

5<sup>th</sup> September 2024

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Premier

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Dear Ministers,

**Re: Energy QLD Procurement Policies and Enterprise Bargaining Agreement**

Together we represent the construction, property and electrical sectors in Queensland. We raise a critical issue impacting our respective members and the broader Queensland population and economy.

Energy Queensland Limited (EQL) entered into an Enterprise Bargain Agreement (EBA) with the Electrical Trade Union (ETU), registered with the Fair Work Commission in July 2024.

This EBA includes substantial increases in rates of pay for employees of Energy Queensland.

The EBA requires those same rates be applied to all staff employed by contractors, and now the sub-contractors, performing core work.

This EBA was negotiated without consultation with the industry impacted by its terms, i.e. the businesses we represent. It has doubled the rates of pay in some instances – and therefore . doubling the labour costs of businesses without any consultation or consideration.

For your background, core work includes transmission, generation and distribution work. The latter includes work which is directly associated with the operation, construction and routine maintenance (other than major overhauls) of:

- substation plant
- overhead mains
- underground cabling and jointing
- pole inspection and street lighting
- customer emergency services (eg loss of supply, voltage complaints), telecommunications work (on the Energy Queensland network), and,
- trimming and removal of trees within minimum approach distances to energised conductors currently performed by employees.

Under this new EBA, core work has been expanded significantly to include:

1. contestable and emerging renewables and decarbonisation technology
2. consultation for the outsourcing of design work and provisions to ensure quality and safety of design contracting work
3. subdivisions work, public lighting work and major customer work that will become part of the Energy Queensland network assets

This will require developers and others involved to meet all requirements as an accredited service provider including maintaining a rating under that framework

Our members advise the impacts of the new EQL EBA are likely to increase the cost of creating a residential lot for a new housing subdivision by 20% - 30% (sometimes more), along with delays and may also erode margin (or result in a loss) for contractors with existing contracts in place.

We anticipate some businesses will stop working in this part of the industry, which will slow the development of homes and decrease competition in the sector.

Further, we understand the effect of this will be non-electrical works (but electrical-related) will be subject to subcontracting restrictions as well as the requirement for all workers (of the contractor and subcontractors) to be paid at EQL EBA rates. For example, in a housing subdivision, this may include excavating trenches and installing retaining walls.

Briefings to ASPs commenced only last week and industry associations were not consulted prior.

EQL has advised its Accredited Service Providers (ASPs) that from this week (1 September 2024) the new EBA rates must be paid to workers employed by the ASP, and from 1 January 2025 the new rates must be paid to workers of subcontractors as well. There are new requirements for approval of an ASP to subcontract 'core work'.

This has shocked us and our members.

It will substantially increase costs for them (and their clients such as developers) and will likely cause delays. In a housing crisis, Queensland has pushed up the price of new subdivisions.

In addition, contractors with agreements and pricing in place with developers will be caught out from 1 September, needing to pay their workers a much higher-than-anticipated wage on all core works.

From 1 January the impacts will be significantly greater.

While EQL is of course at liberty to agree its own wage rates, it is burdening the entire sector by now imposing these high rates across the subcontracting entities and dictating conditions which are incompatible with other sectors of the industry.

The impact of this EBA is reverberating across the building ecosystem – as wages increase in one part of the sector other businesses competing for labour will need to increase wages also. This can be disastrous for those servicing the residential sector as there is only so much a homeowner will pay. If wages are too high, charge out rates cannot cover costs. In a worst case scenario there will be more unlawful electrical work which is a huge safety risk.

We would appreciate time in your diary at your earliest possible convenience to discuss this issue with us, and how we can work together to address the concerns we hold.

Yours sincerely,

