



PUBLIC

7/11/14



**Hon Mike Nahan MLA
Treasurer; Minister for Energy;
Citizenship and Multicultural Interests**

Our ref: 48-07996

Mr Ken Travers MLC
Chairman
Standing Committee on Estimates and
Financial Operations
Parliament House
PERTH WA 6000

Attn: Hannah Moore
Committee Clerk

Dear Mr Travers

**QUESTIONS PRIOR TO HEARING – 2013-14 ANNUAL REPORT HEARINGS
(WESTERN POWER)**

Please find attached responses to the questions prior to hearing in respect of the 2013-14 agency annual report hearings.

Yours sincerely

**DR MIKE NAHAN MLA
TREASURER; MINISTER FOR ENERGY;
CITIZENSHIP & MULTICULTURAL INTERESTS**

Att.

4 NOV 2014

cc Leader of the House (representing the Minister for Energy)

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

2013-14 ANNUAL REPORT HEARINGS

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Tuesday, 28 October 2014

Western Power

The Standing Committee on Estimates and Financial Operations asked -

1. *The 2013-14 Annual Report on State Finances noted that Western Power spent \$176 million less on infrastructure than estimated at the time of the 2014-15 Budget (p. 26), and ask:*

(a) Can you provide a table that shows estimated and actual spending for each project listed in the Asset Investment Program (2014-15 Budget Paper No. 2, p. 640)?

(b) For each project with a variance of greater than +/-5%, when did you realise that the project spend in 2013-14 would be different from the 2014-15 Budget estimate?

- (a) **Answer:** Western Power's asset investment program is structured in funding categories. Funding 2 categories represent the aggregation of large ongoing programs of work and in some cases discrete projects such as the Mid West Energy Project (MWEP).

Western Power's annual capital program is managed at an overall program level within the total approved State budget. Western Power reallocates funding from one category to another based on its business priorities to deliver the customer outcomes and performance standards contained in its regulatory contract, overseen by the Economic Regulation Authority.

Please see tabled paper

- (b) **Answer:** The Minister was made aware of the variations accounted for in the Annual Report on State Finances in the preparation of that report in September 2014.

(\$ Million)		State Budget Approved (May 2014)		
Funding 1 category	Funding 2 category	Approved in 14-15 State Budget 2013-14	Actual per annual report 2013-14	Variance (Approved less Actual)
Safety	Pole management	218.9	299.0	80.1
	Conductor management & Bushfire mitigation	84.3	106.4	22.1
	Connection management	32.7	28.9	(3.8)
	Streetlight Safety Management	7.8	10.1	2.3
Total Safety		343.7	444.5	100.7
Security	Thermal Management	2.9	0.6	(2.3)
	Voltage and fault level management	4.9	0.9	(4.0)
Total Security		7.7	1.5	(6.3)
Service	Business Support & IT (including SCADA)	56.6	33.8	(22.9)
	Corporate Real Estate	22.2	2.7	(19.5)
	Metering(inc Smart Grid)	42.5	12.0	(30.6)
	Regulatory Compliance	31.1	24.1	(7.1)
	Reliability Asset Replacement	74.0	61.1	(12.9)
Total Service		226.5	133.6	(92.9)
Growth *	Transmission Customer Driven	21.0	39.8	18.8
	Transmission Capacity Expansion	45.5	14.1	(31.4)
	Distribution Customer Driven	194.7	177.1	(17.6)
	Distribution Capacity Expansion	62.4	39.0	(23.5)
	Mid West Energy (inc Cap Int)	213.5	108.3	(105.2)
Total Growth		537.1	378.2	(158.9)
Government Initiative	State Underground Power Program	29.8	18.8	(11.0)
Total Government Initiative		29.8	18.8	(11.0)
Total Regulated		1,144.8	976.5	(168.3)
Unregulated	Motor Vehicle Fleet and Mobile Plant	38.5	37.4	(1.1)
	System Management	1.7	0.5	(1.2)
	Capitalised Interest	5.8	0.0	(5.8)
Total Unregulated		46.0	37.9	(8.1)
Total Capital Program		1,190.8	1,014.5	(176.4)

* Growth Excludes Gifted Assets