

Council Ref : 124/001  
Customer Ref :  
Enquiries : Mr Ric Lutey (08) 9477 7280

4 August 2011

Ms Sara Procter  
Assistant Director  
Inquiry into State Underground Power Program Cost Benefit Study  
Economic Regulation Authority

[publicsubmissions@erawa.com.au](mailto:publicsubmissions@erawa.com.au)

Dear Ms Procter

***CITY OF BELMONT RESPONSE TO DRAFT REPORT FOR THE  
INQUIRY INTO STATE UNDERGROUND POWER PROGRAM COST BENEFIT STUDY***

The City of Belmont has considered the content of the draft report on the inquiry into the State Underground Power Program Cost Benefit Study and makes the following observations:-

1. There is across the board agreement that the cost to underground powerlines in Perth has and is escalating because of a low level of suitably qualified contractors to undertake the work and hence a lack of competition.
2. The City also would like to draw to your attention an error in Appendix B State Underground Power Program Projects Completed or Underway, under Round 4 Localised Enhancement Projects it states that the City of Belmont's project has commenced. This is incorrect as the City of Belmont withdrew in May 2010 due to the inability to justify proceeding with the project due to the escalation of costs for the project.
3. The impact on housing prices that is afforded by the undergrounding of overhead powerlines is questionable given the following:-
  - Commercial properties have been excluded from the study but are an integral part of any suburb / community and still benefit from underground power.
  - The majority allocation of SUPP funds to high income suburbs where property prices are more about the exclusivity of the suburb.
  - The lack of clarity as to whether the mean average property value benefit of \$9962 has been offset against the property owners costs in paying for underground power.

**CITY OF BELMONT**  
215 Wright Street  
(LMB 379) Cloverdale  
Western Australia 6105

**Ph** (08) 9477 7222  
**TTY** (Hearing Impaired)  
(08) 9479 5145  
**Fx** (08) 9478 1473

[belmont@belmont.wa.gov.au](mailto:belmont@belmont.wa.gov.au)  
[www.belmont.wa.gov.au](http://www.belmont.wa.gov.au)

**All Communications**  
to be addressed to:  
The Chief Executive Officer  
LMB 379 Cloverdale  
Western Australia 6985



- The report *Estimating the Capitalised Value of Underground Power in Perth* uses property sales data as the basis for calculating the capitalised value, but it is only a capitalised value if and when the property is sold otherwise there is no benefit. Nevertheless, this report concludes that there is little relative benefit for lower value properties. This raises the question of social equity for lower value home owners.
- The question of whether underground power adds to property values is highly subjective and is particular to property purchasers as to what value they place on underground power and visual amenity on the verge. It could also be considered moot given that as more and more properties are connected to underground power, the less likely that it will become a sale factor for the property.

While the City is pleased to see that this inquiry has been completed it wishes to express its disappointment with the findings of the Economic Regulation Authority's report particularly in relation to the implications for Local Governments and Ratepayers with a 25-45% increase in the expectation for them to fund SUPP projects.

Irrespective of the justifications given, the fact remains that the vast majority of our ratepayers (and I am sure those in many other areas) are not in a position to find the funds to install underground power either at former or suggested future cost levels. As a result, they are to continue to be denied the benefits of underground power while those in higher value areas obtain these benefits.

The City of Belmont cannot and will not support a SUPP based on these funding expectations.

Yours sincerely

**R J LUTEY**  
**DIRECTOR TECHNICAL SERVICES**