your united team of collective strength

# SAPN/Enerven EA: Update 04-06-2021

## How many millions (and billions) in profit do SAPN/Enerven need to make before the CEO and the owners give workers a fair pay increase?

Workers tell us they get the message regularly from managers that you're working harder than ever and they appreciate you. But then they also say workers are paid too much and they need to cut costs to be commercially sustainable.

That raises the question, how much profit do they need to make before they will agree to a fair pay increase for your hard work and the money you make for the company and owners?

Here's how much SA Power Networks, and the companies that own and control SA Power Networks (SPARK Infrastructure and CKI Infrastructure) made in profits recently:

| | **CKI** | **SPARK** | **SAPN** | | |
|---|---|---|---|---|---|
| | **Profit attributable to shareholders**[2] | **Profit** (before tax)[1] | Total revenue[1] | Operating expenses[1] | **Profit** (before tax)[1] |
| 2019 | **$1,786,020,000 (AUD)** **$10,506,000,000 (HKD)** | **$139,300,000** | **$1,228,300,000** | **$537,500,000** | **$173,000,000** |
| 2020 | **$1,244,400,000 (AUD)** **$7,320,000,000 (HKD)** | **$159,800,000** | **$1,238,400,000** | **$570,300,000** | **$132,600,000** |
| 2021 | **?** | **?** | **?** | **?** | **?** |

Sources: [1] Fact books and annual reports: www.sparkinfrastructure.com/investor-centre/reports-and-presentations
[2] "CKI Ten-Year financial summary": www.cki.com.hk/english/investor/annualReport/index.htm

Yes, you read that correctly in 2020 SAPN made $132 Million and CKI Infrastructure made $1.244 **BILLION!**

## What about needing to be more efficient – or workers being paid too much?

From our reading of the corporate reporting documents *yes* profits have declined, but that's largely because:

- Increasing operating costs as a result of new regulatory obligations, and
- Reduced revenues from economic factors and regulatory changes

You are working harder than ever to deliver these enormous profits, and they are actually reporting lower labour (wages) costs. Even then they still want to cut your conditions and pay workers less. That looks like cutting costs to maintain the significant profits they've made every year since ETSA (SA Power Networks) was privatised rather than being necessary to maintain commercial sustainability.

Here's what their corporate reports say about 2020 in particular and what we're using to support these statements:

Regulated, semi-regulated and unregulated operating expenses (excluding Enerven). SA Power Networks' operating expenses were $301.2 million, an increase of 3.1% from 2019. This increase was largely due to a revised corporate overhead capitalisation policy resulting in an increase in costs in 2020 offset by the impact on 2019 of

provisions raised in relation to the November and December bushfire events in 2019 and reduced expenditure in connection with emergency response and lower labour costs.
**(Spark Annual Report 2020 page 51)**

In November 2020, SA Power Networks approved its 2021–2025 Strategic Plan, which defines its new vision of "Leading the transformation of energy services for a sustainable future." The plan directly responds to challenges and opportunities arising from: Reduced revenues from economic factors and regulatory changes.
**(Spark Annual Report 2020 page 19)**

And here's what those same reports and corporate documents say about SA Power Networks' efficiency and productivity:

| **Efficiency of SA Power Networks** | |
|---|---|
| 2015 | The Australian Energy Regulator (AER) recently ranked South Australian electricity distribution as the most efficient in its jurisdiction on a State by State comparison in its 2015 benchmarking report.<br>**(2015 Fact Book)** |
| 2016 | The distribution benchmarking report shows that the Victorian and South Australian Distribution Network Service Providers ("DNSPs") are the most productive relative to their peers.<br>**(Spark Annual Report 2016 page 9)** |
| 2017 | The AER's November 2017 Benchmarking Report recognised SA Power Networks as the most efficient distribution network on a state-wide basis within the NEM for multilateral total factor productivity.<br>**(Spark Annual Report 2017 page 14)** |
| 2018 | The AER has recognised that CitiPower, Powercor and SA Power Networks have consistently been the most productive and that the decline in productivity is due to increasing operating costs as a result of new regulatory obligations.<br>**(Spark 2018 Annual Report page 56)** |
| 2018 | SA Power Networks was assessed by the AER as the most efficient electricity distribution network on a statewide basis in its 2018 Benchmarking Report.<br>**(Spark Annal Report 2018 page 14)** |
| 2019 | SA Power Networks has a history of ranking as the most efficient electricity distributor on a state-by-state basis in the National Electricity Market, and has the second lowest state-by-state distribution charges per residential customer.<br>**(Spark 2019 Annual report page 16)** |
| 2020 | SA Power Networks was once again rated the most productive distribution network in the National Electricity Market.<br>**(Spark 2020 Annual Report page 4)** |

All union members are arguing for is a fair, reasonable and balanced enterprise agreement!

As part of this aim we asked SA Power Networks/Enerven to back date any pay rises, to compensate workers for what is likely to be negotiations going on beyond when you'd ordinarily receive your annual pay increase. They have said NO because there's no benefit to them doing that.

Your senior managers are the reason we haven't finished Bargaining. Their avoidance of Bargaining ( including when they 'ceased Bargaining') is going to start costing you and every single SA Power Network worker soon. By saying NO to this request they will increase their profits – we think that is unfair.

We want to get Bargaining done, with a good outcome for Members as soon as possible.

Your CEO Rob Stobbe and his management team aren't being fair OR reasonable. They are still proposing to reduce pay and conditions at SA Power Networks and create a 2-tier workforce, including (but not limited to):

- Reducing new-workers' wages to 80% of current rates
- Reducing allowances by up to 30% for new workers
- Enabling changes to your 'indicative tasks' at management's discretion
- Less job security by removing contractor parity clauses and making it easier to use casual labour and labour hire over permanent workers.
- Reducing their requirements to consult about changes to your work, rosters and hours
- Advertising Vacant Positions externally at will, removing current employees career progression

Please talk to the workers around you and keep informed by reading and sharing our newsletters.

**SAME WORK, LESS PAY, WE SAY, NO WAY**

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

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**PLEASE SHARE THIS UPDATE WITH YOUR WORKMATES**