



3 May 2018

Mr Chris Pattas
Australian Energy Regulator
GPO Box 520
Melbourne VIC 300

Via email: AERinquiry@aer.gov.au

Dear Mr Pattas,

AER - Queensland 2020-25 - Preliminary FA

The Electrical Trades Union of Australia (ETU) Queensland and Northern Territory Branch 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 Queensland and Northern Territory Branch represents over 4,000 electrical supply industry workers employed by Energy Queensland and its contractors.

The ETU welcomes the opportunity to make the following submission to the AER's preliminary framework and approach paper for Queensland.

The ETU requests the AER consider our submissions relating to connection services and the service target performance incentive scheme outlined in the AER's preliminary F&A.

Section 1.3.3 Connection Services

The ETU is firmly of the view connection services should be retained as direct control services. The AER's reasoning behind reclassifying definitions and the appropriate allocation of sub categories of connection services to either *standard control services* or *alternate control services* appears appropriate in the circumstances.

However, the ETU wishes to place on record our strong opposition to any decision to re-classify any connection services to an *unregulated service*.

The basis of the ETU's opposition relates to the real increase in costs to consumers and an increase in the workplace health and safety risks that would result from connection services moving to becoming an *unregulated service*. Currently connection services are performed by both Energy Queensland employees and by various electrical contracting firms throughout the state.

The current framework allows for appropriate resourcing strategies by the Qld distribution business to deal with remote and regional staffing levels, customer response times, staff training, workplace health and safety and performance and compliance monitoring. This has included sufficient flexibility to use a mixture of internal and external resources in managing work peaks, where required, and the engagement of suitably qualified, experienced and authorised contracting companies with a demonstrated equivalent level of training, skills and safety systems.

It ensures that duplication of costs, including unnecessary increases to the total overhead cost associated with works, industry skills development and retention, quality of workmanship and timeliness in delivery of works is carefully considered on each occasion.

As stated in the opening remarks, the ETU represents members who are employed by the Qld distributors and also the contracting companies who are engaged from time to time to perform the overflow work generated during peak periods. Our position is not formed out of an ideology for which employers perform the work but from a genuine interest in ensuring that work is performed to an appropriate quality level taking into consideration all technical and safety requirements.

In contrast, the ETU has been made aware of lobbying efforts by other industrial organisations which is being driven purely in the interests their members securing higher work volumes and greater profitability. This is not a sound basis to reclassify connection services as an unregulated service.

If the AER was of the mind to consider changing from the preliminary position outlined in the F&A discussion paper the ETU requests the opportunity to meet and further outline our concerns and discuss the risks associated with moving connection services to an unregulated service.

Section 3.1 Service Target Performance Incentive Scheme

The ETU is concerned about the increase of the Service Target Performance Incentive Scheme (STPIS) in Queensland. In the AER's preliminary framework and approach paper it is unclear as to the reasoning behind the increase to this penalty including any performance concerns arising in the previous regulatory period that would warrant a revision to the target.

The ETU is of the understanding that Ergon and Energex have consistently achieved the performance requirement under the STPIS target of $\pm 2.0\%$ for the current regulatory period.

When the STPIS was first introduced in Queensland, ETU members observed an initial spike in inefficient work practices being driven by senior and middle management ranks in order to achieve those targets.

The ETU is concerned that a change to the STPIS target will again drive unintended consequences within Energy Queensland. The likely unintended consequences would include the reintroduction of inefficient work practices resulting in higher costs to consumers and unnecessary exposure to health and safety risks for employees working on the network.

The ETU would welcome the opportunity to discuss in detail our concerns with a revised STPIS target and our members experiences of the introduction of the original STPIS measures.