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**Submission to AER Issues Paper - Updating the Ring-fencing Guidelines for Stand-Alone Power Systems and Energy Storage Devices**

1. The Electrical Trades Union (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 industry workers around the country and the CEPU represents over 90,000 workers nationally, making us one of the largest trade unions in Australia.
2. The ETU welcomes the opportunity to provide this submission on the AER's Issues Paper Updating the Ring-fencing Guidelines for Stand-Alone Power Systems and Energy Storage Devices (Guideline).
3. The ETU has made various submissions regarding concerns with the impacts of ringfencing both in writing and at several face-to-face forums with the AER. We repeat and rely on those submissions.
4. The ETU does not believe the Guideline is consistent with the National Electricity Objectives (NEO).

*The National Electricity Objective as stated in the National Electricity Law (NEL)<sup>1</sup> is:*

*"to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to:*

- a. price, quality, safety and reliability and security of supply of electricity*
- b. the reliability, safety and security of the national electricity system."*

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[https://www.legislation.sa.gov.au/LZ/C/A/NATIONAL%20ELECTRICITY%20\(SOUTH%20AUSTRALIA\)%20ACT%201996.aspx](https://www.legislation.sa.gov.au/LZ/C/A/NATIONAL%20ELECTRICITY%20(SOUTH%20AUSTRALIA)%20ACT%201996.aspx)

5. Specifically, the Guideline creates inefficiencies in the way work is performed, drives unsafe work practices, increases costs to consumers and imposes unnecessary regulatory burden on network service providers. In addition, the Guidelines have been used by unscrupulous employers to drive down wages and employment conditions and to introduce precarious work practices into the industry.
6. The Guidelines should be abolished and replaced with a fit for purpose regulatory regime which ensures the needs of Australian consumers as well as energy sector workers are appropriately balanced with strong consumer protections and strong worker protections to avoid reductions in work standards, safety and quality.
7. The introduction of any new regime should be tested thoroughly prior to introduction through a regulatory impact analysis process and then reviewed against key performance benchmarks.
8. Should the Guideline remain in force, Stand Alone Power Systems (SAPS) and Energy Storage Devices (ESD) must be exempted.

### **Inefficient Work Practices**

9. ETU members regularly experience inefficient work practices driven by the Guideline. Workers attend to a customer's premises to respond to a fault and perform the required work to rectify it safely. Regularly a portion of the work that needs to be performed is deemed an unregulated service.
10. The workers are directed to pack up, make the work area safe, drive around the block to change their work shirts and the magnetic logo on their vehicle out of sight of the customer. They then return to the customer's premises to perform the unregulated services.
11. Sometimes the nature of the work requires this to be performed prior to completion of the regulated services meaning that once again the crew goes around the block, changes back into their original shirts, and swaps the magnetic logo's back again, then returns to the customer's premises to complete the work.
12. Alternatively, ETU members attend a customer's premises to perform work on the network. A portion of the work is an unregulated service. Despite being on site with the requisite skills, equipment, tools and replacement parts, they cannot perform the unregulated service. The consumer is either left without power while they wait for someone else to come to perform the work or they experience two disruptions to their supply.

### **Unsafe Work and Precarious Employment**

13. The AER's objective to drive more and more work to second, third and fourth tier contracting models is having a detrimental effect on work health and safety and the wages and employment conditions of energy industry workers.
14. The Guideline is driving a model of employment that facilitates companies cutting costs and cutting corners.

15. Second and third tier contracting models mean ETU members are experiencing situations where they are told they must get an ABN in order to secure work. They are often paid piece rates to perform this work which is driving down the quality and safety of work.
16. The ETU is increasingly responding to reports of workers and consumers being exposed to asbestos in switchboards. Precarious, sham contracting employment models is leading to untrained workers performing work unaware of the risks.
17. The prevalence of unlicensed electrical work is growing as is the frequency of untrained workers performing work on asbestos switchboards without relevant qualifications, training, or safety systems. Often the work is completed with asbestos dust left in the switchboard. The first thing the customer does is go to the switchboard to see what has been done. They open the switchboard, creating an asbestos dust cloud which they inadvertently breathe in.
18. Whilst the safety and employment standards have fallen, the price for the customer has not. The 'savings' created by cutting corners on safety, wages and employment conditions is simply pocketed as profit by the parent contracting company who still charges out at the same price.

#### **No Evidence of Any Benefit to Consumers**

19. The ETU has regularly raised the issues outlined above with the AER and to date, the AER has taken no action to address these concerns.
20. The ETU has formally requested that the AER provide the ETU with any cost benefit analysis or regulatory cost impact analysis that has been completed associated with the introduction of ring-fencing, including;
  - a. What financial benefit has been received by electricity consumers
  - b. How much is it costing network companies to comply with ring-fencing
  - c. Who is paying for those costs
  - d. Is there any efficiency impacts of ring-fencing
  - e. Have consumers responded favourably or negatively to ring-fencing
  - f. What is the net outcome of ring fencing
21. The AER has never provided this material.

#### **Employee Consultation**

22. As previously submitted, the Guidelines provide for a range of circumstances which may impact employees engaged in the industry, however nothing in the Guidelines currently requires NSP's to engage with employees in relation to Ring Fencing.
23. Both industrial relations and work health and safety laws in Australia recognise the added benefit of employee engagement in organisational decision making.
24. The ETU has previously recommended inserting the following in clause 5.2 of the guidelines:

*5.2(i) information and evidence that the DNSP has consulted with employees (and their nominated representative) about the waiver application including detailing what affect the waiver may have on employees.*

25. The Guideline continues to introduce additional risks to workers and changes to work practices absent any meaningful consultation with workers.

## **Conclusion**

26. Under any measure, the Guidelines cannot be viewed as consistent with the National Electricity Objectives. Rather than providing the best possible outcomes for consumers in relation to price, quality, safety and reliability and security of supply of electricity, ringfencing provides the opposite outcome.

27. It is apparent that the AER's continued support for ringfencing is to make NSP's inefficient to the point that electrical contracting companies can compete with them.

28. The AER should be focused on improving safety and quality in the industry rather than seeking new ways to maximise profits at the expense of workers and consumers.

29. The Ring-Fencing Guideline should be abolished.