

Division 19: Economic Regulation Authority, \$1 657 000 —

Mr S.J. Price, Chair.

Mr M. McGowan, Treasurer.

Mr S. Edwell, Chair.

Ms J. Gardner, Chief Executive Officer.

Mr R. Sarawat, Executive Director, Energy Markets.

Mr P. Kelly, Executive Director, Regulation and Inquiries.

Mr D. Lines, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: The estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

The member for Moore with the first question.

Mr R.S. LOVE: I refer to page 284 of budget paper No 2, volume 1, and paragraph 4 on the rail excess regime. Can the Premier provide an overview of the work that the authorities are doing on this project, whether the associated costs of any additional functions will be borne by taxpayers, and how long it will be before the ERA finalises this project?

Mr M. McGOWAN: I will ask Mr Edwell to provide some advice.

Mr S. Edwell: Is this question on the rail excess regime; is that right?

Mr R.S. LOVE: That is right. Can we have an update on what the additional functions will cost, whether the cost will be borne by taxpayers and when it is anticipated the project will be completed?

Mr S. Edwell: That raises the issue as to what the project is. Currently, the authority has a pretty limited role in the adjudication or regulation of the rail sector. There has been, and it is still ongoing, an agenda to reform the regulation of the rail sector because I think it is recognised that there are some deficiencies. That agenda is being addressed by the Department of Treasury. We understand that a number of additional responsibilities will be allocated to the authority as a result, but that policy has not yet been finalised. Accordingly, we have not been able to fully undertake the function because it is not defined, nor have we been able to fully determine what resources will be needed.

Ms M.J. DAVIES: This work has been going on, from Treasury's perspective, for some time. There is no indication of a time line for the ERA. It will be a significant piece of work because it is going from a light touch to a far more hands-on approach to regulate and be involved in setting costs. Much of the debacle between CBH and Arc has come about because of that contract and the inability of the ERA to insert itself into that. I would think that would be something we would seek to avoid. Also, if we want more freight on rail, with the number of mining companies coming on board particularly in the wheatbelt, great southern and midwest, a clear access regime needs to be put in place to take advantage of that. Can we get some indication of that?

Mr S. Edwell: I agree. I think the intention is that there will be more transparency in the way regulation occurs. One problem in the sector is that transparency is deficient. There are also issues around the evaluation of rail assets for pricing purposes. There are a bunch of things that people generally recognise as being problematic. We are unable to comment any more until we get the role.

[11.00 am]

Mr R.S. LOVE: I want to ask about Western Power's access arrangements. How long will it take to go through that work? This is item 1 on the same page. Western Power's network access arrangements are being put through the new review process. When might we see that coming up?

Mr M. McGOWAN: I invite Mr Edwell to comment.

Mr S. Edwell: These access arrangements take about 18 months. Currently, we are in the process of seeking and considering submissions. The first point will be a draft decision by the authority on Western Power's proposal, which is due in September this year, and then we will produce our final report in the first quarter of next year.

The appropriation was recommended.