

ELECTRICITY UTILITIES — PERFORMANCE BONUSES

609. Hon HELEN BULLOCK to the Minister for Energy:

I refer to the performance bonuses paid to the utility executives that have now been added to their base salaries.

- (1) What percentage of the maximum bonus was paid in 2008–09 and 2009–10?
- (2) Why was the bonus bought out at full value when it was at-risk money?
- (3) Will the minister table the advice that the government and Western Power received before making this decision; and, if not, why not?

Hon PETER COLLIER replied:

I thank the member for some notice of this question.

The copy of the question I was given does not have question (3). It asks whether I will table the advice, and I have responded accordingly. It was not listed as question (3). I have responded, but it was not question (3).

- (1) Verve Energy: not applicable.

For Synergy the situation regarding the salary of Synergy executives is different from Western Power. Synergy's new CEO commenced on 1 April 2011 without an at-risk component. He has undertaken a restructure of the organisation, which has included the appointment of four new executives. The appointment of the four new executives was made without an at-risk or bonus component and their salaries were based on independent benchmarking. The final two existing executives had their roles redefined. As a result of the redefinition, one executive received a 13 per cent increase in total fixed remuneration in recognition of additional responsibilities and to compensate for the removal of the at-risk component. The other executive received a 4.6 per cent increase to compensate for the removal of the at-risk component. In 2008–09, the two relevant executives received 88 per cent and 86 per cent of the maximum bonus. No at-risk bonuses were paid by Synergy in 2009–10.

For Western Power the range in 2008–09 was between 80 per cent and 90 per cent, and in 2009–10 it was between 83 per cent and 85 per cent.

For Horizon Power in 2008–09, each Horizon Power executive received, on average, 66.30 per cent of the average eligible bonus amount of \$49 232 per person and in 2009–10, each Horizon Power executive received, on average, 74.96 per cent of the average eligible bonus amount of \$68 059 per person.

- (2) Verve Energy: not applicable.

Synergy: not applicable. The full value of the at-risk component has not been bought out.

Western Power: because of contractual obligations on which legal advice was taken.

Horizon Power: not applicable, as Horizon Power's executive contracts are based on market rates for similar positions and do not include a performance payment component. These contracts were developed to reflect the new responsibilities of the executive group following Horizon Power's organisational restructure, commencing 2 May 2011.

- (3) For Western Power advice obtained by Western Power's board will not be produced, due to confidentiality and client–lawyer privilege.

Horizon Power: not applicable.