

Where's the Half a Billion?

SAPN says there has been \$500M in revenue reduction due to the Australian Energy Regulator's (AER) 5-year regulatory reset decision.

On 25th of May we asked SAPN to explain this revenue reduction and we were told that the AER's decision is a public document, go and read it.

We did, we couldn't find a \$500M shortfall anywhere.

The AER rejected SAPN's first proposal and after asking for more information, SAPN re-submitted a [revised proposal](#) with more information which recommended less revenue.

- SAPN first proposed total revenue \$4,214.5M
- SAPN revised proposed total revenue \$3,916M
- AER final decision total revenue \$3,914.2M

The difference between SAPN's revised revenue and what was approved by the AER is \$1.8M, not \$500M.

[AER Final Decision](#) table 2, Page 21.

	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Annual expected revenue (smoothed)	775.9	779.4	782.8	786.3	789.8	3914.2

This final amount also includes extra revenue of:

- \$45M increase on top of the existing Efficiency Benefit Sharing Scheme (EBSS) which has already rewarded SAPN for efficiency gains over the period. (This is the AER's version of a BBIP).
- \$14.8M reduction to the cost of Corporate Income Tax Allowance.

So, where's the Half a Billion?

Where's the Uncertainty?

SA Power Networks is a regulated entity, which means they have a guaranteed and known amount of revenue, currently projected for 5 years into the future.

The argument that COVID-19 is playing a part in the uncertainty of SAPN's operating model doesn't align with the feedback that our members have given us. Workers say that they have been as busy as they have ever been through the pandemic. Our members have either taken the work home or used worker separation strategies to push forward with the continuous uninterrupted workload.

Using the broader economic outlook of Australia as an argument of uncertainty in a regulated industry makes no sense to us. Regardless of the economic outlook, the power stays on.

So, where is the Uncertainty?

Where's our Pay Rise?

SAPN employed BIS Oxford Economics to provide price forecasts of [labour costs for the 2019 -2025 period for the regulatory period](#). See page 4.

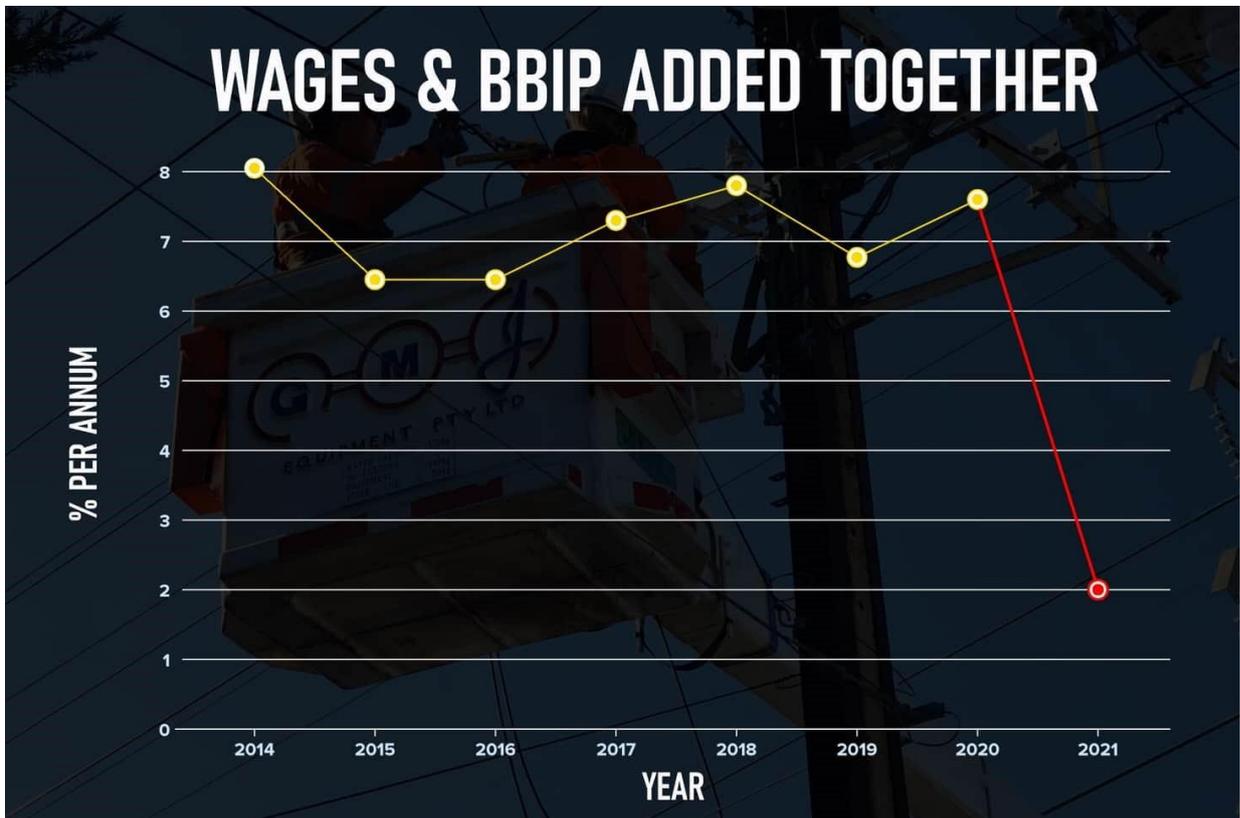
The expected wage increases for SAPN employees in South Australia is 3.5%.

This is the figure SAPN presented to the AER to construct their expenditure forecast for the regulatory reset period.

Telling the AER that their projected wage increase to workers will be 3.5% and then offering the workers 2%, plus the complete removal of the BBIP raises the question of how much do they value their employees?

The workers are being more than reasonable by being open to the idea of a 12 month roll-over, but the workers need the opportunity to resolve many long running and very important issues.

The AER also factored into the calculations a 2.27% Inflation rate per year on all expenses. SAPN's current wage offer of 2% does not even hit the AER's predicted rate of Inflation.



As you can see our annual wage increase plus BBIP year on year has hovered between 6 and 8 % for the last 7 years. Now with the BBIP dropping to 0 that leaves us with only the wage percentage left as a real world pay increase.

YEAR	BBIP	WAGE
2014	3.8%	4.25%
2015	2.2%	4.25%
2016	2.2%	4.25%
2017	3.8%	3.5%
2018	4.3%	3.5%
2019	3.27%	3.5%
2020	4.1%	3.5%
2021	0	2.0% (Proposed)

Where's Our Pay Rise?

For more information regarding the SAPN/Enerven enterprise agreement negotiations, contact your relevant union workplace delegate or your union Organiser on:

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PLEASE SHARE THIS UPDATE WITH YOUR WORKMATES