

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Wednesday, 7 July 2010

Office of Energy

Supplementary Information E1 (Page 3)

Question:

Hon Ljiljanna Ravlich asked:

(a) For information regarding hardship and financial assistance on the breakdown of funding, including the allocation of the money to each function/purpose/scope of work for 2008, 2009, 2010 and 2011;

(b) For information regarding hardship and financial assistance on the numbers of grant recipients and grants paid for 2008, 2009, 2010, 2011; and

(c) For confirmation of the reason for the difference between 'Hardship Measures' quoted in Budget Paper 3 (\$7.7m) and Budget Paper 2, Volume 2 (\$8.9m) in the 2010/11 Budget?

Answer:

(a) Expenditure and Funding for Hardship Programs (\$,000)

Program	2008/09	2009/10	2010/11	2011/12
Hardship Efficiency Program	979	5,495	10,500	10,500
Hardship Measures	-	2,900	7,400	-
HUGS + Financial Counsellors (DCP)	4,060	5,520	7,572	4,060

Code:

Estimated Actual Expenditure

Allocated Funding

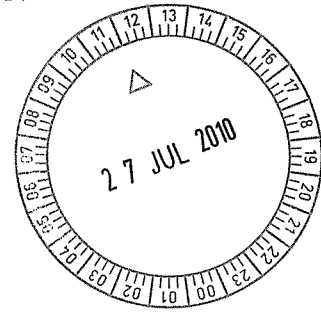
The Hardship Efficiency Program includes the:

- Household Audits Sub-program;
- Fridge Replacement Scheme;
- Special Projects;
 - Horizon Power Town Reserves Special Project; and
 - Esperance Hardship Efficiency Special Project.
- Efficient Water Heater Scheme (for LPG dependent areas) to commence in 2010/11;

Other sub-programs and/or special projects may be developed at a later date.

Hardship Measures comprise funding for:

- Tariff and Concession Framework Review;



- Provision of efficient water heating in public and community housing; and
- Increased funding for HUGS and independent financial counselling (this funding has been in the first instance allocated within the Office of Energy's budget to be transferred to the Department for Child Protection at a later date).

The \$31.4m in additional hardship funding referred to in Hansard is comprised of the following (\$ million):

Additional Hardship Assistance (2009/10)	2008/09	2009/10	2010/11	Total
Rebates	1.2	5.1		
Hardship Efficiency Program		1.3		
Increased HUBS and Financial Counselling	0.1	4.9		
Subtotal	1.3	11.3		12.6

Additional Hardship Measures (2010/11)	2008/09	2009/10	2010/11	Total
Rebates		1.1	3.5	
HUGS and Financial Counselling (DCP)		0.3	3.6	
Hardship Measures		2.9	7.4	
Subtotal		4.3	14.5	18.8

Total	31.4
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(b) The Office of Energy does not provide grants to customers in hardship. Details of the services provided to customers in hardship under the hardship assistance sub-programs that are funded and administered by the Office of Energy are as follows:

HOUSEHOLD AUDITS

Synergy

- 336 Synergy customers received a household energy efficiency assessment, efficiency products and education in 2008/09;
- 695 Synergy customers received a household energy efficiency assessment, efficiency products and education in 2009/10.

Horizon Power

- There was a delay in engaging a contract for Horizon's service area; as a result no assessments were completed in 2008/09;
- 47 Horizon Power customers received a household energy efficiency assessment, efficiency products and education in 2009/10.

Under the Hardship Efficiency Program, 37 private tenants and owner/occupiers in hardship have had ceiling insulation installed following their household assessment. A further 240 public housing tenants (primarily aged 80 and over) have received ceiling insulation – 160 in the Perth Metropolitan Area and 80 in regional areas.

FRIDGE REPLACEMENT SCHEME

Since the scheme's launch in December 2009, 83 fridges have been provided to private tenants in hardship; a further 13 are currently with the service provider for delivery to be arranged. An additional 97 eligible customers have been sent letters informing them of their eligibility and will have delivery organised upon accepting the offer of a replacement fridge.

HORIZON POWER TOWN RESERVES ENERGY EFFICIENCY SPECIAL PROJECT

Around 440 customers across 17 Aboriginal communities (15 town reserves and 2 Aboriginal and Remote Communities Power Supply Program (ARCPSP) 2.1 communities) have received a household energy efficiency assessment and education in Phase 1 of the special project. Phase 2 comprises energy efficiency upgrades and retrofits and further community based education and will commence in 2010/11.

ESPERANCE HARDSHIP EFFICIENCY SPECIAL PROJECT

39 public housing dwellings have been insulated under this special project. 32 of the Horizon Power household energy efficiency assessments were undertaken in Esperance, through the integration of the special project and the Household Audits Sub-program. Connection of 62 public housing dwellings of the Esperance natural gas network and conversion of appliances will commence in 2010/11. The 30 largest households being connected to the natural gas network will be fitted with an efficient water heating system in 2010/11.

ENERGY REBATES

Estimates of Energy Rebates for 2009/10

The Office of Energy has been advised by Synergy and Horizon Power that they are unable to provide accurate statistics on energy rebates for 2009/10 due to the use of 2-monthly billing cycles in their databases and the short timeframe between the end of 2009/10 financial year and the information request.

Synergy and Horizon Power are required to report to the Department of Treasury and Finance on concessions and energy rebates by the end of September, allowing sufficient time to consolidate and verify data. Estimates of rebates for 2009/10 are provided on page 237 of Budget Paper 3.

Estimated Actuals Energy Rebate Figures for 2008/09

Energy (Supply Charge) Rebate – The total estimated value of the energy rebate in 2008/09 was \$20.5m. The estimated number of recipients was 238,965. The average value of the rebate per recipient was approximately \$86 for the year.

Dependent Child Rebate - The total estimated value of the dependent child rebate in 2008/09 was \$8.6m. The estimated number of recipients was 49,310. The average value of the rebate per recipient was approximately \$174 for the year.

Other – Other rebates include rebates on account establishment fees, air-conditioning subsidy, certain fee waivers and permanent caravan park residents’ subsidy. The estimated total value of these rebates for 2008/09 was \$1m.

Figures for Life Support Equipment Energy Subsidy Scheme and Thermoregulatory Dysfunction Energy Subsidy Scheme for 2009/10

The Office of State Revenue provided statistics for 2009/10 relating to the Life Support Equipment Energy Subsidy Scheme and Thermoregulatory Dysfunction Energy Subsidy Scheme.

Office of State Revenue Administered Energy Rebates for 2009/10

Subsidy	Applications	Subsidy Count	Subsidy Amount
<i>Life Support Equipment Energy Subsidy Scheme</i>			
Apnoea Monitors (Children only)	21	21	\$3,294
Feeding Pumps	39	41	\$3,774
Heart Pumps	1	1	\$262
Machine Assisted Peritoneal Dialysis Equipment	13	13	\$770
Nebulisers (Children only)	20	20	\$602
Oxygen Concentrator Adult	908	926	\$483,407
Oxygen Concentrator Capacity 7 or >7 lpm	87	93	\$65,795
Oxygen Concentrator Child	25	26	\$20,368
Suction Pumps	38	43	\$5,294
Ventilator (VPAP or BPAP only)	188	191	\$51,467
Total	1340	1375	\$635,033
<i>Thermoregulatory Dysfunction Energy Subsidy</i>	832	832	\$358,604

HARDSHIP UTILITY GRANT SCHEME

The Hardship Utility Grant Scheme (HUGS) is one of the Government’s hardship assistance programs. It is administered and funded by the Department for Child Protection. The Office of Energy’s role in the administration of the program is limited to its membership and participation on the HUGS Implementation Steering Committee.

(c) The Office of Energy has been advised by the Department of Treasury and Finance (DTF) that the variation arises due to the fact that the \$8.9m figure in Budget Paper 2 includes all funding for the ‘Hardship Measures’, including additional funding for an existing hardship program – the Hardship Utility Grant Scheme.

The \$7.7m figure in Budget Paper 3 only relates to ‘policy’ decisions made within the Minister for Energy’s portfolio. As a result, DTF has included only the funding for new hardship initiatives, that is, the provision of efficient water heating in public and community housing; and the tariff and concession framework review. Money allocated to existing

programs is classified by DTF as a 'parameter' decision – not a policy decision – and is therefore not included in the \$7.7m figure provided in Budget Paper 3.



Minister for Energy

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Supplementary Information E2 (Page 6)

Question:

Hon Kate Doust refers to page 589 in reference to the underground power project, particularly the localised enhancement project and those announced in 2007. Which areas have not been completed?

Answer:

- Shire of Augusta-Margaret River – Bussell Highway, Cowaramup
- City of Bunbury – Spencer Street, Bunbury
- City of Bayswater – Guildford Road, Bayswater



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Supplementary Information E3 (Page 10)

Question:

Hon Philip Gardiner asks regarding the underground power program, what percentage of houses in regional areas (towns and cities) are now serviced with underground power?

Answer:

As the Honourable Member is aware, the percentage of houses in the Perth Metropolitan area serviced with underground power is approximately 50.1%. The percentage of houses in regional areas being serviced with underground power cannot be readily determined.

However, the Honourable Member will be pleased to note that the Pilbara Underground Power Project will substantially increase the number of residences with underground power outside Perth.

The Project is funded by a \$100m contribution from the Royalties for Regions Regional Infrastructure and Headworks Fund and a \$30m contribution from local governments.



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Wednesday, 7 July 2010

Office of Energy

Supplementary Information E4(Page 13)

Question:

Hon Kate Doust asks did the Office of Energy consider the impact of electricity tariff increases on Government agency budgets when modelling tariff increases? Which Government organisations are contestable, and which of them are on regulated tariffs and which are on commercial contracts for power. Can we ask for that list, please?

Answer:

The Office of Energy did not consider the impact of electricity tariff increases on Government agency budgets. The Office of Energy considered the impact of electricity tariff increases by regulated tariff class.

The Department of Treasury and Finance (DTF) has advised that the level of contestability of Government agencies is not determined by organisation, but by site.

In early 2009, DTF issued its latest tender for the supply of electricity to Government sites. At the time, there were 1,072 contestable Government agency sites. Note that:

- 105 of the contestable sites are large users of electricity, consuming over 160 MWh of electricity per annum; and
- 967 of the contestable sites are small users of electricity, consuming 50 to 160 MWh of electricity per annum.

There are 158 sites with contracted supply of electricity, as listed in the following table:

Agency	Contracted Sites
Department of Health	17 (large)
Department of Health	66 (small)
Department of Corrective Services	16
Department of the Attorney General	11
Perth Transport Authority	35
Botanic Parks and Gardens Authority	3
Department of Education	3
Department of Transport	2

Perth Market Authority	1
WA Sports Centre Trust	2
Metropolitan Cemeteries Board	2
Total	158



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Office of Energy

Supplementary Information E5 (Page 14)

Question:

Hon Kate Doust asked for details of the Office of Energy's fleet savings?

Answer:

As a part of the 2009-2010 Budget Cabinet endorsed fleet savings targets in order to reduce the cost of the government vehicle fleet by \$42,200,000. The savings are to be achieved by 30 June 2013. In relation to the Office of Energy, this is stated by the Department of Treasury and Finance as equating to a reduction in the size of the fleet by 10%.

The table below shows the target and the Office of Energy's progress in relation to the target savings.

TABLE ONE: FLEET SAVINGS IMPLEMENTATION

	2009-2010	2010-2011	2011-2012	2012-2013
No of vehicles - Target	9	8	8	8
No of vehicles – Actual*	5	5	TBD	TBD
Funding Savings – Target	\$4,144	\$8,369	\$10,887	\$10,887
Funding Savings – Harvested	\$4,144	\$8,369	\$10,887	\$10,887

* The actual number of vehicles reported is those leased by the Office of Energy. At present, and for the majority of 2009-2010, there has been an additional vehicle on loan to the Office of Energy which is leased by the Department of Planning. This additional vehicle is as a part of a secondment arrangement for the acting Chief Executive Officer. The cost of this vehicle is being recouped by the Department of Planning.



Minister for Energy

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
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Wednesday, 7 July 2010

Office of Energy

Supplementary Information No E6

Question:

Hon Ken Travers asks regarding the estimated impact of the 2009 and 2010 tariff increases on all the customer classes that were considered in making a decision on increases, what is the impact upon the various customer segments for 2009 and 2010.

Answer:

The Office of Energy estimated the impact of the 2009 and 2010 tariff increases for each of the regulated electricity tariffs. No assessment was made on impact per customer class since consumers within a customer segment may be on different regulated tariffs. For instance, a small business may be on the L1, R1, L3 or R3 tariff.

The table below shows approved tariff increases by tariff in 2009 and 2010.

Tariff	1 April 2009	1 July 2009	1 April 2010	1 July 2010
Residential (A1/A2) Tariff	10%	15%	7.5%	10%
Residential Hot Water (B1) Tariff	15%	25%	0%	7.3%
Community and Charitable Organisation (C1/C2) Tariff	5%	10%	7.5%	10%
Community and Charitable Organisation – Residential Accommodation (D1/D2) Tariff	5%	10%	7.5%	10%
Combined Residential/Business (K1/K2) Tariff	10%	15%	7.5%	10%
Small Business (L1/L2) Tariff	5%	10%	7.5%	10%
Small Business Time of Use (R1) Tariffs	5%	10%	7.5%	10%
Small/Medium Business (L3/L4) Tariff	10%	10%	7.5%	10%
Small/Medium Business Time of Use (R3) Tariff	10%	10%	7.5%	10%
Large Business (M1/M2) Tariff	10%	10%	7.5%	10%
Commonwealth and Foreign Government Instrumentalities - North West Interconnected System (P2 Tariff)	10%	10%	7.5%	10%
Large Business Low Voltage (S1) Tariff	10%	10%	4.1%	2%
Large Business High Voltage (T1) Tariff	10%	10%	7.5%	5%
Traffic Lighting (W1/W2) Tariff	55.5%	55.5%	3.5%	0%

Tariff	1 April 2009	1 July 2009	1 April 2010	1 July 2010
Street Lighting (Z) Tariffs	15%	15%	7.5%	10%
Electricity Supply to Public Telephones and Railway Crossings	15%	15%	7.5%	10%

The dollar impact of the tariff increases on an individual customer will depend on the customer's consumption, which can vary significantly within each tariff. Given residential and small business customers represent the largest number of electricity consumers, analysis on the impact of the tariff increases for the A1/A2 residential and L1/L2 small business tariff is shown below.

For an average small business customer consuming 9,601 kWh per annum on the L1/L2 tariff, the impact of the tariff increases have been:

L1 Small Business Tariff Customer	31 March 2008	1 April 2009	1 July 2009	1 April 2010	1 July 2010
Average Annual Bill (as at)	\$1,800	\$1,890	\$2,079	\$2,235	\$2,458
Increase to Bill		\$90	\$189	\$156	\$223
Per week increase		\$1.73	\$3.63	\$3.00	\$4.29
% increase		5%	10%	7.5%	10%

For an average residential customer consuming 6,004 kWh per annum on the A1/A2 tariff, the impact of the tariff increases have been:

A1 Residential Tariff Customer	31 March 2008	1 April 2009	1 July 2009	1 April 2010	1 July 2010
Average Annual Bill (as at)	\$930	\$1,023	\$1,176	\$1,265	\$1,391
Increase to Bill		\$93	\$153	\$89	\$126
Per week increase		\$1.79	\$2.94	\$1.71	\$2.42
% increase		10%	15%	7.5%	10%



Minister for Energy