11 June 2025

Frank Ravalli
Director
Queensland Productivity Commission (QPC)
Email: frank.ravalli@qpc.qld.gov.au

Dear Frank,

**Re: Considerations for QPC Construction Inquiry**

We appreciate the opportunity to have met with Ms Angela Moody, Productivity Commissioner and Chair and yourself on 19 May to discuss the Queensland Productivity Commission's (QPC) current enquiry into the Construction Industry and welcome the second enquiry "to provide targeted advice on energy policy and productivity", as directed by the Hon. David Janetzki MP, Treasurer, Minister for Energy and Minister for Home Ownership on 5 June 2025.

As highlighted during our meeting, the Queensland Renewable Energy Council (QREC) welcomes the re-establishment of the QPC and the opportunity to contribute to its inaugural inquiry into the regulatory and productivity challenges impacting Queensland's construction sector, as outlined in the Terms of Reference.

QREC is a not-for-profit member organisation advocating for a policy and regulatory environment that supports the growth of large-scale renewable energy infrastructure across the state. We commend the Queensland Government's decision to restore the QPC and strongly support the inquiry's focus on regulatory barriers, productivity, workforce constraints, and pathways for reform in the construction and approvals system.

We refer to QREC's submission on the *Queensland Productivity Commission Bill 2024*, which highlighted the importance of independent, evidence-based research, and the urgent need to modernise regulatory practices to promote both investment certainty and productivity. These principles are directly relevant to the scope of the Construction Inquiry.

Since the passage of the Bill and the re-establishment of the QPC, the Government has introduced the *Planning (Social Impact and Community Benefit) and Other Legislation Amendment Bill 2025* subject to the inquiry by the Parliament's State Development, Infrastructure and Works Committee. The Committee is due to report on 20 June 2025. Submissions from stakeholders representing agriculture, local councils, mining and the legal fraternity, have shared QREC's concerns with the additional burden this Bill will place on the development of renewable energy projects.

To achieve better productivity and efficiency outcomes for the construction sector, and thereby the renewable energy industry, QREC raises the following matters for the QPC's consideration as it prepares its Interim Report on the Construction Inquiry. This reflects the valuable discussions from our meeting as part of the QPC's initial stakeholder consultation.

## Permanently suspend Best Practice Industrial Conditions (BPICs) for renewable energy projects

The imposition of Best Practice Industrial Conditions (BPICs) on Queensland renewable energy projects in 2024 without proper consultation has generated significant concern within the sector. These conditions, originally designed with large-scale infrastructure in mind, fail to reflect the commercial realities and delivery models of renewable energy developments, particularly in regional areas. The lack of engagement with industry prior to implementing these requirements risks undermining the viability of clean energy investment in Queensland—just as the sector is being called upon to accelerate the transition to net zero and deliver on the state's renewable energy targets.

QREC has consistently advocated for BPICs not to be applied to renewable energy projects, highlighting the disproportionate cost burdens they impose. For example, mandated project-specific enterprise agreements, rigid workforce accommodation standards regardless of regional labour markets, and restrictions on flexible subcontracting arrangements all increase construction and operational costs. These conditions not only threaten the financial feasibility of projects already under development but also diminish investor confidence and reduce Queensland's competitiveness compared to other jurisdictions. Unlike public infrastructure megaprojects, renewable energy developments often rely on thin margins and private capital, making them particularly vulnerable to such cost escalations.

QREC welcomed the Queensland Government's recent announcement to suspend the application of BPICs to renewable energy projects and supported its referral of the issue to the QPC for further review. The Council urges the QPC to recommend against the blanket application of BPICs, noting that such requirements are incompatible with the delivery model of renewable projects and jeopardise the broader economic and energy security benefits they provide. QREC remains committed to working with government, unions, and regional stakeholders to ensure that renewable energy developments support quality jobs and local communities – without introducing industrial frameworks that inadvertently undermine the sector's growth and contribution to the Queensland economy.

## Reintroduce and mandate Impact Analysis Statements (IAS)

The increase in the lack of structured IASs appears to be leading to more and more inconsistent and burdensome regulation, for example the additional regulatory requirements proposed by the *Planning (Social Impact and Community Benefit) and Other Legislation Amendment Bill 2025*. QREC urges the QPC, in its role overseeing the Office of Best Practice Regulation, to undertake IASs in accordance with the Queensland Government Better Regulation Policy. This policy applies to both primary and subordinate legislation, as well as key policy instruments, including wherever there is the potential to impact the construction and energy infrastructure sectors.

## Adopt risk-proportionate regulatory design

Renewable energy proponents routinely encounter regulatory frameworks designed for industries with different risk profiles. QREC recommends the Commission explore reforms to introduce more fit-for-purpose assessment criteria, proportionate to the level of environmental, community or economic risk associated with construction activities – consistent with international leading practices.

Consideration should be given to the benefits and impacts of localised assessments compared with a more 'coordinated' State-led process, and associated regulatory thresholds should have the flexibility to change as necessary, adapting to the evolving energy development landscape at both a state and regional level.

## Streamline approvals and compliance pathways

Cumbersome and duplicative processes across state and local government layers are a significant drag on construction sector productivity. As stated, QREC, its members and other stakeholders have expressed concern with the additional regulatory requirements proposed in the *Planning (Social Impact and Community Benefit) and Other Legislation Amendment Bill 2025*. QREC recommends that the inquiry prioritise identification of bottlenecks within environmental approvals, land access negotiations, and post-approval compliance obligations that disproportionately affect major infrastructure.

## Addressing workforce and labour shortages across the construction and renewables sectors

The construction and renewable energy sectors are facing enduring labour and skills shortages, particularly in regional and remote communities. As Queensland rapidly scales up its renewable energy infrastructure, including transmission projects, the implications for workforce demand have intensified for construction and manufacturing, as well as the long-term operation and maintenance of these assets. Addressing these workforce pressures is vital for maintaining project delivery timelines and cost certainty, and for enabling the State to continue delivering affordable, reliable, and sustainable energy.

QREC has been working closely with the Queensland Renewable Energy Jobs Advocate, who has completed a desktop review summarising key stakeholder-identified barriers within the workforce education and training system. This review will inform a more comprehensive gap analysis of initiatives and policies that shape the current and future supply of skilled workers. QREC encourages the QPC to consider these insights as part of the Inquiry, with a view to improving coordination between industry, government, and education providers and ensuring any potential policy levers are fit-for-purpose in building a resilient and regionally distributed construction and renewables workforce.

## Local procurement and employment – opportunities for better coordination

Whilst the local procurement requirements under mechanisms such as the Capacity Investment Scheme (CIS) is a positive step in incentivising renewable energy development across Australia, QREC understands that some developers are finding it difficult to meet established project CIS commitments due to the fluctuating nature and scale of construction activity across different Queensland regions. This challenge is particularly pronounced where pipeline certainty is low or where multiple large-scale projects compete for a limited regional workforce and supplier base.

To overcome these inefficiencies, QREC recommends that the Commission explore mechanisms for better regional or cross-sector coordination of construction workforce planning. This may include the development of local or regional labour market strategies that allow workers and businesses to transition more efficiently across multiple projects. Such an approach would reduce workforce transience, lessen the strain on local infrastructure and services, and promote more sustainable community benefits through longer-term local employment and supply chain opportunities.

## Productive engagement with, and participation of, First Nations peoples

Direct and enduring consultation, employment, and procurement opportunities with First Nations peoples has not been consistent across Queensland's construction and renewable energy landscape. While some companies operate to leading-practice standards, others have struggled to meaningfully engage or meet CIS-related or voluntary targets for First Nations employment and procurement. This variability signals a missed opportunity for social outcomes, as well as economic productivity and long-term partnerships.

QREC encourages the Commission to consult with groups such as the Queensland Indigenous Business Network (QIBN) to better understand the productivity and efficiency gains from increasing participation of Indigenous-owned businesses. There is a clear opportunity to treat this space as a growth market—supporting the development of local capability and trust that enables long-term outcomes. QPC should consider whether existing frameworks are delivering their intended impact and recommend targeted reforms or programs that, with direct government support, create earlier engagement, culturally appropriate consultation, and long-term relationship-building with Traditional Owners and Indigenous enterprises.

## Clarify construction licensing requirements for wind farm operations

There is significant regulatory uncertainty regarding construction licensing requirements for the operational phase of wind farms. While it is accepted that a Builder – Open licence is required during the construction of wind turbines and associated infrastructure, the ongoing maintenance phase remains ambiguous. Industry stakeholders report differing legal interpretations as to whether common maintenance activities constitute "building work" under the *Queensland Building and Construction Commission Act 1991*. This creates unnecessary risk and inefficiency.

There are potential reforms to the *Queensland Building and Construction Commission Regulation 2018* that may be considered to explicitly recognise grid-scale renewable energy developments as a 'specialist activity,' with clear guidance on which activities are excluded from QBCC licensing requirements. It is recommended the Commission consider this reform, or something that would achieve the same outcomes, as part of the broader effort to modernise Queensland's licensing framework. A risk-proportionate, future-oriented approach would reduce red tape while maintaining safety and quality standards, supporting more efficient project delivery and operational continuity in a sector undergoing rapid transformation. QREC has written to the Minister for Housing and Public Works and Minister for Youth on this matter and looks forward to working constructively with Government to contribute to a more streamlined and future-fit regulatory environment.

QREC believes the Construction Inquiry represents an opportunity to reset Queensland's infrastructure delivery model with a focus on productivity, innovation, and risk-appropriate regulation. We welcome the chance to appear before the Commission and contribute case studies from renewable energy projects illustrating the challenges and opportunities within Queensland's current regulatory system.

QREC looks forward to participating in further stages of the inquiry and the broader work program of the QPC. If QREC can provide further information or clarification, please do not hesitate to contact me. My email is kmulder@qrec.org.au or you can reach me directly on 0412 757 899.

Sincerely

Katie-Anne Mulder
**Chief Executive Officer**
Queensland Renewable Energy Council

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