

Subject: NSW DNSP's Draft Determination

I feel the Draft Determination in relation to the NSW DNSP's is wrong and potentially dangerous.

SA Power Networks, is being bench marked, as one of the most efficient providers. They have a similar network to Endeavour Energy. EE has more customers and bigger demand, but SAPN a more vast network. But all in all, they balance out to about the same (my opinion).

SAPN have 2200 employees. EE 2500 employees. The AER draft decision would slash 700 employee from EE. If they are left with only 1800 people services, reliability and safety will suffer. A reduction of around 300 seems more reasonable.

I noticed the bench marking model made no allowance for cost of business between the two states. For example a traffic controller in Sydney might be paid \$25hr, while in SA \$20hr. An engineer in Sydney \$120K, an engineer in SA \$110K. This is a market driven factor the DNSP's have no control over. WAGES are higher in SYDNEY. And wages make up around 70% the cost of running the business.

Not to allow for this is absolutely ridiculous. It is expected that if the cost to provide a service in SA is \$100, that the cost to provide the same service in Sydney would be \$115.

Just a hypothetical. Imagine bench-marking Sydney based Police with SA Police. Assuming the wage spread is the same (I don't know this for certain). And determining SA Police are 20% more efficient from an economic stand point. An immediate reduction in 20% staff in NSW would fix the economic issue. But is absurd to think that this would not have dramatic effect on service levels and safety. I have seen some economists say "Well BHP can't transition to efficient levels, why should DNSP's". Well that is easy, BHP close operations and don't have to consider public safety.

DNSP's are an essential service for all people, they can't just turn the power off (akin to BHP closing an operation). Transitioning over a reasonable period of time to efficient levels is absolutely necessary to preserve service, reliability and safety. However I still think cost of business for DNSP's operating in Sydney still needs to be taken into account, with relation to wages.