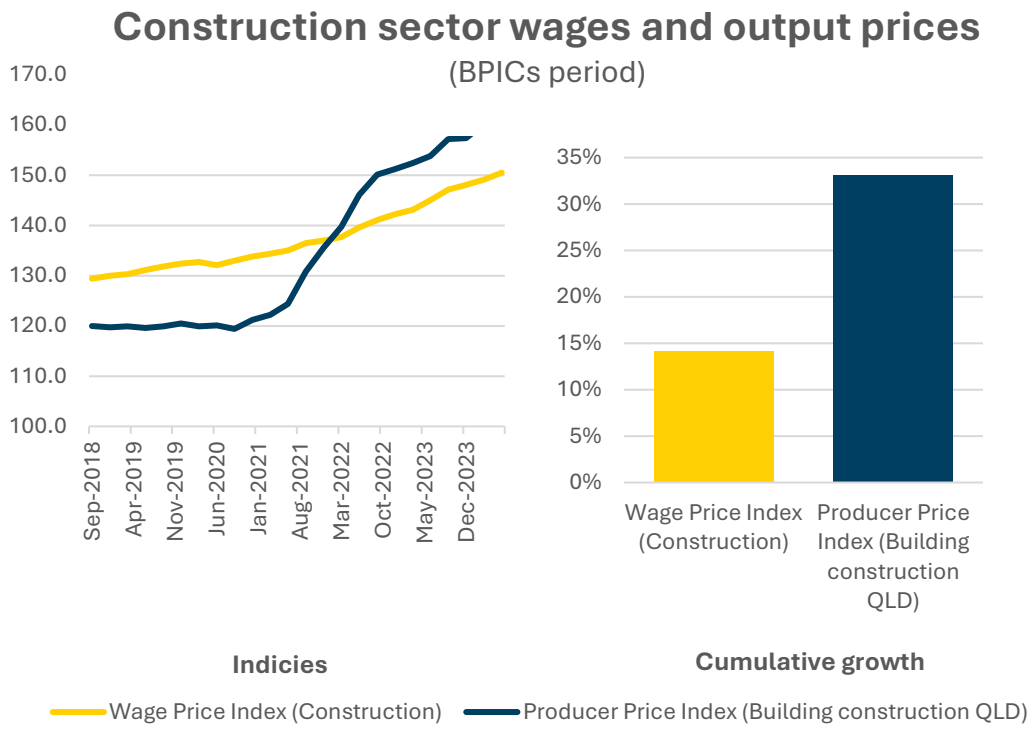
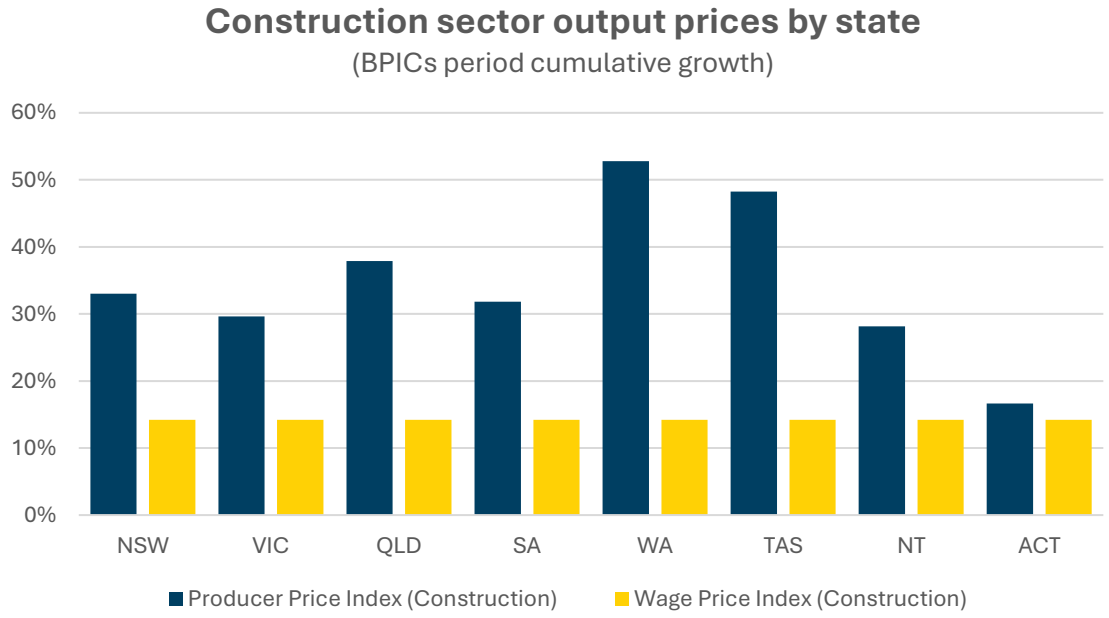


Figure 2 - Growth in construction sector output prices in QLD have far outpaced wage growth. ABS WPI & PPI

As Figure 3 shows, Queensland also did not experience unusually large cumulative output price[6] growth over this period compared to other states, suggesting QLD-specific conditions were not a driver of price growth.[7] The cumulative growth between the 2018-19 and 2023-24



financial years (estimated to be the maximum BPICs period) of the construction wage price index is 14% compared with 33% for Queensland construction output prices. This means more than half of the cumulative growth in output prices across this period is unattributable to labour

[6] Output price here means the final price received by the builder, reflected in the Producer Price Index (PPI).

costs. It is therefore statistically impossible for the marginal impact of BPICs on output costs to be 50%, as assumed in the Productivity Commission's model. In other words, there is no correlation between BPIC policy and observed increases in construction costs.

The ETU notes that the QLD LNP government has elected to pause and/or retender several major construction projects (such as Redcliffe, Bundaberg and Townsville Hospital), citing potential cost savings from retendering without BPICs labour conditions. However, as the analysis above shows, the government will be unable to achieve the savings claimed, and furthermore, will likely be exposed to higher materials costs. Furthermore, any delays to the Olympics build risks a failure to deliver projects on time with significant increases in costs to account for the shortened timeframe.

Assessing the safety impacts of BPIC

Safety conditions in BPIC reflect best practice and an emerging industry standard for management of extant safety obligations under the WHS Act, the industry Award, and State risk-exposure guidelines including Queensland Health's PM2.5 guidelines. As we detail below, they include measures to:

- Protect workers against high heat stress
- Protect workers against exposure to harmful airborne particulate
- Protect workers against the hazards of work in inclement weather
- Provide measurable and objective standards to assist workers and employers to manage those risks.
- Provide a framework for consultation and agreement on measures to manage those risks.

In its interim report, the Productivity Commission assumes that safety conditions delivered through BPICs above statutory minimums set by the WHS Act, the industry award, and risk exposure guidelines (together, the Statutory Minimum) are a net cost to the industry and the community. That conclusion is unsound. It makes no assessment of whether the statutory minimum is sufficient, nor of the impact BPICs has had on rates of compliance with the statutory minimum. It does not consider whether the safety conditions delivered through BPIC policy are necessary to deliver safety outcomes.

Calculating the worker wellbeing and the cost of injury

Regulations governing workplace health and safety (WHS) practices seek to address the potential harms to workers and the community from workplace practices and hazards. There is strong economic rationale for regulatory intervention in the market to ensure risks to workers and the community are eliminated or mitigated.

It is widely accepted that industrial manslaughter and workplace injury impose substantial costs on the community, the health care system, on families of impacted workers, and in lost productivity.[8] Costs of workplace injury are spread unevenly between:

- Employers, through workers' compensation, realised sick leave, loss of productivity, and overtime.

[8] Industry Commission, 1995, Work, Health and Safety: An Inquiry into Occupational Health and Safety, Australian Government Publishing Service, 47, https://www.pc.gov.au/inquiries/completed/work-health-safety/47workhev1.pdf, p. 17-19.

- Injured workers, through direct medical costs, pain and suffering, loss of income, loss of future earnings.
- The community, through social welfare payments, medical and health costs, loss of human capital, and unrealised return on investment in training.

In 1995, the then Industry Commission observed in its seminal inquiry into occupational health and safety that working days lost due to workplace injury far exceeded the working days lost to industrial disputes.[9] Workplace Health and Safety Queensland (WSHQ) notes that the economic costs to Queensland from work-related fatalities, injuries and illnesses is estimated to be over $4.5 billion annually.[10]

The Productivity Commission underestimates the worker wellbeing cost of injury. The Productivity Commission uses the median compensation claim reported by SafeWork Australia ($15,072 in 2023 dollars) to estimate worker wellbeing cost of injury. It is not clear if this reflects the median claim for compensated injuries in the Queensland construction industry or if it reflects the median overall. In either case, the figure has not been adjusted to consider that compensation claims do not compensate for the full pre-injury income of the injured worker and have a reduction rate applied. Consistent with established cost-benefit principles, the worker wellbeing cost should be their direct cost (healthcare expense) plus their opportunity cost, which is their full pre-injury wage over the full injury period.

Heat Stress in BPIC

The ETU is incredibly concerned about the LNP government's framing of heat stress clauses in BPICs as a "perk".

BPIC policy addresses the risk of injury and death from exposure to heat stress in the construction industry by setting an industry standard for the cessation of work in extreme heat. The BPIC requirement is that work be largely or wholly ceased when the site temperature reaches 35°C or site temperature reaches 29°C at 75 per cent humidity (equivalent to 'feels like' 35°C) after three hours from commencement of a shift in South East Queensland where those temperatures are unusual.

Working in extreme heat causes rashes, dehydration, nausea, fatigue, irritability, stress, reduced concentration and slower reaction times. More serious consequences may include miscarriage, heatstroke, heart failure, organ failure and death. These risks significantly increase over 35.5°C.[11] The ETU has documented several instances where construction workers have suffered serious and even fatal injuries due to working in heat:

> ***Case Study – Benny Elmer, Douglas Construction***[12]
> In January 2025 a concreter, Benny Elmer, reported symptoms of heat stress at 6am, while at work on a construction site in Wacol. He was declared dead when paramedics arrived at the site, a short time later.

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[9] *Ibid.,* p. 17.
[10] Workplace Health and Safety Queensland 2024, *WHSQ Priority Plan 2024-2030*, p. 2.
[11] Humphrys, E., Goodman, J., & Newman, F. (2022). *'Zonked the hell out': Climate change and heat stress at work*. The Economic and Labour Relations Review, *33*(2), 256-271.
[12] Scott, S., Koo, G. (2025) *Benny Elmer identified as concreter killed at Wacol construction site* . Courier Mail. Accessed 28 August 2025.

Case Study – Daniel Sa'u, Cross River Rail[13]

In December 2023, Daniel Sa'u died of heat stress after working at the Cross River Rail Salisbury construction site. He had worked in temperatures exceeding 36-degrees and left work at 1pm. He was found dead in his car three hours later.

Case Study – BMD[14]

In December 2023, a man in his 40s died while working at a BMD Construction site at Flinders View. The man is reported to have showed signs of heat stress before he collapsed.

Case Study - A Current Affair – Melting Man[15]

A Current Affair reported on an incident in October 2021, in which a construction worker, Alan, suffered permanent injury due to heat exposure. Alan was working on a construction site in QLD in 42-degree heat. At 3pm he started feeling sick and began walking home. He was found unconscious at a roundabout by a bus driver and subsequently airlifted to Townsville Hospital where he was put on full life support. His family were told he would likely die. The damage to his body was so extensive, even his bone marrow had boiled. He lost blood supply to his face and his facial bones began to dissolve, requiring facial reconstruction surgery. The resulting brain damage caused a permanent loss of motor function, leaving Alan unable to walk.

As average temperatures increase due to climate change, heat stress will be a growing challenge for workers and without adequate protection, more injuries and fatalities will occur.[16]

BPIC policy with respect to heat stress provides a mechanism for sub-contractors on government projects to manage risks of serious workplace injury and industrial manslaughter. Use of clear temperature and humidity measures over an extended period in the BPIC standard assists sub-contractors to project the cost of compliance with WHS regulation over the term of the project and to reflect that cost accurately in their bid for government work. It thereby removes an incentive for employers to preserve their profit margin by exposing employees to unsafe working conditions.

Any removal of this policy will result in more deaths in construction.

BPIC Policy and Management of Industrial Risk

BPIC policy insures government projects against industrial risk. A core feature of the BPIC policy is that complying workplace arrangements have a scope and period of operation that cover the life of the project. This ensures that the project is protected from a bargaining period and associated protected industrial action. A necessary effect of meeting BPIC requirements through FWA enterprise agreements is that major projects cannot be disrupted by protected industrial action of either employees or employers for the period of the agreement, up to four years.

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[13] Milienos, A. (2024) *Tradie and beloved father-of-three DIES after working in intense heat with temperatures soaring to over 36C*. Daily Mail. Accessed 28 August 2025.
[14] Holland, I. (2023) *Workplace safety investigating BMD site death attributed to heat stress.* Courier Mail. Accessed 28 August 2025.
[15] WorkSafe Queensland (2016). *A Current Affair Melting Man*. Accessed 28 August 2025.
[16] International Labour Organization (2024). *Heat at work: Implications for safety and health.*

BPIC was suspended for new government-funded projects tendered on or after 14 November 2024. As more projects commence that were tendered on or after that date, we expect to see contractors manage their exposure to risk of protected industrial action in one of three ways:

1. Contractors will prefer sub-contractors with in-term enterprise agreements or require that sub-contractors conclude negotiations for enterprise agreements before commencement on the contract.
2. Contractors will pass the risk of protected industrial action on to the tendering agency by factoring contingent costs of protected industrial action into the bid.
3. Contractors will pass the risk of protected industrial action on to the tendering agency by excluding delays attributable to protected industrial action from penalty clauses for late delivery of project milestones.

Despite suspension of the BPIC policy, contractors will be incentivised to require that all sub-contractors have an enterprise agreement that covers the life of the project. A sub-contractor has two options for development of such an instrument. If it has no current employees at the time of negotiation it may negotiate directly with a Union for a Greenfields Agreement. If it has employees who would work on the project, it must engage the employees and their unions in negotiation and seek the agreement of a majority of employees. In either case, we expect that sub-contractors will be pushed toward the same prevailing market conditions as are reflected in BPIC policy at or before project commencement.

BPIC policy ensures that the Queensland government and public do not bear the risk of protected industrial action by sub-contractors delaying project delivery. Current Productivity Commission modelling appears not to have accounted for the positive impact on both project delivery times and project costs of a policy that ensures EBA coverage of sub-contractors.

Workforce Shortages and labour market fixes

The ETU welcomes the acknowledgement by the Productivity Commission that skills shortages represent a handbrake on productivity, and the need for clear strategies to address these shortages.[17] The interim report cites Construction Skills Queensland projections of over 18,000 construction workers per year over the next eight years, peaking at 50,000 in 2026-2027.[18]

This projection correlates with other research that has identified nation-wide shortages in the electrical trades. For example, Jobs and Skills Australia estimate that – on current trends – there will be a shortfall 42,500 electricians by 2030, increasing to over 117,000 by 2050: directly jeopardising Australia's net zero transformation.[19]

Race for 2030 detail the risks of this ongoing skills shortage, which includes risks of project delays, increased project costs (wage inflation, recruitment costs and liquidated damages), and increase the cost of capital for future projects to reflect increased risk.[20]

Most recently, AEMO's transmission cost database showed an increase in the real costs of overhead transmission of 25 – 55% over the last two years, with workforce shortages one of the key drivers (alongside social licence and supply chain constraints) of this cost increase.[21]

Infrastructure Australia points to local industry reporting that "labour shortages have contributed to delays in project timelines, increased workloads for existing employees, and increased costs this year".[22]

The Productivity Commission has identified a number of areas where labour force policy settings may be changed to reduce workforce shortages, including occupational licencing, apprenticeships and skilled migration. These are addressed in detailed below.

However, the Productivity Commission has failed to address the impact that pausing BPIC will have workforce shortages, and the risk that this poses for the on-time delivery of the Olympic build.

The Queensland LNP's decision to pause BPIC and to retender the Hospital projects referred to above will only further exacerbate these shortages, by interrupting the established pipeline of projects that will deliver secure employment over the duration of an apprenticeship and by removing requirements on developers to employ apprentices on government funded projects. The ETU has learned that key electrical contractors are considering redundancies due the delay caused by the retendering process and a failure to release Olympic Projects.

As the Productivity Commission notes, BPIC mandated 15% of hours worked on large government projects be undertaken by apprentices and trainees, ensuring that government funded projects were training the workforce of the future.

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[17] PC, p. 225
[18] PC, p. 232
[19] Jobs and Skills Australia (2023), The Clean Energy Generation: Supplementary Modelling Report, p. 17.
[20] Race for 2030 (2024), *The Australian Electricity Workforce for the 2024 Integrated System Plan: Projections to 2050. Policy Brief*, p. 8.
[21] AEMO (2025), *AEMO publishes electricity network options report for consultation*.
[22] Infrastructure Australia (2024) *Infrastructure Market Capacity 2024 Report*, p. 58.

The ETU supports the Productivity Commission proposal to establish a collaborative approach with industry – including unions – and government organisations to identify problems, reform opportunities and priorities to improve the training and apprenticeship system for the construction industry in Queensland. The ETU is a founding partner of the tripartite *Powering Skills Australia* – the Jobs and Skills Council for the electrical trades – and sees value in a similar approach to addressing training shortfalls in Queensland.

Apprenticeship and Training Pathways: Attract, Train and Retain

The immediate problem to addressing workforce shortages is not – as many stakeholders argued in their submissions – the lack of apprentices wanting to start trades school. The current limiters to engaging more apprentices lie with the training system capacity, industry coordination, and employer willingness to engage apprentices.[23]

There are simply not enough trades schools or enough trades teachers to train the apprentices needed to decarbonise the Australian economy or to build enough new homes to address the housing crisis.

As the National Electrical Contractors Association (NECA) notes:

> Students seeking to commence an electrotechnology apprenticeship are already unable to secure places in most parts of Australia, with RTOs, including TAFEs, at capacity in some cases up to 18 months in advance. In one jurisdiction, even the waiting lists have been suspended.[24]

A recent ETU survey found that 9% of apprentices are not starting trades school for over 12 months after commencing employment.

As further evidence that the primary issue is not the need to attract more apprentices, where good quality apprenticeships exist, they are significantly oversubscribed. The ETU has worked with Energy Queensland Ltd (EQL) and Powerlink to develop a workforce and skills resourcing plan as part of the Queensland Government's Energy and Jobs Plan. The plan outlines the parties' commitment to expand the annual apprentice intake at least 10% year on year, facilitated in part by pre-apprenticeship programs. With a focus on working together to develop strategies for increased recruitment of women and First Nations apprentices, EQL has achieved a record 50% women and 8% First Nations apprentices in the 2024 intake.

According to EQL, for the 2025 intake there were over 5900 applications for 185 positions. For the 2026 intake, there were 7290 applications for 180 roles (1700 of which were female).

Strategies to address the shortages of training spaces include:

- greater investment to expand industry RTOs and TAFE campuses
- implementing minimum training requirements on all government funded or financed clean energy projects.
- industry-led apprentice recruitment and mentoring to improve completion rates.

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[23] NECA (2023), *Submission to Jobs and Skills Australia Industry Capacity Study Discussion Paper*.
[24] NECA (2023), *Submission to Jobs and Skills Australia Industry Capacity Study Discussion Paper*.

Increasing completions not just commencements

The ETU welcomes the findings from the Productivity Commission that we cannot meet the projected shortfalls through increasing apprentice commencements alone. With current completion rates sitting at approximately 58% across the broader sector, it's vital to increase completion rates. This is through:

- Investing in industry-led RTOs that currently have completion rates of well over 90% - delivering more qualified electrical workers for every dollar spent and every trainer hour worked.
- Reforming the apprentice mentoring scheme so that apprentices are properly supported throughout their training.

Unlike other trades, electrical apprentices cannot work in the trade if they do not complete their apprenticeship. Expanding this program through greater government investment in industry-led RTOs, like Electrogroup Queensland, will therefore have a significant, positive impact on construction productivity.

The ETU has consistently advocated for apprentice ratios to be mandated in all government procurement and projects funded through special investment vehicles, to ensure that tenderers in receipt of government funding are investing in growing the VET workforce. The ETU routinely negotiates apprentice ratio clauses into the industrial instruments that are negotiated with employers. BPIC policy adopted the same condition, increasingly standard in the construction industry, by mandating apprentice ratios of one apprentice for every five tradespeople in a classification.[25]

The Importance of Occupational Licensing

The ETU has continuously advocated for the integrity of the electrical license, and against the introduction of Automatic Mutual Recognition. The ETU would be concerned if any attempt was made to water down the electrical licence to address workforce shortages. In fact, the union has consistently advocated for the introduction of national licencing and harmonisation to the highest standard across all states to improve labour mobility in our trades.

The primary benefit and purpose of occupational licencing in the electrical occupations is assurance of competency to perform high-risk work safely and in compliance with practice rules and standards that are nationally consistent.

The standardisation of electrical work, whether on large scale generation, electrical installation or the distribution network, achieved through Australian Standards, State and Territory legislation, standards, codes of practice and method statements, is foundational to the electrical industry. The industry operates on a principle that all electrical distribution networks and electrical installations of a kind are wired, marked, fixed, tested, isolated, tagged, locked, connected, disconnected or otherwise worked upon in the same manner, by persons of the same minimum level of competency and training. That standardisation facilitates mobility of electrical

[25] Standard BPICs Building Construction Projects 2023-2027 (BPICs), cl.56.

labour and consumer choice of electrical labour within a jurisdiction, without compromising safety of the worker or the end user of the electrical installation.

Licencing in electrical occupations provides assurance to the regulator, industry participants, and consumers that people working on electrical installations hold the requisite minimum qualifications and training to work in compliance with applicable standards and to recognise and mitigate electrical hazards.

The ETU notes NECA's submission that the time taken between the end of an electrical apprenticeship and obtaining an unconditional electrical fitter/mechanic's licence is too long. Contrary to NECA's submission, the ETU proposes that greater resources be allocated to facilitating this rather than introducing a new licence.

Unsuitability of Automatic Mutual Recognition

The ETU notes that Queensland does not currently participate in AMR. The ETU does not recommend that Queensland adopt AMR as an alternative to working towards a harmonised licence.

The Automatic Mutual Recognition (AMR) scheme that operates in other Australian jurisdictions is an incomplete solution for inter-state mobility of electrical labour. It risks compromising the standardisation of electrical conduct, training and safe working methods that underpins the Queensland licence.

AMR as it currently operates in other Australian jurisdictions is available only to workers who maintain a principal place of residence or principal place of work in their home jurisdiction. This requires that a worker apply for registration of a licence in the new jurisdiction if their work in the new jurisdiction is not short-term and would result in a relocation of their principal place of residence or work to the new jurisdiction. For example, where a worker moves from NSW to QLD for 6 months to work on a project, the principal residence of that worker may be taken to have changed, and the worker required to apply for registration and/or a license in QLD to continue working in their trade.

Thus, the AMR system does not alleviate the cost and administrative burden for all or even most itinerant electrical trades of maintaining multiple licences across multiple jurisdictions. The AMR system is particularly maladapted for modes of work that we expect to predominate in the electrical industry as regional projects for construction of renewable energy generation and transmission. A comprehensive quantitative analysis of the cost of injury and fatality that arise from insufficient licensing standards is not possible because many instances go unreported, and the costs of these instances are often not recorded because prosecutions for workplace fatalities are rare. Often the penalty is below community expectation or subject to secret settlements that avoids any public scrutiny. Furthermore, it is difficult to identify a causal link between different licensing standards and cause of injury or death. However, the costs of injuries and fatalities in the electrical industry are measurable and include the direct cost of penalties for contravention of work health and safety legislation. Some examples include:

- September 29, 2011. A worker was killed in Brisbane on the Airport Link Tunnel project run by John Holland. Four and a half years later John Holland was fined $170,000.

- December 5, 2009. A worker was killed in North Queensland on a job site controlled by John Holland. A year later ComCare advised no charges would be laid, however 8 years later a coronial inquest found employer responsible for the fatality.

The ETU notes that these examples are not necessarily directly due to licencing standards. They are provided as examples of how injury and death may be quantified for the purposes of establishing the value of a national licence that improves standards across the country. However, we note concerns expressed by the Electrical Safety Commissioner, QLD that automatic mutual recognition introduces significant issues regarding "disciplinary matters and ability to cancel, suspend and impose conditions on interstate licences".[26] It can be assumed that there would be a negative safety impact as a result of adopting Automatic Mutual Recognition in Queensland.

Skilled Migration

The ETU notes that the Productivity Commission recommends that the Queensland Government advocate for an increased allocation from skilled migration. However, we note that current skills shortages in the electrical trades shortage is a global problem that can only be solved by training more workers in the necessary skills for the energy transition. As the International Energy Agency (IEA) notes:

> Labour and skills shortages are already translating into project delays, raising concerns that clean energy solutions will be unable to keep pace with demand to meet net zero targets.[27]

As such, the Queensland government must address domestic drivers of skills shortages, rather than relying on migration pathways to solve the issue.

Energy Queensland EBA

The Productivity Commission devotes considerable attention in its interim report to the terms and conditions of *Energy Queensland Union Collective Agreement 2024* (EQ EBA). The EQ EBA is a single industrial instrument agreed between Energy Queensland Limited and its employees. The EQ EBA includes a requirement that sub-contractors connecting new electrical installations to the Energy Queensland network pay their workers in line with the EQ EBA, and that they comply with Energy Queensland's electrical wiring rules and WHS policies. The Productivity Commission suggests that some contractors may be deterred by those requirements from competing for the relevant contracts, referring to speculation from one stakeholder that those alleged 'changes' to the EQ EBA will elicit a 20-30% increase in costs. The Productivity Commission also suggests that the apprenticeship market is 'disrupted' because apprentices would prefer to seek apprenticeships on those projects where their pay would be higher.

Far from being a drain on productivity in the industry, the EQ EBA reflects a long-standing expectation, now codified in the Federal government's same-job-same-pay legislation, that sub-contractors have the same benefits, the same industrial rights, and the same obligations to work health and safety as direct employees. It is not unusual or undesirable for Energy Queensland to

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[26] Qld Electrical Safety Commissioner (2021), *Submission re Mutual Recognition Amendment Bill*
[27] IEA (2023), *World Energy Employment*, p. 9.

maintain consistent conduct rules and arrangements of work for sub-contractors on its network. Nor is it unusual or particularly disruptive for Energy Queensland to take proactive steps to manage its liability under same-job-same-pay legislation.

The EQ EBA commenced operation on 9 July 2024 and nominally expires on 29 February 2028. As is the norm for enterprise agreements throughout the electrical distribution and construction industries the EQ EBA provides a guarantee of wage increases in each year of its operation, with the last increase occurring on 1 March 2027. There is no incentive for employees covered by the EQ EBA to agree a variation to its terms until its expiry in 2028. Any change in policy with respect to Energy Queensland's sub-contracting arrangements could have no effect until then, and would still need to be ratified in a likely contested EBA negotiation at the end of that period.

Effect of Schedule 9

Contrary to the submissions of Master Builders Queensland, the contractor conditions guaranteed in the EQ EBA is not a recent change. Schedule 9 of the EQ EBA imposes substantively the same obligation on Energy Queensland as applied under Schedule 8 of the earlier *Energy Queensland Union Collective Agreement 2020* (2020 EQ EBA), and Schedule 8 of the *Energy Queensland Union Collective Agreement 2017* (2017 EQ EBA). Despite minor changes in language each enterprise agreement since at least December 2017 has required Energy Queensland to ensure that contractors provide rates of pay and allowances to employees engaged in 'core work' that are no less beneficial than those payable under the Energy Queensland agreement. At least since 2017, EQ Agreements have also required Energy Queensland to ensure that contractors comply with relevant safety standards set by legislation or Energy Queensland policy.

In all that the EQ EBA has provided a guarantee of minimum contractor wages and conditions, the 20-30% per cent increase in contractor costs now catastrophised by Master Builders Queensland has not been realised.

Were this not a term of an enterprise agreement, the same approach would be recommended as best practice in corporate governance and risk management. Energy Queensland has a direct stake in ensuring the safety of electrical work and electrical installations on its network and is best placed to design safe working methods for its network. Energy Queensland must ensure that electrical installations are connected to its network by sub-contractors in a way that complies with its own Safe Working Methods, Connection Manual, and other process documents so that:

1. Energy Queensland workers are not exposed to electrical risks when later switching or maintaining those installations.
2. Energy Queensland customers are not exposed to electrical risks drawing supply from the Energy Queensland network.
3. Quality is assured for consistent electrical supply to Energy Queensland customers – residential, commercial and industrial.

That assurance cannot be achieved without Energy Queensland maintaining an internal contract management function as required by Schedule 9. It cannot be assumed that the market would regulate itself in the absence of accreditation by Energy Queensland.

Accreditation of service providers within that framework is consistent with best practice for management of the tendering process with minimal duplication or waste. The cost to the sub-contractor of preparing and submitting an offer and the cost to Energy Queensland (and ultimately, its customers) of managing the tendering process and evaluating offers can be expensive. In circumstances where principles of same-job-same-pay are increasingly the industry standard, it is in the sub-contractors' and Energy Queensland's interests to limit the invitation to offer to employers that can comply with that standard and have a reasonable chance of winning the tender.