

ROBIN CHAPPLE MLC

Member for the
Mining and Pastoral Region



Hon Simon O'Brien MLC
Chair, Standing Committee on Environment
and Public Affairs
Parliament House
WEST PERTH WA 6005

SIMON

Dear Hon Simon O'Brien,

Re: PETITION NO 56 – PILBARA UNDERGROUND POWER PROJECT

Thank you for this opportunity to provide a written submission regarding the matters put forward in Petition No. 56, which I tabled on behalf of the Petitioners.

This petition was promoted by Ms Danielle Hage of the Karratha Ratepayers Association (KRA). The KRA is extremely concerned about the implementation of and continued cost blowouts to residents of the Pilbara Underground Power Project.

The Pilbara Underground Power Project, a Royalties for Regions scheme, was initiated by the state government in 2010 to replace ageing overhead infrastructure in the cyclone-frequented North West with safe and reliable underground power. The original budget for the project was \$130 million with 75 per cent to be provided by Royalties for Regions and the remaining 25 per cent to be paid by ratepayers through the introduction of a council levy; an average contribution of \$3,300.

Original estimates for the Pilbara region as identified by Mr Frank Tudor in the lower house on Wednesday, 21 May 2014 were "about \$11,000 to \$12,000 per lot" yet for no other explanation than "cost escalations" Mr Tudor goes on to identify that in some cases these costs had blown out to \$40,000 per lot. The final estimated cost to complete the project is now \$230 million, a blowout of \$100 million.

I support the petitioner's concerns that the charges now being imposed by the City of Karratha do not reflect the stated commitments given by the President of the Shire of Roebourne, Horizon Power and the Pilbara Cities during the projects inception and stated costs. I consider the cost overruns of the project now lumped onto the residents of Karratha to be unfair, unnecessary and unwarranted.

To that end the Shire of Roebourne, Horizon Power and Pilbara Cities have also failed to consult meaningfully with the community as to the costs overrun of the project. In many instances residents have been given little information other than a bill and a date by which to pay said bill. To use an example, after I enquired on behalf of a ratepayer, Horizon Power revised their bill from \$15,211.29 down to just \$482.60 and labelled the error a simple calculation mistake. This is but one example of the incompetence shown throughout the lifetime of the project.

PORTFOLIO AREAS:

ENERGY & CLIMATE CHANGE; MINES AND PETROLEUM; STATE DEVELOPMENT & INDUSTRY; NUCLEAR ENERGY; LOCAL GOVERNMENT; WASTE MANAGEMENT; PORTS; PASTORAL ISSUES; ABORIGINAL ISSUES; RACING AND GAMING; AND REGIONAL SUSTAINABILITY.

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Furthermore, and by the government's own admission, it is not 'normal practice' to bill the community for regional power upgrades. In the case of Karratha, the voltage upgrade from 11kva to 22kva was to service only the Karratha Light Industrial Area yet it was the ratepayers of Karratha who financed the upgrade. This is both unfair to the ratepayers, and as previously stated, outside of 'normal practice' as such the cost of this upgrade should ultimately fall with Horizon Power.

The KRA also holds grave concerns over the handling of the PUPP from its inception in 2010.

Firstly, the 2009 Pilbara Cities blue print forecast a population growth in Karratha and Port Hedland to 50,000 by 2035 primarily driven by the mining industry, in particular a phasing out of FIFO style employment. However, the Department of Regional Development has confirmed that the mining industry was not consulted prior to the announcement of the Pilbara Cities initiative. We are now seeing in the Pilbara, especially with Rio Tinto, a move to driverless equipment and a general tightening of work places that is resulting in less jobs being available in the region.

Contrary to the premise with which these initiatives were conceived the population in the region is decreasing and we now have a situation where more than 400 homes are empty in Karratha alone. Had the mining industry been properly consulted this issue could have been accounted for and the remaining residents in Karratha would not have been unnecessarily fiscally impacted.

Secondly, I, along with the petitioners, hold grave concerns over potential conflicts of interest identified during the time of establishment and decision making by the Shire of Roebourne of the PUPP. These matters need to be properly investigated and rectified if found to be true.

I support the petitioners concerns about the failure of Horizon Power and the Shire of Roebourne to carry out a due diligence assessment of the project that was committed to by the Shire on behalf of the community. The purpose of this petition, which I support, is to determine what action will be taken by Horizon Power, the State and the Pilbara Cities program to ameliorate the fiscal impact being applied by the city of Karratha on the recipients of the PUPP.

Thank you for taking these comments into account in your deliberations. Please don't hesitate to contact me should you require further information or clarification of any points.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Chapple', with a long, sweeping underline that extends across the width of the signature.

The Hon Robin Chapple MLC
Member for the Mining and Pastoral Region

10 October 2014