

Submission

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Australian Government, Department of Resources Energy and
Tourism (RET)

Draft Energy White Paper 2011 Consultation

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Table of Contents

ISSUES OF CONCERN FOR THE ASU IN THE AUSTRALIAN GOVERNMENT, DRAFT ENERGY WHITE PAPER 2011	3
INTRODUCTION.....	3
RESPONSES TO THE AUSTRALIAN GOVERNMENT, DRAFT ENERGY WHITE PAPER 2011	13
Section 1.1 . The importance of energy.	13
Section 1.2 . The need for an Energy White Paper	13
Section 1.3 . Shaping the Energy White Paper	13
Section 1.4 . Defining Energy Policy Framework	15
Section 2 . Energy in Australia	16
Section 3 . Future Energy Trends, Priorities and Challenges.....	16
Section 4 . Australia's Energy Security	18
Section 5 . Developing Australia's energy resources.	21
Section 6 . Australia's energy markets and improving energy productivity.....	23
Section 7 . The clean energy transformation.....	27
Section 8 . Cross cutting policy issues.	28
CLOSING STATEMENT	32
Table 1: Apprentices recruited by Electricity Distribution Companies 2011	8

ISSUES OF CONCERN FOR THE ASU IN THE AUSTRALIAN GOVERNMENT, DRAFT ENERGY WHITE PAPER 2011

INTRODUCTION

The Australian Municipal, Administrative, Clerical and Services Union (ASU) welcomes the government moving to develop, in consultation with industry, unions and energy consumers, an energy white paper to assist stake holders. It is important for all parties to be able to submit their views as part of the consultation process.

The ASU is one of Australia's largest Unions, representing approximately 120,000 employees. Through our national industry model, supported by state branches, the ASU has members in every State and Territory of Australia, as well as in most regional centres, towns and cities.

The ASU has been a participant in the energy industry for over 100 years, by speaking up for employees in the electricity industry. We also advocate for domestic energy consumers because many of the issues faced by ASU members in the industry have implications for their domestic energy prices. The ASU represents members working in a range of classifications across electricity generation, distribution, retail and transmission.

Through ASU operations in the industry, we have seen Members experiences in the models of ownership and the move from local government, to state government ownership as well as in some states the private sector model. As Australian Governments, continue to pursue reforms, we acknowledge concerns for the development of the next generation of electricity supply, balancing the issues of cleaner energy electricity generation and ensuring base load capacity, that is not detrimental to market price stability..

The following are our preliminary observations in respect of the ASU's submission to the Australian Government for the *Draft Energy White Paper strengthening the foundations of Australia's energy future*. We look forward to being party to this ongoing debate.

Current ownership models: National competition and electricity industry reform

The ASU has always been well placed to be an important participant in the issues of change faced by the electricity industry, including those launched by former Prime Minister, Paul Keating. Industry re-structures that have attempted to integrate microeconomic reform agendas have needed ASU input; such as initial commencement of rationalizing non-national models of electricity industry authorities, highly focused on separate distribution network ownership including the 28 electricity country councils that operated in NSW as recently as the mid 1990's; also, for the Victorian SEVC and NSW Elcomm generator models in those states. Similar re-structures of industry operations have occurred in SA, Queensland, Tasmanian and Western Australia.

The ASU contribution includes the work of the Municipal Employees' Union (MEU) & Municipal Officers' Association (MOA), as well as other electricity industry unions, in commissioning independent research: Johnson, M and Rix, S 1991, *Powering the Future: The electricity industry and Australia's energy future*, Pluto Press Australia in association with the Public Sector Research Centre, University of New South Wales, Sydney.

Focus on deregulation subsequently moved to corporatise publicly owned electricity assets and the formation of public statutory authorities¹ commenced in most States. However NSW and Queensland as the largest electricity consumer states have gained most, through the corporatisation and state government ownership models, as opposed to privatisation. These two states have thus seen the greatest reforms in terms of benefit of electricity generated and distributed, through public ownership models at arm's length from government, and thus substantial benefit to the state governments via the corporatisation model.

The ability to balance the community needs, keep regional employment, provide spin off services, secondary employment opportunities through both employer and employee community spend, maintaining town population, providing technical opportunities for technology hubs (e.g. the Essential energy . IBM . Bathurst university hub), in some parts of Australia the most advanced technology is held by the state owned energy corps, keeping regional populations means schools, hospitals, economic growth.

The current television program based on families moving to regional Australia to help rebuild towns is a point in fact, on the day the last bank closed in the town of Trundle, because the banks margins fell a small amount, the local energy distribution company opened its depot to shared office with the regional credit union.

Privatised energy companies do not have the same commitment to Australia that state owned energy generation and monopoly distribution and transmission businesses do.

Government, more recently, has needed to enter into debates that cautiously seek to renew regulation to stimulate diminishing market productivity of the national electricity market. The ASU asks: At what cost has privatisation and deregulation delivered competitive pricing; has it delivered, if any, the productivity increases promised by privatisation of publicly owned assets.

The state government corporatisation models, much like the northern European models are supported by the OCED guidelines. Those guidelines have provided access to competitive electricity rates for business (accomplished by choice gained from entrance of additional retail and generation into the network and national electricity grid) and protection for domestic consumers. In contrast, domestic consumers (in particular disadvantaged economic groups) who have not made successful market reforms experience exclusion. For example, in parts of the privatised models of Western Europe, *energy starvation* is becoming an increasingly alarming consequence of unpreparedness for the inevitability of skyrocketing energy prices.

The cost of risk will ultimately fall on consumers, and if the risk is in some way dealt with by the private sector, the overall cost borne by consumers will tend to be higher because the private sector will require a fee for dealing with the risk as well as the actual risk cost. (Pg. 3, PSIRU,

¹State or Government Owned Corporations known as SOCs and GOCs.

http://www.asu.asn.au/data_man/publicsector/submission_psiu250205_nsw_gov_greenpaper.doc, 2005.)

However, countries with higher standards of living such as the Scandinavians and French continue on a largely non-privatisation direction, alongside countries such as Germany and the United Kingdom (UK); also, moving back towards local and municipal generation and distribution. The North European models have balanced private sector access to the network and grid and customers, much like in Australia, but they have allowed the publicly owned networks, grids and generators to provide the security and integrity necessary to their state economies. Indeed, the public (corporatised) generators in France are now suppliers to the privatised UK network, as well as having a public-private roll in the Scandinavian countries, based on the NORDEL market model (<https://www.entsoe.eu/the-association/history/nordel/>, 2012).

The ASU and its Branches have commissioned a number of independent including by the Greenwich (London UK) School of Business studies, Public Services International Research Unit (www.psiu.org, 2012). The independent research supports the ASU's views on the role of continued public ownership, and concerns on ownership of the electricity industry:

Papers by the above and others include -

Professor Steve Thomas,
PSIRU,
The New South Wales Energy Reform Strategy: A Critique
(http://www.asu.asn.au/data_man/publicsector/report_psiu_nov2009_nsw_elec reforms.doc)
Investment in new power generation in New South Wales: Comments
(http://www.asu.asn.au/data_man/publicsector/submission_psiu_jun2007_powergeneration-nsw06-2007.doc)
New South Wales Government Energy Directions Green Paper
(http://www.asu.asn.au/data_man/publicsector/submission_psiu250205_nswgov_greenpaper.doc)
London

Greg McLean
(a collaboration with Fitzpatrickwoods Consultancy and the Australian Municipal, Administrative, Clerical and Services Union (ASU)),
November 2008,
Quality public services – opportunities to address climate change in Australia
Sydney
(<http://www.asu.asn.au/media/climate-change-paper18nov08.pdf>)

Greg McLean,
(ASU),
December 2005,
Response to the Queensland Government review of Government Owned Corporations in the Electricity Industry,
Sydney
(http://www.asu.asn.au/data_man/publicsector/response_gmclean_dec2005_qldgovt_review_electricity_industry_gocs.doc)

Manager of Energy & Utilities, (US NSW Branch) *Response to the NSW Government Treasury Decision Paper for Wholesale and Retail Trading in the National Electricity Market, Response to Further Consultation Paper May 2004*
ASU, NSW United Services Branch,
Sydney
(www.asu.asn.au/data_man/publicsector/response_pmarzato29072004_nswgovtreasurypaper.doc)

Energy White Paper consultation on models

At the Energy White Paper round table discussions during April 2010, discussion included ownership models. The ASU called for “**Less discussion around ownership models**”, with the support of many other participants at the panel including independent academics (*it appears only those that own electricity assess or those that support full deregulation ideologically argue for this*) and more discussion around market security that will be affected by future changes in electricity generation. We continue to support the position that the discussion around ownership models is unnecessary. That is because in reality strongly upholds the success of public sector models, at arms length of government, have benefited and continue to benefit a competitive, productive and innovative Australia, balance community needs and are answerable to all of society through full public scrutiny and politicians, for this essential public service.

The majority of this counties electricity reforms have been by the public not the private sector

Policy

In the terms of the government position, ASU branches would expect the matters of further privatisation and full deregulation should be referred to the next Australian Labor Party (ALP) National conference. Especially where it is felt current state ALP policies need to be overridden, or are at odds with federal government policy. Currently they are not government policy.

The ALP National Platform states Labor will first and foremost, continue to:

ō facilitate a process of cooperation and development involving state and territory governments, industry representatives, including peak industry associations and unions to ensure Australia builds the necessary electricity industry transmission, distribution and generation facilities to meet Australia's electricity demands and ensure supply for the future for all Australians (pg. 81, http://www.asu.asn.au/data_man/publicsector/alp2012_national_platform.pdf, 2011)

NSW ALP policy states energy is a necessity and NSW Labor:

...recognises that the efficient role of public utilities in a mixed economy is important in facilitating industry development. (Pg. 19, http://www.asu.asn.au/data_man/publicsector/nswalp2011_policybook.pdf, 2011)

Western Australia ALP policy states:

ō Labor is committed to the public ownership of energy utilities, but will ensure that energy generation, transmission and distribution industries,

whether publicly or privately owned, are independently regulated to provide a competitive market. (pg.76, http://www.asu.asn.au/data_man/publicsector/wa_alp2011platform.pdf, 2011)

Tasmania ALP policy states Labor:

ō will especially oppose the privatisation of Tasmania's power network, or any part thereof and in particular is opposed to the sale of the companies know as Hydro, Transend Network and Aurora Energy (pg. 46, http://www.asu.asn.au/data_man/publicsector/tas_alp2010platform.pdf, 2010)

The ASU believes reform should be more concerned with the function of the generators, inside or outside the market, not about ownership. The ASU notes it has long been a Federal Government policy that generation ownership is up to state governments - that's where it needs to be argued. The ASU's position is that state governments do and should own power stations - they provide electricity for homes, business, regional employment and much more. We have had public electricity generation by state (and local government) for well over 100 years in this country. There have been many electricity industry reforms in that time and public ownership by governments has been part of that essential service. We call on the Federal Government to reject any change to the ownership model and look at the functions and the important role state owned generators play.

Skills and Training

The largest contribution to employment of trainees and apprentices in the Australian electricity distribution industry continues to be made by the publically owned and operated providers including the NSW and Queensland (Qld) distribution companies. The private sector participants often have differing priorities around skills and training, workforce recruitment and return to shareholder . even discounting the size of networks, across ownership models, the privatised authorities still lag behind.

Table 1: Apprentices recruited by Electricity Distribution Companies 2010 - 2011²

2010 - 2011	Indigenous	Total
Public networks:		
AusGrid	11	153
Endeavour Energy	2	60
Energex	6	76
Ergon	not reported	61
Essential Energy	about 12	102
Horizon	0	0
Western Power	0	0
AVERAGE:	4	65
Private operators:		
ActewAGL	not reported	42
Alinta	0	0
Aurora	not reported	47
CitiPower Powercorp	not reported	about 19
Power and Water	not reported	21
SP AusNet	0	0
AVERAGE:	0	22

Concerns

The ASU has a number of fundamental concerns with the position paper as outlined by the DEWP and views with great concern the number of the suggestions and directions that can be gleaned from its content. We remain particularly concerned about evidence that contradicts effectiveness of key proposals to improve competitiveness of electricity and gas markets; namely:

1. Further public asset privatisation
2. Full price-deregulation to allow customer empowerment.

1. Privatisation of Government Owned Assets

The ASU is a union that has operated very strongly in the Australian electricity industry for well over a hundred years. In particular it has seen the outcomes by way of privatisation versus public sector ownership both throughout Australia and other countries throughout the world. That leaves the ASU to have extreme concerns in respect of any considerations of privatisation of the remaining electricity industry assets in Australia.

Regional Employment – regional Development

The impact of privatisation to regional growth and regional employment is a grave concern of the ASU. Specific industry restructuring where utility companies have had a city centric basis have seen significant job losses in regional Australia.

²Data collated from published, Company Annual Reports and Financial Statements.

Where energy authorities are regionally based we have seen secure solid regional employment growth and other industries spin off from that regional growth. Of note is the size of Essential Energy network distribution in NSW, which does not enjoy a capital city base, is excluded from Newcastle, Wollongong and Sydney areas but provides electricity distribution to 93% of NSW consumers.

The capacity of Essential Energy has allowed the energy company to substantially prioritise regional employment and remains focused on being a true regional employer. Its 8 regional offices have been constructed in large regional locations, including the current head office in Port Macquarie, NSW providing infrastructure and jobs to over 1,300 with a total state wide workforce of 4500 plus contractors and its relationship with contestable work have all benefited regional Australia (includes boarder regions of the state)

There are well-founded concerns that if an electricity authority such as Essential Energy or Ergon in Queensland, were privatised that operations would become city based functions and by consequence, would have less consideration for regional growth and regional employment. Other concerns include non-local board members who may in fact not come from Australia and lack ties or an understanding of regional communities. In facing the Australian Government proposal for privatisation, regional communities reasonably predict a real loss to the historical necessity for utility companies to have a solid, regional focus in their communities.

Issues associated with skills and training may; also, be expected from privatisation and have further flow-on effects to regional sustainability. The *just-in-time* method preferred by privately owned utilities, opposes providing long-term skilled training. The DEWP fails to acknowledge the substantial role state owned utility authorities in NSW and Queensland continue to play. Growths in apprenticeships and traineeship in comparison to privatised Victorian counterparts have not been addressed. There is much contributing to the Australian economy; in which the electricity industry plays a major part, than the issues that have been raised by market based concerns. Community of interest forces and what is needed to deliver services throughout regional Australia must be included to give full economic impact.

The delivery of regional based services has been highlighted significantly by recent floods and prior to that bushfires and other isolation hazards that take place across Australia. We are concerned that should privatisation or extensive contracting take place in these industries that we will not see regional growth and regional employment in the same figures and directions we currently see. This is of immense practical concern to those regional townships, communities and others that operate in and are supported by the distribution companies. Government have some times in the past, failed to consider the full ramifications of closure of utility assets; such as the secondary and other effects of regional growth and regional employment.

In some respects, the absence of regional employment and growth was a significant factor of the *Kennett Era* in Victoria that saw substantial jobs taken out of regional Australia as a result of Electricity industry privatisation; as well as losses from rural and local government industries where competitive tendering was used. By basing decisions on market based forces, the Victorian Government ignored the benefits of expenditure in regional towns and cities.

We believe that the DEWP fails substantially to consider the impact on regional Australia, regional communities continued training, skills advancement and related issues that are dependent upon regional employment and regional growth. We know that foreign owned multinationals and large city based investment companies have

scant regard for the values of regional Australia and its benefit to the Australian community. It is a reality that those who live in regional Australia have the understanding of the requirements and needs, and are already working with the industry in those locations.

The Australian Services Union is ideally placed to consult on regional matters because over 60% of members work within local government and significant numbers; also, work in the utility industries of electricity and water. That is the quantifiable significance of the ability for the ASU to speak on behalf of communities that are established in regional and city locations. There is neither a township nor city in Australia that one does not find an ASU member based. On behalf of all our communities, the ASU contends that only public ownership can guarantee regional employment and the benefits regional employment provides.

Fly in fly out maintenance workers

The ASU holds great concerns about any proposals, either now or in the future, that paint the illusion of sustainable industry growth with the inclusion of fly-in-fly-out electricity industry maintenance, planning or other activities.

The industry, through its current and in part *political ownership models*, focusses a large emphasis on regional operation that is highly beneficial to communities who see the placement of staff located in regional, coastal and rural Australia as well as our cities, having these business based in the regions has been of benefit to the local communities; as mentioned, the industry provides growth opportunities for direct employment and additional employment in support services, as well as flow-on effects for infrastructure such as town expenditure. That infrastructure ensures community numbers who support their businesses and communities by providing plant, hardware, schools and hospitals services, and many other services, not to mention the return on investment offered by boosting housing prices and land values.

Privatisation has never been the friend of regional growth. Energy industry privatisation in Victoria saw many regional job losses; which impacted on the infrastructure of the state as a whole due to implications of migration to the capital city, and social and societal damage the demands on lagging urban infrastructure cannot mitigate. Foreign ownership; also, has been a failure in Victoria as decision makers in board rooms in Hong Kong, Paris or the USA are just not interested in regional employment and local community outcomes. It is public ownership that is fundamental to retaining quality infrastructure. However, unions and Australian Government should maintain and argue for structures that return the maximum benefit for both the Australian city and regional community.

2. Full Deregulation

The ASU has considerable concerns in respect of full deregulation of the electricity industry market and flags the need to address the failures of deregulation that can be documented in some parts of Europe in particular the UK. It is now considered that those energy companies that did not institute a method for financial payment or subsidies have caused *energy starvation* or seek to deprive energy to vulnerable community groups. In a partly regulated market, current arrangements of the type described do exist in states across Australia; for a provider of electricity as last resort, the restrictions in disconnection of supply and other features that ensure that communities are not disadvantaged by the movement of prices upwards and electricity push.

An equally salient argument for regulation of the for the Australian electricity network itself; firstly, needs agreement on a distinction: the electricity industry is substantially different to the technology associated with the industries of telecommunications and others. What we are dealing with in most cases is a fixed feed into a substantial network that exists across Australia and the necessity for that network to be supported by highly skilled and trained workers. This does not have the same implications nor the same issues associated with the below ground features and to a lesser degree above ground features of telephone infrastructure as well as the national broadband.

Equally important to addressing the conditions of vulnerable customers, there exists substantial concern about the motivation and ability for a deregulated private sector to operate effectively for all Australians.

We would ask that if the privatised companies are so concerned and push for such an ideal as full deregulation it must not be in the customer's nor the consumer's best interest but rather in the best interests of the profit and shareholders of those companies that may not necessarily be based in Australia. We would urge the government under no circumstances to remove regulation; for mums and dads and domestic customers and develop a regulated tariff system for domestic consumers and lower level business consumers. The people would find themselves at a disadvantage to the demands of industry without such a system.

We are saddened to hear of instances in the UK where **energy companies have advised customers to wear extra clothing to bed of a night and beanies to keep their children warm, rather than turn on the heaters in their home** and incur additional electricity charges that they may not be able to pay as consumers. The situation is such that charities work solely on the problem known as "fuel poverty". **As the "Surviving Winter" charity campaign highlights, more than 5 million UK residents; most of who are elderly, are unable to pay their energy bills** (<http://localgiving.com/survivingwinter>, 2012).

The attitude of **governments claiming inability to continue to regulate prices that are favourable to domestic consumers contributes to a ghetto of civic and moral ideas. Electricity privatisation is a betrayal of governments' obligation to provide the necessary essential services to society.** We would urge you in the strongest terms, under no circumstances remove the ability of regulators oversee the price of electricity for the interests of a particular group.

We do not make the same remarks in respect to the *big end of town*: high business users and those that are too often the loudest voice of the electricity industry, and those that use much electricity. After all, it is not in the interests of those that are large electricity industry consumers to continue to; or in any way, prop-up the amounts of the electricity charges for low-level income earners and consumers of less energy and socioeconomic disadvantage, via regulation.

The ASU is concerned with any approach that takes the effect of leaving the domestic mums and dads to the market place for the quick fix.

The ASU would actually suggest to the government that it give further consideration to removing mums and dads and small energy providers and families from the national electricity industry market, should they so wish. We believe that there have been a number of mistakes made in the development of the national electricity market that have been to the disadvantage of consumers. In particular, the recent high increase in charges associated with

distribution assets. The continued push for increased electricity charges for energy-time-of-use retail pricing through the Retail the businesses; also, are of concern.

We raise the question that perhaps the issue of competition in the electricity industry in Australia has gone too far and should be brought back in favour of the consumer.

RESPONSES TO THE AUSTRALIAN GOVERNMENT, DRAFT ENERGY WHITE PAPER 2011

Section 1.1 – The importance of energy.

The ASU's concerns around energy reform and the importance of energy in Australia are largely around access to electricity and gas for domestic, business and corporate citizens of Australia. Our concerns are specifically the electricity distribution, generation, transmission and retail hubs, as well as similar exposures of the gas industry.

Section 1.2 – The need for an Energy White Paper

The ASU supports the position expressed by government for a DEWP, providing the paper is developed in consultation with all stakeholders. In the past participation in Energy White Papers, energy papers and regulatory charges levied by electricity distribution and generation companies, have been limited to the prerogatives of big business and the energy authorities themselves. **It is of concern to the ASU that funding should be budgeted by the Australian Government, for financially supporting constituency parties such as unions, community groups and others that do not have the resources available to be able to prepare submissions of the complexity required in these debates.**

The preparation of submissions to the Australian energy regulator, as an example, are large complex and costly documents to prepare and (in all likelihood) the only organisations able to prepare such high quality submissions are the financial institutions, energy industry players, the companies themselves, state and federal governments, as well as large firms of accountancy and management authorities. **Funding and consideration must be provided to electricity industry consumer groups, established industry unions, industry stakeholders and others to ensure true responses are put forward by those organisations, for the benefit to our diverse society. In the past, the not-for-profit sector has been largely left out of the energy debate, unable to develop submissions. Further consideration must be given to supporting organisations of limited resource but broad access to community groups, to be able to respond in the short term to Energy White Papers and for the long term representation of the needs of the consumers and those that work within the industry at a non-management and board level.**

Section 1.3 – Shaping the Energy White Paper

The ASU considers that shaping the Energy White Paper should allow all organisations interested in this debate to be able to participate equally. Support; therefore, must be given to the not-for-profit sector of industry consumer groups: groups within the industry and academics that are not able to participate thus informing debate, without financial support for suitable research projects and related assistance.

Scope

The ASU supports the position that the Energy White Paper be developed from the energy industry's responses on circumstances that affect the industry resources and consumers. As an example of this, the **ASU supports the position that the Energy White Paper must make consideration of existing government responses to climate change and the associated issues of energy efficiency for the industry but should; nevertheless, be a stand-alone paper owned by those that participate in the industry. It is an ASU ethic that energy policies cannot be developed in isolation from the social expectations of society, environmental and related issues.** Our ethics support the broader scope of the Energy White Paper to the extent that it must embrace and support and necessarily reflect the issues of energy security and supply.

The ASU supports an approach to the Energy White Paper that is inclusive within the industry parties; that includes the developers of the industry by way of those participating in building and construction, the owners of the industry, state and private sector, those that work in the industry (through their respective Unions) and those that are consumers of the industry resources.

The development of any papers in respect of energy, in particular domestic assessments of **future demand, must address the abilities of consumers to be able to pay, to be able to access support should they not be able to pay due to their socioeconomic circumstances. That is, we believe that all parts of Australian society are entitled to have access to electricity and energy services;** that energy services are required to ensure a standard of living associated with a society such as Australia, being a developed nation. We would view with great concerns any market based approaches that do not include significant consideration of those that can least afford the supply of electricity.

The ASU notes that the Energy White Paper has been developed in draft stages and ASU participation in discussions; since 2009, for the development of an Energy White Paper for Australia. We have always put forward views when the opportunities have arisen. We also believe that there is an opportunity for public policy papers such as the Energy White Paper, to be developed in robust discussion in an ongoing manner with a range of industry parties and reviews from time to time are achievable.

It is not appropriate to simply prepare a Draft Energy White Paper (DEWP) and leave it unresolved for five years but it is appropriate to seek that development roll-out and acceptance of the **Energy White Paper should be resolved by way of the players being around the table. We would consider, as part of any ongoing debate and discussion around the Energy White Paper, that all organisations be represented; namely:**

1. **The electricity industry employers – public and private.**
2. **State governments & local government – see COAG model**
3. **Private sector participants**
4. **Regulators**
5. **Industry Skills Council**
6. **Policy and academic developers**
7. **Unions as representing employees in the industry**
8. **Consumer Groups**
9. **And other players that should be part of an ongoing consultative forum**

With a view to rolling-out industry reform, all the above mentioned parties should be enabled to meet regularly.

It is difficult in Australia to roll-out such industry reform and maintain a positive and consistent direction when there are a range of other circumstances that often create underrepresent the playing field. We note that within Europe there, are comparative positions for a country the size of Australia where member states, their respective industry parties including the unions and employers, all gather to develop and roll-out significant policies across all of Europe for the energy industry. We would consider these as important steps that should be given motion in an Australian context. Such steps should be taken in a manner that should be seen. As has been achieved for the industrial relations discussions that occur day to day in the industries, **a new model should be implemented that allows the parties to work in a co-operative manner.**

The lack within the Australian electricity industry (and many other industries across Australia) of a truly defined united industry national approach, disallows all players that participate the opportunity for voices to be heard and negotiations and outcomes achieved at a policy level, between principal organisations. A national approach, can in turn benefit the whole of society. We believe that further modeling work should be done between the government, industry and the unions, as well as consumers and that may take some of the discussion forward for a national agenda. **We would also urge the government to look closely at mechanisms of the model European Union energy consultative discussion and the ability for the Australian Government to roll out mechanisms in Australia. We would, of course, suggest that discussion groups be opened at two levels:**

1. **A forum level that allows a larger group of stakeholders to participate;**
2. **A steering group made up of industry parties (as suggested above).**

Both levels should be given powers to refer issues to the minister, the department for the Australian parliament.

Section 1.4 – Defining Energy Policy Framework

The ASU would support the core objectives in 1.4, those include:

1. Providing accessible, reliable and competitively priced energy for all Australians
2. Enhancement of Australia's domestic and export growth potential
3. Delivery of cleaner sustainable energy

The ASU supports the core principles as explicated on page seven:

1. Australians have the right to clean, secure, reliable and competitively priced energy
2. Energy is most efficiently delivered through well-functioning markets supported by effective and efficient policy and regulation
3. Energy policy and associated actions should promote economic efficiency and enhance national wellbeing
4. Energy frameworks and markets should provide appropriate consumer protection and provide a commercially attractive, stable and predictable investment environment

5. Government energy policy interventions should be transparent, cost-effective, justifiable against objectives and targeted to address identified market gaps or failures
6. Energy policy development and application should have regard to the full range of economic, social and environmental considerations
7. The Australian Government will work cooperatively with other Australian jurisdictions to develop and implement national energy policy and engage internationally with relevant governments and organisations to promote Australia's energy interests
8. Australia will meet its international commitments.

Section 2 – Energy in Australia

The ASU notes the complexity around the responsibilities for energy related resources that are held by both state and the commonwealth government including the roles within each state for energy production, transport, land use, mineral rights and environmental assessments as well as the commonwealth's role and the territorial nautical three mile limit.

We note also that many inter government arrangements have been implemented in respect of electricity industry reform since the pursuit of micro economic reform in the energy industry by the Keating government.

We also note the ASU has been a contributor to these discussions including in the 1990s the ASU and unions' industry response "**Powering the Future**".

We note that the debate in respect of the industry governance arrangements often is at an inter government level and there is not necessarily a vehicle that brings together customers, energy industry consumers, unions, employers and major stakeholders at a national level. We view this as a significant shortcoming in the current industry debate and positioning.

Section 3 – Future Energy Trends, Priorities and Challenges

The ASU notes the references to the volatility of the energy industry in Australia and would consider that there has been an issue of ongoing volatility in this industry since Australia became an exporter of coal and interstate competition was often the case as well as the role played by state governments, which often largely continues. We notice, however, that significant reforms have taken place in the electricity industry including the development of a "**cooperative arrangement by way of legislation**" arrangement for the electricity industry market that provides not only a cost market implication and opportunities but also provides for physical interstate grids in selected electricity areas across New South Wales/Queensland borders, Victorian/New South Wales borders, South Australia/Victorian/New South Wales borders and the link between Victoria and Tasmania. This is part of an intricate arrangement to maintain electricity industry stability that also includes participation by the Snowy Mountains Authority a joint ownership scheme model.

We note that the interstate connectors and market arrangements include both a mix of public and privately owned providers, however the private sector arrangements are largely heavily regulated assets and are not in a competitive mode.

Energy Networks

The ASU notes that the energy networks in addition to the above, also require significant investment in physical assets, skills and training and employee contribution to the outcome.

We note also the development of smart networks that can provide load management for electricity industry distributors, customers, retailers and other service providers, we include in this the notations on the Californian electricity industry market and its preference facilitation for electricity generated by various renewable sources and including availability of traditional coal. We note also that significant mixes in energy consumption are taking place in Europe.

In addition to the European models we also note that a number of European cities have now embarked upon processes of taking themselves off the electricity grid by way of localised electricity industry generation and reverted back to a role by municipal and private companies in providing that localised generation. This is seen as an opportunity to progress environmentally sound management opportunities, the development of tri-generation and the participation of a range of local factors that ensure electricity line losses are not part of the overall energy cost and mix. This should by way of its natural development ensure a cheaper price of electricity that is generated and consumed locally along with the environmental concerns that allow for both localised electricity distribution, localised electricity generation (with by-product use) and other localised issues. We noticed also that the level of energy generation needs to be significantly less when energy is consumed and generated at a local level. **We consider there are significant roles for local government to play in consultation and development of energy resources in this country. We note that the current constitutional issues ensure that the local government does not have a direct voice in these discussions but is rather usurped by way of state governments.**

Local government – we would consider local government would have a greater voice in the energy debate if we were to include a wider range of energy stakeholders as mentioned in the above forum by way of direct engagement with users, consumers, local regulators, state governments, local governments, unions and other related industry players. The creation of a broader based constituency for discussion and development of energy policy that would include the above constituencies would work in favour of a greater role for local government, local authorities and environmental issues to come to the table. Agreement on points and/or wide understanding of issues relating to these discussions at such a national forum level including the above stakeholders would and must ensure greater acceptance of industry changes as ideas and issues can be developed in a broader environment. **National industry consultation involving wide groups of players and opportunities to put forward those views in a bipartisan political and continuous way, not dependent on who is in government at that particular time should be an important feature of Australia's long time energy reliance, development and participation. We would urge the government to look at models that have existed such as the Nordel model in northern Europe, partnership arrangements and industry consultation that takes place in jurisdictions such as the European Union, related matters that occur in European works councils and debate and discussion that are seen as development and consultation with local communities.**

Building Community Engagement and Energy Awareness – The ASU considers this an important topic and one that should be developed in consultation with local

government authorities, local consumers and those that can make energy savings in a community manner. We have supported through the ASU **“Quality Public Services – Opportunities to Address Climate Change in Australia” – “A Discussion Paper on the Impact of Climate Change and Role of Australia’s Local, Public Services Can Play as the Nation Adapts to a Climate Constrained future”** (<http://www.asu.asn.au/media/climate-change-paper18nov08.pdf>, 2008).

The ASU publication emphasised the significant opportunities that can be played by local government in a range of energy related areas. This paper was widely received by ASU, and Public Service International affiliates (<http://www.world-psi.org/>, 2012), as well as presented to related unions at the trade union conferences coordinated as part of Copenhagen Climate Change 2009.

Section 4 – Australia’s Energy Security

Australia’s Energy Security appears to have solid provision from the development of environmental and renewable resources, however more can be done, and the traditional supply of coal as well as the move to mid-term lower carbon related fuels such as gas.

The ASU supports a range of energy related security measurements that include the development of localised electricity agreed arrangements from renewable industries.

We support the development of two tier electricity industry networks that create both a transmission and distribution system across the state and country **but we also support the development, where appropriate, of localised electricity generation distribution networks that can be part of the overall national grid access but can also increasingly become reliant upon localised fuel generation including from gas lower carbon orientated fuels, high quality coal where necessary as well as environmental and local arrangements. We consider that local government has an important in playing this development opportunity and should be encouraged to do so by way of financial contribution and support from the federal government and again matters referred to in a response.**

The ASU would suggest that we therefore need to consider an electricity security in three ways.

1. **A national overall approach including for electricity the interstate connectors and the development of the national grid.** (We make no comment on market.)
2. **State-wide electricity networks that provide the links so necessary within the geographical boundaries traditional ownership areas and the operational links that are required to take advantage of the overarching national grid and transmission assets in states.**
3. **The development of stand-alone localised electricity industry distribution networks that can encourage access and supply of electricity at a local level by municipal governments working with localised authorities as well as having access to the cross statewide network and be supported by such projects. We believe some of these can be cooperative arrangement between localised network owners and local government authorities as part of overall planning development and also where appropriate cooperation in the private sector in**

localised generation is occurring in some parts of the UK as well as tri-generation examples in Australia.

Global Economic Conditions – Relationship to Electricity Industry Distribution and Public Access.

Considerations of the global economic conditions are important issues as indirect influences on the Australian electricity distribution, transmission and generation industry. This includes both development at a technical level and the exchange of ideas, the development of equipment and industry resources that can be used across countries borders and technology shared with often localised production to meet these demands. Many features of the electricity industry are weighted on availability, plant and equipment, manufacturing deadlines and the physical size of many of the industry assets; this in turn provides ideal opportunities for high quality local manufacturing of products built upon technology developed in Australia as well as technology developed in other countries. **It makes little sense to manufacture and/or place Australia's future in the production line and/or long term bidding line of electricity items built in foreign countries.** Those countries priorities may change and/or we may lose long term technical skills and leadership. **The federal government should consider working with localised authorities such as the New South Wales government has done in supporting localised production of electricity industry products and/or resources used by those electricity industries.**

We note there are World Trade organisation considerations to be taken on board as part of any development in this area, however we believe that a substantial weighting and consideration must be given to the ability to manufacture and produce localised electricity industry resources, in particular those resources that can be used both in the production and distribution of traditional electricity generated by coal and/or play a key role in the development of renewable energies. We make reference and will make reference to smart electricity grids as part of this paper.

Electricity – The ASU notes that electricity industry assets in Australia are covered under national security classifications at the highest level. We also note that increasingly participation is being undertaken by the private sector including large or percentage ownerships of the electricity industry assets in foreign named companies.

We view with concern the operational arrangements of electricity industry assets where over 49% of the shares are held by offshore based companies that are either directly related to governments and/or are indirectly related to governments.

We note there are a series of considerations around the international airlines for Australia and the dictates of foreign ownership percentages we believe that similar percentages to this should be given consideration to be implemented in the Australian electricity industry. We would view with concern any operations of the Australian electricity industry that relied solely upon market or financial pressures around the generation and/or supply of electricity and do not allow for the dictates or direction of government should it be necessary at any time to overrule the electricity industry markets.

Whilst we have not researched this particular point it would seem doubtful that a federal government could direct electricity generation and/or supply throughout Australia when the electricity industry market legislation and grid requirements are dictated by a combination of both state jurisdictional laws as

well as some federal laws. With the larger component being around state regulation and laws forced however being supported by financial constraints and penalties at a national level.

We would ask the federal government to review the current ownership regulation issues surrounding electricity generation and distribution in Australia in favour of companies that provide electricity beyond a particular capacity and/or percentage points of grid that no more than a particular level of electricity may be able to be generated by companies that are not based in Australia nor are the directors of those organisation based in this country.

We would urge the federal government to consider World Trade Organisation rules and the trans Pacific partnership related trade matters and/or other trade agreements as they arise in the future and requirements that they may have for electricity industry assets in Australia. The ASU has made points in similar constraint to this as political gatherings and/or lobbying of political party policy including those of the Australian Labor Party and its consideration of trade related areas.

We would therefore urge the government not to develop WTO trans-Pacific partnership and/or USA/Australia free trade style agreements without consideration of reliability, integrity and Australian ownership of electricity industry assets, permitting no more than 49% of individual electricity authorities to be held in the names of foreign companies.

Electricity industry security scenarios developed around the possible interruption of supplies of petroleum products, interruptions of gas lines and the off-lining of a major electricity industry power station are of significant concern to the ASU and its members in particular those working in the electricity industry. **It would stand to reason that if there is an interruption in gas pipelines there are substantial demands for additional electricity industry supply from generators.**

We also note that the fine tuning of the national electricity industry market and bidding process to ensure that electricity being generated is used.

We hold within this some concerns that individual electricity industry power station operations in their own may be stand alone and manageable issues, however coupled with a reduction in a couple of power station sites and/or a power station of significant capacity such as Bayswater and/or Eraring in New South Wales coupled with the reduction in gas supply into a market may see consumers and customers pursue greater usage of electricity.

This creates a twofold concern in both the supply of electricity, the management of generation as well as the nature of the distribution, transmission and network capacity to ensure no overloading, brownouts and/or system failures. **We view with great concern any planning that does not take consideration and ensure that there is additional capacity in the electricity industry grid at short notice** that would both support a shortage of electricity in the grid and/or lack of generation coupled with the added component and/or stand alone from the other component of a reduction in or the ceasing of gas supply to major metropolitan hubs such as Sydney, Melbourne and other cities in particular those that are reliant upon.

We would raise with you the example of electricity industry peak demand in Victoria in winter, the inability of the Snowy Mountains interconnectors to reach Melbourne and/or be capacity restrained and the removal of domestic gas consumption. These

are important considerations and must be addressed as part of demand for this industry management.

We do however note that the current electricity industry planning arrangements of network and transmission capacity are based upon electricity industry demands but we would support modeling that has a multi dimensional factor including gas supply into the electricity market.

Section 5 – Developing Australia’s energy resources.

We note the reference in the paper to the %We have abundant world class energy resources and many decades worth of coal, gas and uranium reserves with good potential for more discoveries. Oil reserves are more limited but could be supplemented through new discoveries and technology advances.+ ASU members work in traditional and new era areas of electricity industry generation. This includes the current areas of coal supplied electricity generation and the numerically high number of employees that provide significant baseline resources to this country.

Whilst we note the reference to coal and uranium we have discounted our considerations in long term base load for these resources based upon the need to develop significant and environmentally friendly alternative generation sources and ensure that gas has its place for peaking rather than base load generation as well as, we believe, significant resources must be included in the development of new technologies around coal generation by electricity.

Whilst there are many elements within society including members of the ASU, that would have concerns on Australia’s reliance on electricity generated by coal in the long term in a practical way we must acknowledge that well over 70% of this country’s coal is used for export purposes and therefore generates high level carbon and/or environmental damaging gases off-shore but within the same world and therefore within the same climate change environment for Australia. **We note there will be continued use of coal-fired power stations in Australia simply by way of investment capacity and the life expectancies of the current range of coal-fired stations. These stations must continue to exist for the next 20 to 30 years simply based on the likelihood of those stations life expectancies, technology usage and a raft of economic considerations that make these power stations still viable considerations for some years to come.**

It therefore stands within reason that if we are to continue to be a significant exporter of coal and that we are to have base load power stations in Australia that continue to provide electricity via coal that we should do so in a manner that ensures the best possible results for society. With this in mind we would consider there is a necessity for Australia to be at the forefront of investment in climate changing arrangements around electricity industry changes through coal-fired generation of electricity.

It is our responsibility if we are to continue as a coal exporting nation, knowing that some of our coal will be used in developing nations such as India, China and other parts of south-east Asia and that there is the possibility of **coal continuing to remain a choice of electricity generation fuel in Australia that we must, in all moral reasons, economic and simply civilisation reasons of our society invest in technologies that will make coal a cleaner fuel, if it’s going to be used we have a responsibility to develop technologies around coal generation that**

minimise and/or eliminate pollutants and environmental damage. If this is not possible we must question if we do not invest in these technologies and try to make our products more environmentally sensitive then we must consider whether or not it is within our responsibilities to continue to market these products, i.e. If we have a product that is questionable in safety through environmental or other means we have a duty of care and we should make sure that we invest in coal climate change minimisation processes.

Developing Australia's energy resources we see a necessity as part of developing these energy resources to assist with the development of new industry technologies in transmission, distribution and generation.

Network – As part of the development of Australia's energy resources we must give consideration to the role the electricity industry network and distribution sector plays. In recent times a substantial amount of the electricity charge increase faced by domestic customers and business in Australia has been largely attributed to Australian Energy Regulator recharging arrangements to those that retail electricity on the country's networks.

Whilst this is an important area of creating national security of the electricity industry network it is an area that must be given consideration in the development of our reliance and supply of electricity.

To view it largely as a commercial transaction without giving consideration to the social reliabilities of this for domestic consumers mums and dads and small business does not seem appropriate.

There should be consideration therefore given by the federal government to seeing how such charges can be minimised to these domestic consumers and those that are in socioeconomic groups that need support.

We note that state governments are currently wrestling with this issue and face the political realities of having themselves divorced from the electricity industry network charges which are now a nationally regulated entity via the Australian Energy Regulator.

It is with this mind plus the ever decreasing and diminishing role the state governments play in the retail electricity industry market.

We therefore hold large scale concerns when state governments removed themselves from retail markets and/or there is a discussion around full deregulation that ensures no platform of minimal charges or no platform of maximum charges for domestic mums and dads faced by retail electricity consumption.

Electricity consumption is not a luxury but a necessity and an essential service in these days and should be treated accordingly by government in its considerations of ensuring that domestic retail customers are not exploited.

There is large scale argument around providing a regulated maximum network and retail charge that can be levied at mums and dads, electricity consumers and small businesses.

This can be developed by way of consideration of market charges to be paid by the big end of town, those consuming significant electricity in a commercial sense and

the ability of retail charges to receive some degree of rebate and/or support if they have been privatised with customers given no alternative than to remain with a public sector generator and/or distributor in their state.

Section 6 – Australia’s energy markets and improving energy productivity.

The Australian energy regulator and market production has become a tool of industry players and/or submissions made to regulators by those industry players.

The voice of consumers is often lost in this way until the outcomes are known, the charges sink in and the political realities come to term.

It should be considered to try and develop mechanisms that remove some of the domino falling that occurs when energy companies increase their electricity charges for good solid reasons and/or are permitted by regulators to do so, and we find that such arrangements has caused politic concerns that governments then choose to respond to in a negative way.

We would therefore suggest that a number of considerations could be given consideration by the government.

Network charges in Australia are rolled out currently by the Australian Energy Regulator over an approximately five year period, where monies need to be spent on those and those networks within that period. We would question if this period could be extended, to soften the blow...

Currently the Australian Energy Regulator determines prices for the energy distribution companies based on a five year cycle and giving them determination to spend on their systems.

The current high increases in the electricity network charges are unlikely to be repeated every five years over the next twenty to thirty years i.e. once a five year cycle of capital has been expended and charges recovered from the electricity retailers and users of the network, questions arise as to what would be the price for network charges in the future.

Should the federal government in consultation with industry and state governments arrive at a mechanism to review the AER charges over a five year period and consider the opportunity to expand those prices over a ten year period and/or longer in rebuilding the capacity of the electricity grid, this may be of benefit to reduction in electricity industry prices.

We note here in particular the size of the Australian electricity industry, the amount of work that needs to be undertaken by both the owner/operators of the network and contractors that maybe engaged to facilitate additional work on the network and the occurrences of storm, floods and bushfires.

These environmental constraints may well cause impact on the network and construction.

Whilst the ASU is not in a position to quote in more detail on this we would urge the federal government to consider other combinations that may see electricity industry prices not increase at the same rate over such a period of time. We note this may

not be possible in respect of industry constraints and such, however we would ask the question quite simply, what will the electricity network charges increase determinations be by the Australian Energy Industry Regulator in five years time and/or at the time of the review of the current cost framework and whether or not a review of those charges may provide an opportunity to give advantage to customers in the charges they face.

Electricity industry network – The electricity industry network in Australia is also built to withstand a particular high capacity usage in the peak times of summer and winter. Energy networks are built to withstand complexities of these peak periods and maintain supply when faced with these critical times.

This needs to be considered in any industry modeling that security of supply not only depends upon generation but the ability of the network to deliver at peak times.

The ASU notes that the continued advancements in the national electricity market and planning must be reflective and consider how we advance to the current position that we are in.

This is done by way of co-operational work with industry parties. We would suggest that similar engagement arrangements to what occurred in the microeconomic reform initiatives of the Keating era be considered again in ongoing reforms of the Australian electricity industry market and network.

Retail price regulation . The ASU does not support and is opposed to any deregulated market in respect of electricity industry sale retail price (retail electricity – not network). – We hold great concerns on the self reliance on markets and consumer advocacy as a means to control deregulated electricity energy prices. We believe that consumers must be able to have a voice over essential services and should have that voice recognised by a legal body, and that the best way to achieve this is by continued regulation of prices by way of an independent regulator, and the ability for consumers to be able to be heard by that regulator, is a mechanism that should be in advance of consumer advocacy but should be by way of regulation and empowerment to start with. We do not hold great long term trust in the ability of consumer advocacy as an after the fact thought as opposed to before the fact. At the moment there is limited affects on deregulation of electricity prices in Australia, some states have not deregulated and there is no doubt that once the country, if fully deregulated, we would see some difficulties occur that would be against consumer interest in this country.

We therefore hold great concern and would urge the government not to move by way of deregulation of electricity industry retail caps but to maintain regulation for those in the non-competitive market regime and ensure that the domestic consumers do not face hardship.

One question that does arise in discussion that the ASU has had internally is the view that perhaps the national electricity industry market has gone too far, and maybe that domestic consumers and small businesses should have the opportunity to return to a purely regulated environment of electricity industry charges and consideration should be given to how this should be executed by both retail and network arrangements to best benefit the consumer.

Improving price information and transparency . Australian energy consumers rely upon the advice provided to them by their local electricity industry network and/or retail company.

There is not the ability for consumers in this country to gain specific educational knowledge on how electricity industry prices work and there is not a strong mechanism to ensure consumer advocacy to both state and national regulators that participate in electricity framework issues.

We believe more that needs to be done here and would support mechanisms that place greater power in the hands of the industry regulators and also those that can control price hiccups. It stands to reason that consumers must be protected by way of essential services. It also seems strange to the ASU that in states such as NSW we continue to regulate the prices that can be charged for water and public transport usage, however in states such as Victoria consumers are no longer regulated by way of electricity industry charges.

Smart meters – The ASU looks at smart meters as an opportunity to provide an additional tool for consumers to use.

We believe that there are significant opportunities here for smart meters to be used both in an educational sense for care for the environment and to run major electricity prices products outside of peak demand periods, but we would question whether or not we should move the price of electricity to make it cheaper during off peak prices. In other words we question whether market forces should be used as a mechanism to fully embrace the use of smart meters and/or we should be looking at consumer education.

Today we recycle in our homes bottles, papers, plastic and glass in recycle bins and we recycle other rubbish in the traditional rubbish bin.

This is done without any additional payment to the mums and dads consumers or to business but is seen as a responsibility. **We would urge government to consider not allowing the movement of electricity prices to be higher in peak demand periods as this will encourage profit gouging and/or disadvantage to some consumer groups that will have two tiered price in electricity based upon their socioeconomic standards.**

We would urge rather that smart meters should be used as an educational means to have customers run electricity industry products outside of peak demand periods. We note that most household appliances, washing machines, dishwashers, swimming pools and other non-essential electricity industry consumer products are capable of being run outside of these peak demand periods. **We would urge the government to work with not just state governments but to work local governments in ensuring consumers participate in environmental campaigns that have greater awareness around their usage of electricity and the price processes associated with these.**

In respect of the charges associated with electricity industry meters and who should pay for the installation of meters, this is an issue that has occurred from time to time with what we have seen in California where the prices of the meters are optimised over a twenty year cycle or so with the meters being paid for and installed by the electricity industry companies and then recovering the monies from the consumer over a period of time. The current debate in Australia seems to be more so about short term recovery of meter installation prices that is not encouraging consumers to move in a more common direction for this purpose.

We therefore need to look at methods that encourage consumers to employ smart meters in their own home and look at how much they can save the environment in electricity industry charges.

We are not in a position where we believe that electricity industry charges can best be determined by market based forces and would suggest the first round discussions on electricity production should be about encouraging mums and dads consumers and heavy users of electricity industry to participate in programs that are environmentally sound and responsible and encourage lesser electricity consumption and not rely solely upon market based implications.

Smart grids and alternate electricity industry networks.

The ASU notes the advances that have taken place in Scandinavian countries in the use of non-traditional methods of smart grid operations.

We note the reforms that have taken place in cities such as Copenhagen, the opportunities for some cities in the UK to take their electricity consumption off the national grid and the role that smart city grids can play.

We note the DEWP refers to the current project being undertaken by AusGrid but we also note that similar projects are being undertaken by companies such as Essential Energy in rural NSW.

We are aware that smart grid operations not just provide the opportunity for electricity to enter the market at different prices and the opportunity to use renewable energies first and put base load energies at second and third tier level, but it also provides an opportunity for us to look at mechanisms that allow smarter operation of the grid and to allow for smarter operational tools in network switching and other activities.

These are important areas and significant ones for government consideration.

We hold a view that smart grids are an important feature and are issues that should be examined. **The ASU has undertaken work in smart grids in three areas.**

- . **We are working with our European colleagues in the understanding of issues associated with complexities on the roll out of smart meters and smart grids;**
- . **We have participated in inspections of the Essential Energy smart grid operations in Queanbeyan via the ASU National Energy Industry committee and:**
- . **We have participated in work undertaken by the Electricity Industry Skills Council, EE-Oz, to ensure that qualifications technology and skills are held in the highest possible way to take maximum benefit of the smart grid arrangements.**

We also have participated in a range of industry forums speaking up for those associated with the industry in work around the reform of traditional electricity industry grids and markets to the smart grid concept.

We support wholeheartedly opportunities that provide for smart grid usage and for benefits to be passed onto to consumers and customers. We also see this as an

important role for electricity industry workers to increase their skills and their value to businesses that choose to operate smart grids in the future. We believe that there will be a demand from customers, consumers and environmental groups for more consideration of smart grid operations which can provide the inclusion of localised electricity generation, renewable fuels, bidding processes for electricity price dispatch and a range of other issues that can be beneficial to the industry. We note that the position of smart grids is only one of many mechanisms designed to smooth the load on electricity supply across this country and should not be seen as the panacea or answer for all questions but rather one of the many, many tools that must be used to provide energy security, energy independence and stronger answers on environmental issues.

Effective policy and governance.

The ASU notes that a range of energy related initiatives fit around the policy and government arrangements and often programs vary from state to state.

We believe that many of these issues that are at variance from state borders and jurisdictions should be in the best share box and allow for energy industry companies to work cooperatively with one another. We noticed that some of these practices currently exist within Networks Australia and its predecessor the Electricity Supply Association of Australia. However we believe there is more work that needs to be done in this area and would urge consideration of the industry consultative model involving a wider range of players to provide first level feedback and consideration for future directions and acceptance.

The ASU was also a contributor to the smart technologies forum that was held in Parliament House in 2010 where energy electricity grids were one of the major contributors. We notice that this was an open committee hearing that included quite literally hundreds of participants at **a House of Representatives enquiry committee that was dealing with the issue of technology and smart grids. These sorts of opportunities for forums to be held in association with parliamentary committee enquiries are viewed as extremely important and highlight an important consideration of Australia's democracy, where parliamentary committees do not just listen to individual submissions but consider opening up forums for industry players that have significant contributions that could be made to the industry.** The ASU found this an important occasion so that we were able to mix it with business, industries, skills councils and government players on the concerns we had for the industry. As much was achieved in the formal discussions at this forum held in Parliament House as was achieved in the side discussions of industry partners. We welcome any discussions that the federal government chooses to initiate that create a wider opportunity for industry participants, the social dialogue players, unions and others to participate in and commend such activities along the lines that is currently undertaken by the European union.

Section 7 – The clean energy transformation.

The ASU supports mechanisms that will move towards cleaner energy usage, cleaner energy consumption and Australia reaching its climate change initiated targets.

We support mechanisms that provide industry opportunity to be involved in the clean energy transformation both now and in the future. **Some of these opportunities**

have been lost to the network industry providers, as in the case of NSW, where the retail component of the electricity industry has now been divorced from the network sector.

One of the advantages to having retail and network players under the one building was to look at developing opportunities for competitive issues between the retail and distribution industries. Ideas such as smart energy need to include not just the network but also the retail component of smart energy. It is therefore important for the federal government to facilitate opportunities that allow network providers and retail providers to work together to find some of these solutions now that market dictates have enforced separations between network and retail industry components.

With this in mind we would urge the federal government to consider a sub-committee of the above referred sector or industry wide consultative processes that may take place and for the federal government to support initiatives for energy retailers and network providers to work together to find common solutions. This could include awards from the Minister for Energy for such examples and major projects undertaken and should also involve, not just the energy companies, but also recognition for those bright minds in our country that are working with these changing environments both within the energy companies themselves as well as simply being environmental players.

Section 8 – Cross cutting policy issues.

A number of important issues need to be considered in this part of the report.

The ASU notes that extensive work has been done in respect of skills and training in the industry which the ASU supports. The ASU supports training for all workers in the industry, trades, non-trades, and paraprofessional, clerical and administrative and related areas.

The ASU is represented on the EE-Oz, Training Standards Australia Board. (ISC)

The ASU is a long term participant of industry skills councils and its precursors ITABS at both a national and at state level.

These are important areas for the ASU.

It is important for our members to obtain skills, training and the opportunities to advance themselves in their workplace by recognition and reward for these important skills.

We also feel it is appropriate that those that have been trained to do a piece of work in the electricity industry should be best off to use those skills for the time that they are employed *i.e. it makes little sense to train an electrical apprentice in being an electrician but to place them in a role where a large part of their time is spent on administrative duties and/or other responsibilities.*

It also provides an opportunity for those having non-electrical qualifications from both administrative and/or paraprofessional areas to work with those areas gaining additional qualifications and skills, but allowing the trades person to spend ±man hours on the job+0

The ability to utilise non-electrical trade workers in the electricity industry to perform supportive and lower level electricity tasks provides an opportunity for trained and licensed electricity industry workers to spend more time doing what they have been trained to do. It makes little sense to train an electrician and invest in electrical and/or engineering training and have that person perform tasks other than they have been trained for. Non-electrical employees offer an ability to support the work of electrical qualified persons at both an administrative level and also at a certificate level 2 or thereabouts level. We note the DEWP refers to issues of indigenous employment and creation of jobs in the industry. We feel there are many opportunities in the electrical distribution industry particularly in the non privatised distribution networks both in trades support as well as trades levels, clerical admin and all other industry classifications providing meaningful, satisfying and important work in this area and/or being in a position where they can utilise the opportunity to progress further up the ladder .

Having employees provide this additional labour requirement is beneficial and also ensures getting maximum results for the business. It also provides an opportunity for career advancement and progression for those working in other roles in the industry and provides good solid opportunities for progression for women workers, the percentage of women in this industry is quite low in comparison to many other industries and the opportunities to undertake ranges of employment based upon the regional demographics of this industry and the fact that it is, in most states, a substantial regional employer, offers great possibilities.

We however note that the opportunity to skill, train and employ the right number of employees often differs from the public to private mix of employment. We have referred to that in our opening remarks and view of concern companies that are interested in short term profits rather than the long term viability of the industry and the society that it serves. We further believe that regional based and/or state owned authorities with substantial regional influence are important catalysts to the community.

Having the right mix of employed staff numbers with appropriate skills working in their communities generates additional employment opportunities across the community and also provides for the opportunity for this equipment and skills to be used at significant opportunities of concern such as times of flood, bushfire and other natural hazards.

Skills, cross boarder work and Recruitment – We note that international recruitment has been used by a number of industries in Australia including the electricity distribution and generation industry.

Bearing in mind these industries high reliance upon clear communications for safety, for work performance and related activities in this dangerous industry, we believe that high level language skills in written, verbal and other are required as essential safety issues, in communications as well as the essential knowledge that comes from working on the Australian industry network.

We note further that other electricity industry networks do not operate to the same standard as some parts of Australia and that Australia also suffers from regulation across state borders in many trades related areas. **The ASU would support the movement towards the highest possible standard of recognition of paraprofessional, clerical, administrative and licensed trades across borders; we believe that the current process in place of the skills passport developed by the electricity industry in consultation with EE-Oz is an important significant**

move in this debate. The use of the passport has seen significant benefit in the post recovery issues in Brisbane, the post recovery issues of Cairns and other areas in northern Queensland post cyclone recovery and also has the ability to be seen as being widely used in border regions across Victoria NSW and South Australia with its neighbouring states. **The ability of the industry to deploy plant and equipment across state borders where the workers have a mechanism of being recognised as skills portable is important. Most of this comes from the non privatised areas**

There may be some issues associated with the reluctance of state governments to give up their licensing for electricity industry requirements and/or other licensed trades. We would suggest that this is an ideal opportunity for the industry skills councils to work with the industries and develop skills passports to be used across state borders in all trades and qualifications. In all likelihood the use of skills passports maybe unnecessary in the non-licensed industries however a degree of acknowledgement may well be. We therefore see this as an ideal opportunity for areas of the relative industry employers and the industry consultative players to participate in.

We would encourage the development of discussions at a national level based around electricity industry participants of unions, employers and industry skills councils and would suggest that the EE-Oz model for electricity industry passports be expanded beyond those currently using them in the electricity industry to more wider usage across the electricity industry as we would encourage the discussion with other industry skills councils on the use of electricity industry passports and/or similar.

International recruitment, the ASU notes the usage of international recruitment and this is not always the best way to proceed. There are opportunities for this but they are not the panacea that is often suggested. In all likelihood it is difficult to have workers migrate from one country to another unless you are selecting employees with appropriate language skills as mentioned above. This then reduces the catchment of industry workers that you might try to aspire to and the necessity to maintain social fabric for those that move to the new work area in Australia. This has been successful in some areas but we would encourage not the reliance upon workers in Europe and/or other countries to be the possible future labour for this industry, but rather offer an opportunity to a lesser degree of workers seeking to experience workplace culture changes. There may well be some benefit to providing programs of an international basis through the International Energy Agency or other organisations and/or direct links between Australia and its European colleagues where language issues are not a barrier.

In respect of international engagement in general beyond the non-employment category we believe there is an important role for such activities to be undertaken. Currently a number of projects of interest including the smart grid project being rolled out globally by IBM and participated on by a number of electricity distribution companies across the globe is important. In particular Essential Energy in NSW is participating in this project along with distribution companies in Europe, India and the Americas through IBM relationships. Project participation such as this is significant if we are to learn from our international counterparts on the future and how we may be able to develop issues that are of significance for our industries.

We would urge consideration be given to the employment related aspects including skills training and safety as part of any international recruitment .

International experience has shown that employment is of concern in this industry if companies do not invest in the requirements at the right time. In 2004 the International Labour Organisation convened a meeting of industry employers, unions and government to examine this very issue of electricity industry skill shortages.

It was found that the industry had failed globally to recruit and employ trainees and apprentices across the industry in the period of the mid 1990s to the late 1990s. This was based in part on the global phenomena of electricity industry restructuring moving towards privatisation or corporatisation models from traditional public sector ownership models. In the mid 1990s it was thought that the industry had surplus labour and that there was not a necessity to train and skill additional employees and apprentices. **As the change program took place the industry noticed that it was short of industry skills trained employees and embarked upon processes to remedy this by recruiting additional employees.** However there are only so many apprentices and trainees you can train in any one year in any one company. If you lose seven years such as occurred in the mid 1990s in a number of electricity authorities, if you lose seven years it is very hard to retrieve that seven years back within a reasonable timeframe, hence we often find an aging workforce in this industry.

Skills and training opportunities embraced now and employment of those officers realises a benefit to the company in stand-alone individual workforce members in four to six or seven years depending upon the skills required .

We therefore believe that skills and training is an important ongoing issue be it public or private no matter whether it be administrative, clerical, paraprofessional, trades or other groups. These are important areas and the industry should continue to embrace training, skills and programming of these workers and ensure that work is being undertaken in the best possible and effective way by utilising workers in the skills they've been trained for.

We view with extreme concern any tendencies taken by the electricity industry to engage employees in non direct relationship manners such as short term contracts, agency or recruitment staff where those employees do not participate in the long term programming of the companies nor feel they have attraction towards long term secure employment and therefore consider other employment aspects.

We therefore urge that any employment data relating to staff turnover should include all employees in the industry, direct, non-direct and contractors.

Global Reporting Initiative

We would support steps taken by the Australian Government to work with industry to develop support for sign-offs of the Global Reporting Initiative (GRI) principles for the electricity industry and embrace an opportunity for these products to be included in the companies directions and industry related planning.

We believe it is important to not only do this from a good corporate citizen perspective but there are sound and cogent and financial reason for the adaption of the GRI principles: <https://www.globalreporting.org/information/current-priorities/integrated-reporting/Pages/default.aspx> (2012).

The ASU has had presentations at its ASU National Conference for senior level officials of the union to embrace the global reporting initiatives and has kept its branches informed of this action over the years.

The ASU was also part of a group providing data and reference to the global reporting initiative development and discussions and participated in the successful outcomes and the embracing of the global reporting initiative for this industry.

We support international benchmarks that are developed in consultation with organised labour and observe and support the International Labour Organisation charters, treaties and where appropriate OECD mechanisms.

We hold support for projects such as the OECD guidelines for owned corporatised structures and government operations and how these are designed to ensure services are kept as ownership related matters are dealt with when there are competitors in the marketplace.

Look forward to discussing the DEWP with the federal government and appropriate agencies as required.

CLOSING STATEMENT

The ASU looks forward to ongoing consultation and would wish to be kept involved in all discussions so that it may contribute to this debate.

Should we have missed possible opportunities to participate in processes around these discussions in the past this is regrettable, however the ASU seeks to participate in an ongoing way in this paper and its discussion in particular to areas around structural policy and labour related matters.

Yours faithfully

Greg McLean
ASU Assistant National Secretary.