



Electrical Trades Union of Australia

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ETU Submission - Draft industry practice application note - Asset replacement planning

The Electrical Trades Union of Australia (ETU) is the Electrical, energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU represents approximately 61,000 electrical and electronic workers around the country and the CEPU, as a whole, represents approximately 100,000 workers nationally, making us one of the largest trade unions in Australia.

Whilst the ETU welcomes the opportunity to make a submission on the AER - Draft industry practice application note - Asset replacement planning we would once again reiterate our concerns with the lack of genuine consultation and engagement with industry stakeholders. The effort and resource allocated to engaging business interests sits in stark contrast to the lack of effort in meaningfully engaging other stakeholders such as workers representatives.

By continuing the AER's trend of simply analysing every component of Australia's energy industry through an accountancy lens means that the regulator is continuing to shape the industry to favour business interests over consumers, workers and the community.

There has been numerous enquiries into Australia's electricity networks driven by underinvestment in maintenance and poor maintenance planning. The Somerville Report¹ and Blanch Report are just two examples of many enquiries which show the outcome of too great an emphasis on financial outcomes in network companies without the balance technical input.

A risk-based approach – safety versus money

Australia's work, health and safety framework is underpinned by a hierarchy of controls designed to eliminate and minimise hazards as much as is reasonably practicable. Asset retirement and derating decisions cannot be subject to a direction from the regulator to act counter to the hierarchy of controls and instead to deliberately escalate the risks for electricity industry workers and the community.

Creating financial pressures on network service providers to effectively cut corners on safety is completely unacceptable.

The unintended consequences of the approach laid out in this paper will include;

- Managers attempting to utilise assets against manufacturer guidelines;
- Managers introducing unsafe work practices for workers operating equipment;
- Adoption of control measures with a focus on the lowest form of control first instead of the highest i.e. administrative controls instead of elimination/substitution;
- Assets being utilised beyond their operational life;
- Asset maintenance cycles being extended for purely monetary reasons, without regard for the safety consequences;

¹ <http://www.parliament.qld.gov.au/documents/tableOffice/TabledPapers/2004/5104T1106.pdf>



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- Removing workers from having any meaningful input into the safe operation of electrical apparatus; and
- The introduction of suboptimal and often dangerous 'lowest cost' asset maintenance and life extension practices.

The practice of weighing up the cost of an asset versus the cost of killing a worker and/or member of the public should not be the foundation approach to managing electricity industry infrastructure.

Also absent from the paper is any process or requirement or even acknowledgement of the need to consult with workers in determining the most appropriate approaches, another fundamental tenet of Australia's work, health and safety framework.

Identifying credible options must be qualitative not quantitative and must include both a direction to NSP's to consult with workers in accordance with safety legislation and a requirement for the regulator to not undermine the outcomes of that consultation in its decision making.

Conclusion

Overall the architecture of the draft industry practice application note is deficient. Our assessment to date maintains our view that the AER's singular focus on financial regulation is driving poor practices and inefficiencies in the energy sector which will lead to a deterioration in network assets, less safe workplaces and increased risks to the community.

This paper, in its current form, will drive unsafe behaviors in network service providers with the very real likelihood of increased injuries and fatalities.