



31 January 2013

Mr Philip Weickhardt  
Presiding Commissioner – Electricity Network Regulation Inquiry  
Productivity Commission  
Level 2, 15 Moore Street  
Canberra 2600

Email to: [electricity@pc.gov.au](mailto:electricity@pc.gov.au)

Dear Mr Weickhardt and Dr Craik

**Re: ASU Submission on Draft Report - Inquiry into Energy Network Regulation**

We note that the Australian Services Union (ASU) has made a submission in response to the Commission's draft report, and appeared before the Commission at a public hearing on 10 December. The ASU develops a number of arguments to advocate for continued public ownership of electricity networks, which I would note SP AusNet does not consider being at all compelling. Of concern however, the ASU has made several incorrect statements to the Commission relating to SP AusNet. The purpose of this letter is to provide accurate advice relating to these points.

**SP AusNet Apprenticeship Program**

The ASU (page 6 of its submission and on page 13 of the appended paper by Dr Phillip Toner) states that SP AusNet took on zero new apprentices in 2010-11.

This statement is not correct. In fact, building and supporting a high performance culture is one of the key targets of SP AusNet's business strategy. This is being achieved through a commitment to planning and implementing programs that encourage and develop our people, and ensure we have the right skills and resources for the future.

SP AusNet took on 34 apprentices in 2010/11. The new apprentices joined the existing 128 apprentice, trainees and graduates to work across SP AusNet's networks in various capacities from designers, testers, line workers and graduate engineers in gas and electricity.



Also in that year SP AusNet was presented with the 2010 Minister's Award for Excellence for Employers of Australian Apprentices for the Gippsland region by the Federal Skills Minister, Senator Chris Evans. The award recognises and rewards SP AusNet for demonstrating commitment, innovation and outstanding achievement in the training of apprentices.

This information is contained in SP AusNet's 2011 Business Review, which is published on SP AusNet's website and was lodged with the Australian Stock Exchange on 8 June 2011.

### **Royal Commission Findings on the Black Saturday Bushfires**

In its submission, including through the appended report prepared for the ASU by Dr Phillip Toner, makes several statements and claims relating to the bushfires which occurred in Victoria on 7 February 2009 that are not correct.

The ASU appears to claim that the Victorian government has contributed to the restoration of the electricity networks damaged by the fires (page 7 of the submission and page 326 in the public hearing transcript). This is not the case for SP AusNet's distribution network, where SP AusNet restored services following the bushfires using its own balance sheet. This accountability on the network owner is the normal approach to rebuilding of assets and restoration of services following damage by external impacts, such as fire, storm damage and flood.

In his report prepared for the ASU Dr Toner observes that the Bushfires Royal Commission found that inadequate maintenance was a factor in the bushfires (page 7 of Dr Toner's paper). This is not correct. In its final report the Royal Commission does conclude that electricity assets were the cause of a number of the fires, but it does not identify inadequate maintenance as a factor.

SP AusNet is a defendant in litigation that has been brought in connection with the 7 February 2009 bushfires located at Kilmore East. Litigation in relation to the Beechworth fire has been concluded with an out of court settlement. Subsequent to the Royal Commission's final report, a report prepared for the State Coroner implicates electricity assets in the ignition of the Murrindindi fire. A litigation claim has also been launched in relation to this fire. In relation to its conduct SP AusNet denies it was negligent. SP AusNet strongly holds the belief that its conduct was at all times reasonable, in compliance with technical regulations and reasonable in light of economic regulations applicable to SP AusNet.

We request that the Commission publish this letter with submissions on the draft report.

Yours Sincerely,

Alistair Parker  
**Director Regulatory and Network Strategy**