

The Partial Sale of Western Power



The Liberal-led Government has made a decision for the partial sale of Western Power. This follows a long and careful process of examining all issues and the experience elsewhere in Australia.

Fast Facts

- Western Power is a government-owned energy utility. It doesn't produce or sell electricity.
- It transports electricity along high-voltage transmission lines and low-voltage distribution lines in suburbs and towns.
- It is a 'poles and wires' business covering Perth and the South West.
- Western Power is a regulated natural monopoly. An independent regulator sets the price charged by Western Power for the use of its power lines, whether it is fully or partially owned by government. The regulator also determines infrastructure investment and sets standards for safety and reliability.
- The Economic Regulation Authority is the State regulator. It is intended that regulation will shift to the Australian Energy Regulator.

Partial Sale

The Government has made the decision to sell 51 per cent of Western Power by way of a public float (Initial Public Offering – IPO).

The Government will retain 49 per cent and will be the major shareholder.

The 51 per cent will be sold to Australian superannuation funds (31 per cent) and Australian retail investors (20 per cent) such as 'mum and dad' investors, electricity customers and employees of Western Power.

Western Power will be listed on the Australian Stock Exchange (ASX). Western Power will not be foreign-owned or controlled.



Sale Proceeds

Proceeds from the sale of 51 per cent of Western Power are estimated at \$11 billion.

This will be used to repay the \$8 billion of Western Power borrowings that are owed to Treasury. State debt will be therefore reduced by \$8 billion.

The remaining \$3 billion of sale proceeds will be placed in a Next Generation account which will be used to recycle investment into needed infrastructure projects and jobs for the future. It will initially be allocated as follows:

- \$1 billion into schools and TAFEs. The focus will be on upgrading or replacing schools built in the 1960s and 1970s.
- \$1 billion into public transport and roads in both metropolitan and country areas.
- \$150 million into improving electricity reliability at the edge of the grid in country areas and in reducing bushfire risk.



www.waliberal.org.au

Authorised by A.Cox, 2/12 Parliament Place, West Perth WA 6005.



The Partial Sale of Western Power



Electricity Prices

The partial sale of Western Power will not affect electricity bills for households or business.

Electricity is supplied to households and most businesses by Synergy, which is fully government-owned and will remain so.

The Government will continue to set the price that Synergy charges customers. Western Power charges make up only 40 per cent of an average Synergy bill.

If anything, the experience in Australia has seen private ownership result in lower distribution costs.

Hardship Utility Grants and Solar Panel feed-in-tariffs

The partial sale of Western Power will have no effect on the provision of hardship grants for those people who need help with their power bills or on payments made to homeowners who have installed solar panels. There will be no changes to seniors' discounts or any other concessions.

Tariff Equalisation Contribution

The Tariff Equalisation Contribution (TEC) is also unaffected by the partial sale.

The TEC is a fee paid by electricity consumers in the South West Interconnected System (SWIS) and is collected as part of the network costs in an electricity bill. This is to subsidise costs in rural and remote areas to ensure all Western Australians pay the same price for electricity.

Western Power Jobs

It will be business as usual for workers at Western Power. Strict employee protections will be outlined as part of the sale process. The Government will continue to employ apprentices and graduate engineers at Western Power.

Part of the proceeds from the sale will be used to re-invest in infrastructure for the next generation. This will help create more jobs for Western Australians.

The Way Ahead

The partial sale of Western Power is essential to continue to build infrastructure and create jobs. It is expected to be completed by 2018.

Western Power will remain as an Australian company with both price protection for customers and job protection for Western Power employees.

Our Commitment

A Liberal Government will:

- Sell 51 per cent of Western Power to Australian superannuation funds and Australian retail investors.
- Retain 49 per cent of Western Power in government which will be the major shareholder.
- Maintain independent regulation of Western Power charges, infrastructure investment, safety and reliability.
- Establish the Next Generation account for investment into education and transport infrastructure projects and in improving edge of grid electricity supplies.



www.waliberal.org.au

Authorised by A.Cox, 2/12 Parliament Place, West Perth WA 6005.

