2026-31 HCC RNI Project

Attachment 5.5

Ausgrid labour and labour related costs

16 May 2025

Ausgrid

Contents

1 Purpose and scope

1.1 Purpose

This document outlines and justifies the capital expenditure (**capex**) allocated to Ausgrid's internal workforce for the Hunter-Central Coast Renewable Energy Zone Network Infrastructure (**HCC RNI**) Project.

The HCC RNI will use a blended delivery model, combining Ausgrid's internal teams with external contractors. This approach capitalises on Ausgrid's comparative advantages, leveraging in-house technical expertise and resources to ensure cost efficiencies, risk mitigation and effective delivery of critical infrastructure. Key areas of internal delivery include:

- dedicated project management teams coordinating multiple subcontractors and internal delivery teams
- design and network modelling for transmission lines and substations, including optimising routing to minimise impact on stakeholders and the environment
- field staff delivering specific scope packages (e.g., secondary system and remote-end protection upgrades)
- procurement teams purchasing all equipment on a free-issue basis to subcontractors, leveraging existing supplier contracts and bulk purchasing power
- property and community engagement teams managing land acquisition, public consultations and stakeholder engagements
- commercial, legal and regulatory teams ensuring compliance with the regulatory requirements and key contracts with the Infrastructure Planner and subcontractors.

This document outlines the key roles Ausgrid has scoped to deliver these activities and the methods and assumptions to forecast labour costs and labour-related costs, such as staff travel and training.

This document supports our principal HCC RNI Revenue Proposal to the Australian Energy Regulator (**AER**). It should be read in conjunction with our principal document and all other supporting documentation.

1.2 Scope

The scope of this document is to:

- set out the nature and scope of Ausgrid labour and labour-related capex for the HCC RNI
- explain the methodologies we used to forecast our HCC RNI Ausgrid labour and labour-related capex
- detail how we validated our forecast Ausgrid labour rates.

The scope of this document is limited to the capex associated with all Ausgrid internal labour and supporting labour-related capex activities for the HCC RNI. This document does not include the capex associated with the contracted services, material and equipment used to deliver the project.

This document comprises pre-period expenditure and the forecast expenditure during the 2026-2031 Regulatory Period.

All dollar values in this document are real 2025-26 dollars unless otherwise stated which is consistent with our 2026-2031 Revenue Proposal. Real labour escalation is calculated in the Labour Forecast Model and explained in Section 4 of this document. All internal labour and labour-related costs are treated as capex as they are directly linked to the delivery of the HCC RNI.

Forecasting methods are aligned with those used for Ausgrid's other regulatory determinations for expenditure that has not been competitively sourced.

2 Overview of Ausgrid labour and labour-related capex

Our proposed labour and labour-related capex for the HCC RNI is forecast at $84.0 million. The labour and labour-related capital expenditure includes:

- **Internal labour resources**: this covers the allocation of Ausgrid's internal staffing resources to manage and execute the HCC RNI development and delivery phase
- **Labor-related cost**: this category includes labour-related expenses such as travel disbursements, fleet vehicles and workforce training initiatives specific to the project.

The category breakdown of the labour and labour-related capex is outlined in Table 2-1, and are explored in detail in Section 3:

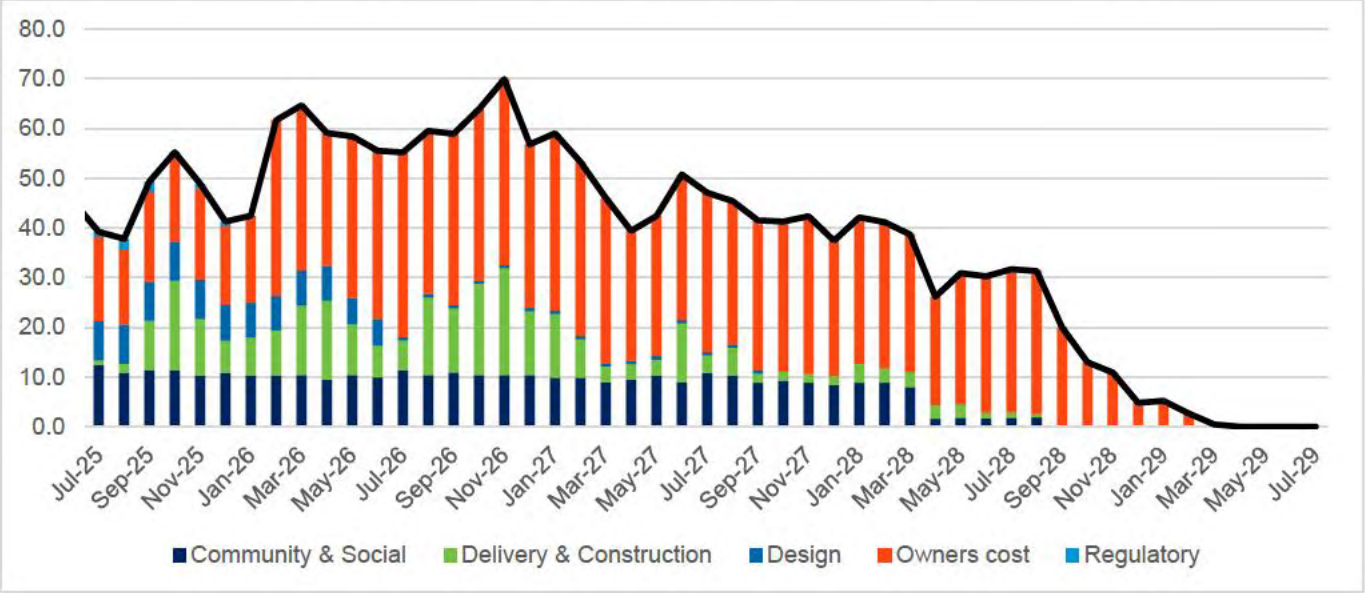
- **Owner's costs** is the primary labour investment for the overarching management and delivery of the HCC RNI, inclusive of procurement, and approval activities.
- **Community Engagement & Social** covers the labour and associated costs required for effective consultation and engagement with landowners, stakeholders and the broader community throughout the project lifecycle.
- **Design & Engineering** relating to the internal labour resources dedicated to project design, contract design review and pre-construction and construction engineering activities.
- **Regulatory** relates to the labour costs associated with preparation and submission of the Revenue Proposal to the AER.
- **Delivery and Construction** includes internal labour to complete direct construction activities, including transmission line and substation build, commissioning, distribution works, secondary systems and remote-end protection upgrades.

Table 1: Summary total labour and labour-related capex ($m, real 2025-26)

Capex category	Pre-period expenditure	2026/27	2027/28	2028/29	Total	% of Total
Owner's costs	17.1	15.1	13.3	4.3	49.8	57%
Community & Social	9.4	4.7	3.5	0.2	17.7	23%
Design	4.9	0.3	0.1	-	5.2	7%
Regulatory	0.8	-	-	-	0.8	1%
Delivery & Construction	4.9	4.3	1.1	0.1	10.4	13%
Total	37.1	24.4	18.0	4.5	84.0	100%

Figure 1 shows the forecast monthly full-time equivalents (**FTEs**) for HCC RNI activities for the period covering 1 July 2025 to 30 June 2029.

Figure 1: HCC RNI Forecast Internal labour monthly FTEs (1 July 2025 to 30 June 2029, $m real 2025-26)



3 Labour and labour-related capex by expenditure category

3.1 Owner's costs

We propose $49.8m in Owner's costs which comprises the forecast expenditure for the management and oversight of the HCC RNI project delivery. This allocation includes Ausgrid's internal labour resources and associated labour-related expenses, such as staff travel. These costs are fundamental to end-to-end project management, oversight of efficient, compliant and safe design of the HCC RNI, procurement, environmental approval, and effective management of key contracts and regulatory requirements.

The forecast expenditure is outlined in Table 2 with a detailed overview of each key sub-category provided below.

Table 2: Summary of labour and labour related costs for Owner's costs ($m, real 2025-2026)

Capex category	Pre-period	2026/27	2027/28	2028/29	Total	% of Total	Average Project FTE
Project Management	8.3	8.6	7.3	2.5	26.7	54%	12.3
Commercial and Legal	1.8	1.3	1.3	0.4	4.8	10%	1.9
Project Controls	0.6	1.5	1.5	0.5	4.1	8%	2.0
Design & Engineering Management	0.9	0.4	0.2	0.0	1.4	3%	0.6
Health, Safety & Environment	2.1	1.6	1.6	0.4	5.6	11%	2.6
Procurement	0.3	-	-	-	0.3	1%	0.2

Capex category	Pre-period	2026/27	2027/28	2028/29	Total	% of Total	Average Project FTE
Connections Planning	1.2	0.4	0.4	0.1	2.1	4%	1.0
Internal labour sub-total	15.1	13.8	12.1	4.1	45.1	91%	20.5
Labour-related expenditure	1.9	1.4	1.2	0.2	4.7	9%	N/A
Owner's Costs Total	**17.1**	**15.1**	**13.3**	**4.3**	**49.8**	**100%**	N/A

The following sections set out our labour and labour-related cost for each sub-category of the Owner's costs capex.

3.1.1 Project Management

Project Management involves the strategic planning, coordination, and oversight of all project activities to ensure alignment with defined scope, program, and budget. It focuses on delivering outcomes efficiently while managing risks and stakeholder expectations.

The internal project management team has a forecasted capex of $26.7 million, representing 54% of the Owner's Costs forecast. This budget supports personnel driving the project's strategic vision and operational execution, including project directors, senior project managers for each delivery package and support staff. Over the project, the team is forecast to average 12.3 FTEs.

Key resources include:

- **Head of Major Projects**: provides strategic direction and oversight for all major projects, including the HCC RNI
- **Project Director**: oversees end-to-end project delivery, ensuring adherence to scope, program, and budget
- **Project Manager Transmission Lines:** manages the planning and execution of the transmission line scope, including management of the subcontract with Genus
- **Project Manager Greenfield Substations**: manages the development of two greenfield switching stations and subcontract with John Holland Group
- **Project Manager Brownfield Substations**: manages upgrades and modifications to existing substations for Kurri Kurri and Rothbury and subcontract with Gongues
- **Project Manager Commissioning**: responsible for the commissioning phase, ensuring that all systems are tested and operational before handover
- **Interface Project Manager**: response for managing interfaces with third parties such as Transport for NSW, Australian Rail Track Corporation, Department of Defence, mining landowners, and other major stakeholder including obtaining required approvals.
- **Other Support Staff:** includes various roles such as Project Engineers, Commissioning Technicians, Lines Inspectors, Civil Inspectors and Electrical Inspectors, all contributing to ensuring safe, compliant and quality outcomes through a regime of inspection, monitoring and on-site problem solving.

Table 3: Summary of labour costs for Owner's Costs – Project Management ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	26.7	100%
Total	26.7	100%

3.1.2 Commercial and Legal

$4.8 million forecast for the Commercial, Legal, and Regulatory teams is critical to ensuring compliance with laws, contracts, and regulatory standards, and provision of both upstream and downstream commercial oversight of the Project. Over the project, the team is forecast to average 1.9 FTEs.

Key resources include:

- **Commercial Director:** leads all commercial activities, including contract negotiations, financial planning and alignment with senior executives
- **Senior Contract Administrators:** manages contractual agreements, ensuring compliance and risk mitigation
- **Commercial Manager:** provides management of the upstream Commitment Deed and Project Deed with EnergyCo.
- **Legal Counsel** provides legal advice on regulatory compliance, contract compliance and dispute resolution
- **Regulatory Officer** ensures adherence to regulations and facilitates communication with regulatory bodies over the delivery phase of the project. This component does not cover the labour to obtain regulatory approval for the project, which are allowed for in Section 3.4.

Table 4: Summary of labour for Owner's Costs – Commercial, Legal and Regulatory ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	4.8	100%
Total	4.8	100%

3.1.3 Project Controls

$4.1 million is forecast for the Project Controls team to implement, monitor and report on project safeguards to support delivery of the Project on schedule, scope and budget. Over the project, the team is forecast to average 20.0 FTEs.

Key resources include:

- **PMO (Project Management Office) Manager:** provides governance and oversight of services to support project controls, project document management, schedule management, cost management, reporting and auditing.
- **Financial & Reporting Controller:** monitors, manages and optimises all financial and reporting aspects of the project. Tasks include budgeting, cost estimation and monitoring, variance analysis and reporting of project performance both internally and to EnergyCo.
- **Project Controller:** provides management of project schedules, management of project documentation and collaboration systems, management of the project risk register, and management of interfaces with corporate business systems for project success.
- **Business Support Officer:** offers administrative support and coordination, helping to streamline processes and enhance team efficiency.

Table 5: Summary of labour costs for Owner's Costs – Project Controls' cost ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	4.1	100%
Total	4.1	100%

3.1.4 Design & Engineering Management

$1.4m is forecast for design & engineering management of all design activities for the RNI, including the external design contractor for greenfield substations and internal design packages for sub-transmission lines, brownfield substations, secondary system upgrades and enabling distribution relocation works.

The design management team are focused on ensuring design solutions meet the RNI scope objectives within network standards, provide appropriate risk mitigation, optimise cost efficiency through value engineering and deliver sustainable and safe lifecycle solutions.

This component allows explicitly for the management oversight of the design and engineering process, but not the resources who will perform discrete design and engineering works.

Over the project, the team is forecast to average 0.6 FTEs.

Key resources include:

- **Head of Design & Engineering:** Manages the overall design process, coordinating efforts among specialty work package design teams and ensuring alignment with project goals.
- **Design management teams:** specific design management teams for Transmission Overhead, Primary & Civil Design, Secondary Systems and Distribution disciplines.

Table 6: Summary of labour costs for Owner's Cost – Design & Engineering Management cost ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	1.4	100%
Total	1.4	100%

3.1.5 Health, Safety and Environment (HSE)

All individual projects and work packages will be managed in full compliance with Ausgrid's Health & Safety Management System (**HSMS**) and the Work, Health and Safety Act to ensure that all construction works are performed safely, and that the safety and amenity of all sites and project areas is maintained at all times for the local community.

$5.6m is forecast for the HSE team to develop, monitor and ensure compliance with the Work Health & Safety (**WHS**) Plan throughout the HCC RNI project lifecycle. Over the project, the team is forecast to average 2.6 FTEs.

Key resources include:

- **Safety Manager**: oversees the HSE program and WHS Plan, ensuring compliance with regulations and the implementation of safety initiatives
- **Safety Advisors**: supports the safety manager in developing, monitoring and reporting compliance with the WHS Plan, provides routine on-site inspection, and performs investigation of incidents and near-misses for continual improvement of safety outcomes.
- **Environmental Officer**: manages the development of the environmental approval and development consents, monitors compliance with environmental regulations, conducts assessments, and implements mitigation measures to minimise environmental impacts
- **Environmental Supervisor**: Oversees environmental management practices on-site, ensuring adherence to environmental plans and standards during project execution, and performs investigation of incidents and near-misses for continual improvement of environmental outcomes.

Table 7: Summary of labour costs for Owner's Costs – Health, Safety and Environment ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	5.6	100%
Total	5.6	100%

3.1.6 Procurement

Ausgrid has developed a procurement strategy for the HCC RNI that seeks to optimise our supply chain for the success of the project. The majority of equipment used to construct the RNI is procured by Ausgrid and provided to subcontractors on a free-issue basis.

This approach leverages Ausgrid's existing procurement team, providing an efficient cost-effective procurement strategy for the Project. The team utilises existing panel contracts as well as competitive sourcing of new contracts for delivery.

$0.3m is forecast for the procurement team throughout the project. Over the project, the team is forecast to average 0.2 FTEs.

Key resources include:

- **Supply Chain Lead:** Manages the overall supply chain and procurement strategy, ensuring timely and cost-effective procurement of materials and services
- **Category Managers**: Specialise in specific supply chain categories to execute discrete procurement activities, and coordinate with project managers to ensure delivery of equipment in line with program schedules.

Table 8: Summary of labour costs for Owner's Costs – Procurement ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	0.3	100%
Total	0.3	100%

3.1.7 Connections Planning

Through the development phase, Ausgrid have undertaken extensive network modelling to prove the technical validity of its solution. Furthermore, Ausgrid have invested in the development of an enhanced generator connection process in line with the requirements of its upstream Deed with EnergyCo.

While Generators are responsible for funding individual connection assets, Ausgrid will undertake network modelling for wide area studies to enable its ability to execute discrete generator connections. Through the provision of a baseline of network models Ausgrid will be able to bring new generation to market as rapidly as possible to unlock the benefits of the HCC RNI.

$2.1 million of labour is forecast to support enhancements to the connections process.

Over the project, the team is forecast to average 1.0 FTEs.

Key resources include:

- **Asset Investment Planning Manager:** oversees the strategic planning of asset investments and the connections process
- **Senior Engineer – Connections:** provides technical expertise in connection design and implementation
- **Engineer – Connections: s**upports the planning and execution of connection projects, conducting analysis and assessments.

Table 9: Summary of labour costs for Owner's Costs – Connections Planning ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	2.1	100%
Total	2.1	100%

3.1.8 Labour-related costs

The total forecast capex for labour-related costs associated with the HCC RNI project is $4.7 million. Key labour-related expenses include training, staff travel and fleet costs, which are essential for delivery and management of the project within the Hunter-Central Coast region.

$4.7 million forecast for labour-related costs includes:

- **Travel Costs ($4.1m)**: covers expenses for site visits, stakeholder meetings and other necessary travel for project personnel.
- **Fleet Costs ($0.5m)**: includes expenses related to vehicles procured specifically for the HCC RNI project. This item covers the apportioning of fleet operational costs to the project, but not the capital costs of procuring the fleet which are covered independently of the project.
- **Training Costs ($0.1m):** project specific staff training related to the use of the NEC4 contract form, additional to regular ongoing staff wide compliance training which are covered independently of the project.

Table 10: Summary of labour-related costs for Owner's Costs ($m, real 2025-2026)

Capex category	Proposal	%
Labour-related	4.7	100%
Total	4.7	100%

3.1.8.1 Travel Costs – forecast assumptions

The travel cost forecasting approach encompasses both sustenance and travel time costs.

Sustenance Costs:

- Sustenance costs are forecasted based on a phased FTE profile, aligning with the program's resource allocation.
- Daily sustenance rates are determined according to the Ausgrid Enterprise Agreement.

Travel Time Costs:

- Travel time costs are calculated based on an average of 4 hours for a return trip, based on the average employee travelling from Sydney (Ausgrid Head Office location) to the Hunter-Central Coast region.
- The number of trips per week is forecast on a phased FTE profile, aligning with the program's resource allocation.
- Rates for travel are assumed to be standard labour rates for each respective role (see Section 4 Key Labour assumptions)

3.1.8.2 Project Vehicles: forecast assumptions

Fleet costs are projected based on the anticipated number of vehicles required for project delivery. The forecast is based on a maximum of 5 vehicles being required during the delivery phase of the project and costed based on an annual rate per vehicle.

3.2 Community and Stakeholder Engagement

Ausgrid has developed a Community and Stakeholder Engagement Plan (**CSEP**) that outlines the approach used by Ausgrid in delivering communication and engagement activities to stakeholders and community across the HCC RNI. The plan includes the roles included in Table 11, along with the associated responsibilities. Similarly Ausgrid has developed a Social Licence Plan aligned with the requirements of its Deed with EnergyCo that outlines how it will develop and execute a program of social benefits initiatives within the Hunter region associated with the project.

$17.7m has been forecast, based on the resourcing plan outlined below. This includes $6.9m forecast for the Land & Property engagement team.

Table 11: Summary of community stakeholder and engagement roles and responsibilities

Role	Responsibility
Stakeholder Engagement Manager (SEM)	• Key liaison with EnergyCo • Lead, deliver and implement CSEP • Lead Social License Plan • Lead Local and Aboriginal and Torres Strait Islander engagement programs
Community Engagement Lead (CEL)	• Lead on community engagement function • Lead strategic engagement with property owners particularly impacted by the project • Responsible for stakeholder engagement communication materials and events • Work with SLL to ensure derived project benefits and legacy outcomes are effectively communicated into local communities and working groups • Support the development and delivery of the CSEP • Support SLL and the FNPM to ensure both strategic and community and stakeholder relations communications
Communications Manager	• Lead on Communications function • Support the development and delivery of the CSEP communications and collateral requirements

Role	Responsibility
	• Support complaints and crisis management
Community Engagement Coordinator (CEC)	• Assist with stakeholder and community engagement activities including pop-ups, meetings, correspondence • Build meaningful and trusting relationships with local communities • Provide support as required to other streams within the Stakeholder Engagement Team.
Social Licence Lead (SLL)	• Develop strategies for the delivery of positive social and economic outcomes for communities along and surrounding the project footprint • Work with SEM and CEL to ensure derived project benefits and legacy outcomes are effectively communicated into local communities and working groups • Manage Social License Plan • Achieve identified medium and long-term legacy benefits and community investment.
First Nations Participation Manager (FNPM)	• Develop strategic approach to ensure successful engagement with Aboriginal and Torres Strait Islander communities • Lead in building relationships with local Indigenous communities along and surrounding the project footprint • Refine the Aboriginal and Torres Strait Islander Participation Plan • Support EnergyCo with strategic engagement with the Hunter Central Coast REZ First Nations Working Group - as a practical means to optimising FN outcomes from the project. • Lead on alignment with workforce development, local industry participation and APM (Aboriginal Participation Manager) to develop • Lead on relationships with land and Traditional Owners - with a focus on minimising damage or loss and disruption to properties • Achieve identified medium and long-term legacy benefits and community investment outcomes for ATSI communities in the region
First Nations Officer	• Delivery of Aboriginal and Torres Strait Islander engagement activities • Build meaningful and trusting relationships with local Indigenous communities along and surrounding the project footprint • Deliver an Aboriginal and Torres Strait Islander Participation Plan • Work closely with the FNPM and SLML to develop and achieve identified medium and long-term legacy benefits and community investment outcomes for ATSI communities.
Land and Property Access Manager (LPAM) and Coordinators	• Direct point of contact for all landowners during pre-construction and during easement acquisition and land access negotiations. • Handover land access to construction contractors and manage any land access issues which are unable to be resolved and have been escalated by the contractor. • Full responsibilities as detailed in the Property, Land and Easement Management Plan.

Table 12: Summary of labour costs for Community and Stakeholder Engagement ($m, real 2025-2026)

Capex category	Proposal	%
Internal Labour	17.7	100%
Total	17.7	100%

3.3 Design and Engineering

Ausgrid has established a composite design team for the HCC RNI project comprising both internal design and engineering resources and experienced engineering consultant AECOM. Ausgrid has strategically allocated each package of works to the party best placed to meet the project timeframes while managing the respective technical complexities.

Complexity and volume considerations have determined where design packages are to be self-performed by Ausgrid or contracted to the engineering consultant. On this basis we have contracted the greenfield substation designs to AECOM but have retained the brownfield substation packages internally. The modifications to the brownfield substations require more complex interfaces and micro-staging so have been retained within the Ausgrid design team.

Ausgrid will undertake the full transmission line design, enabling distribution relocation designs, telecommunications network augmentations, and other remote end control and protection works internally. These teams possess the technical expertise and resource availability to meet the project timeframes.

This approach to design provides a strong blend of required internal standards knowledge plus the blended experience and capacity uplift to be able to deliver the project in line with the project requirements, particularly the project program.

$5.2 million is forecast to deliver and complete the internal design packages. These have been forecast based on c.25,000 total hours required by Ausgrid staff to deliver all design packages at an average hourly rate of $208.16 (real FY26). Forecasting approaches are aligned with those used for Ausgrid's other regulatory determinations.

Design packages are forecast based the required hours to deliver the following:

- Transmission mains design
- Primary & civil design of brownfield substations
- Secondary systems upgrades design
- Enabling distribution relocation design.

Table 13: Summary of labour for Design ($m, Real 2025-2026)

Capex category	Proposal	%
Internal Labour	5.2	100%
Total	5.2	100%

3.4 Regulatory

Regulatory costs relate to the Ausgrid internal labour required to manage and prepare the Revenue Proposal and manage the regulatory panel and consultants.

$0.8m of capex is forecast which is based on an average FTE of 1.7 for the regulatory team through the Revenue Proposal period (expected to conclude in December 2025). The average rate for the regulatory team is $257.3 (Real FY26).

The regulatory team includes the Head of Regulation, Regulatory Strategy Manager, Regulatory Modelling Manager, Regulatory Analyst and the Senior Regulatory Advisor.

Table 14: Summary of labour costs for Regulatory ($m, Real 2025-2026)

Capex category	Proposal	%
Internal Labour	0.8	100%
Total	0.8	100%

3.5 Delivery and Construction

Ausgrid has designed a blended construction strategy that leverages internal distribution lineworker and substation technician capability during construction. This enables efficient and cost-effective delivery solutions where Ausgrid has the capability and capacity.

Ausgrid's internal construction scope includes:

- **Transmission Lines**: Ausgrid direct construction works related to distribution works ($3.4m) and operating network outages ($2.1m) during the transmission line construction works.
- **Substations:** Ausgrid direct construction works related to electrical works on brownfield substations ($2.2m) and installation of a limited scope of equipment in greenfield substations ($0.4m).
- **Secondary systems:** Ausgrid direct constructions works related to replacement of remote end secondary systems, including feeder protection and Scada updates [redacted])
- **Communications**: Ausgrid direct construction works related to fibre lead-in works across the network ([redacted]).

Bottom-up forecasting has estimated the required Ausgrid hours for each activity using Ausgrid labour unit rates for each role type. Cost estimation methodology is aligned with those used for Ausgrid's other regulatory determinations.

Table 15: Summary of labour costs for Delivery & Construction ($m, Real 2025-2026)

Capex category	Proposal	%
Internal Labour	10.4	100%
Total	10.4	100%

See Table 16 for a detailed breakdown of the internal labour costs across each workstream.

Table 16: Detailed breakdown of the internal labour costs across each workstream.

Capex category	Proposal	%
Transmission lines	5.5	52%
Substations	2.6	25%
Secondary systems	[redacted]	[redacted]
Communications	[redacted]	[redacted]
Total	10.4	100%

4 Key Labour assumptions

This section explains and justifies the assumptions used to forecast Ausgrid labour.

4.1 Direct labour rate

Ausgrid labour is forecast at an FTE level for each role based on the required scope, skillset required and project schedule. The Ausgrid project team maintains a detailed project schedule with resourcing allocated to individual tasks. Incremental FTEs required for the HCC RNI is based on current practices, phased complexity and timeline for the Project. Sections 2 and 3 of this report outline the key Ausgrid roles required to deliver the HCC RNI safely on time, schedule and budget.

The Forecast Labour Model uses FTEs per role and Ausgrid standard labour rates. The Ausgrid standard labour rates include a direct labour rate (individual wages plus on-costs such as superannuation, workers compensation, sick leave, long service leave and annual leave) and an indirect overhead allocation.

Direct Labour Rates are aligned with standard role-specific labour rates exported from Ausgrid's Enterprise Resource Planning (**ERP**) system. Where roles for the project have been resourced, an individual's actual labour rate from the ERP system is used. Where a forecast role is yet to be resourced, we have used a labour rate aligned to the role category.

Table 17 shows the on-costs included in the direct labour rate.

Table 17: On-costs included in direct labour rate

On-cost category	
Annual Leave	9.3%
Sick Leave	5.4%
Public Holidays	4.6%
Superannuation Accumulation	18.8%
Long Service Leave	6.9%

On-cost category	
Payroll Tax	7.9%
Total	**52.5%**

4.2 Indirect labour rate

A labour support cost rate has been applied to the direct labour rates in line with standard practice and our accounting policies. This captures a variety of corporate overheads including (but not limited to): supervisory and management costs, communications and information technology, and corporate costs such as finance and planning. Our indirect costs average 52.5% across role categories and are in line with industry benchmarking across Distributed Network Service Providers (DNSPs)[1].

4.3 Benchmarking of Ausgrid labour rates

The standard labour rates have been benchmarked to ANS labour rates approved by the AER in Ausgrid's 2024-29 Regulatory Determination as shown in Table 18. This comparison supports that the standard labour rates adopted in our forecast are in almost all cases lower than the benchmark rates, and hence efficient and reasonable rates to adopt.

Table 18: Standard labour rates

AER benchmark rate ($per hour)			Ausgrid rate	Difference
Technical specialist	198.81	Business support officer	[redacted]	[redacted]
		Safety advisor	[redacted]	[redacted]
Field worker	204.17	Electrical contract inspector	[redacted]	[redacted]
		Civil contract inspector	[redacted]	[redacted]
		Line inspector	[redacted]	[redacted]
Engineer	258.87	Project controller	[redacted]	[redacted]
		Project engineer	[redacted]	[redacted]
		Project manager	[redacted]	[redacted]
		Category manager	[redacted]	[redacted]
Senior engineer	309.10	Senior contractor administrator	[redacted]	[redacted]
		Project manager	[redacted]	[redacted]
		Project engineer	[redacted]	[redacted]

[1] CutlerMerz - NSW ANS labour rates review, 4 August 2022

AER benchmark rate ($per hour)			Ausgrid rate	Difference
		Design	[redacted]	[redacted]
		Procurement	[redacted]	[redacted]
Engineering manager	357.58	Commercial director	[redacted]	[redacted]
		Head of planning and connections	[redacted]	[redacted]
		Asset investment planning manager	[redacted]	[redacted]
		Design	[redacted]	[redacted]

4.4 Real labour escalation methodology

A real escalation factor is applied to the labour rates to account for broader economic conditions and market demand through the forecast period.

The escalation factor for Ausgrid internal labour is aligned with the general escalation factor provided by the Turner & Townsend economics team. A consistent escalation factor has been applied to labour, materials and equipment. The total escalation includes both CPI – 2.6% through the Regulatory Period – and real labour escalation (1.0% - 1.4%). The calculation of escalation is included in the Labour Forecast model.

Table 19: Escalation factor

Escalation Index	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
CPI	2.6%	2.6%	2.6%	2.6%	2.6%
Real labour escalation	1.4%	1.0%	1.2%	1.3%	1.4%
Total escalation	4.0%	3.6%	3.8%	3.9%	4.0%