



Government of Western Australia
Mid West Development Commission



Inquiry into the Funding Arrangements of Horizon Power
Economic Regulation Authority
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INQUIRY INTO THE FUNDING ARRANGEMENTS OF HORIZON POWER

The Mid West Development Commission (MWDC) welcomes the opportunity to make this brief submission on the 'Inquiry into the Funding Arrangements of Horizon Power.'

Due to the relatively short period of time in which to make a response and given that period of time fell largely over the Xmas-New Year festive break, MWDC trusts this late submission will be accepted by the Economic Regulation Authority.

The Mid West Development Commission is a state government statutory authority which aims to support the social and economic development of the Mid West region.

The Mid West covers nearly 500,000 2kms with most classed as remote. A fundamentally important issue for the Mid West is the timely provision of power to meet community and industry needs. This is particularly important in the vast pastoral areas of the Mid West which are serviced by Horizon Power's stand-alone power plants.

It is vital to the future of our off the grid communities, including isolated Indigenous communities, that Horizon Power (HP) has the flexibility it requires to develop innovative power solutions in response to specific local needs and circumstances. This has seen the successful roll out of efficient power plants (gas, diesel or hybrid) across many communities in the Mid West's hinterland (Murchison area) including Yalgoo, Mt Magnet, Meekatharra and Sandstone amongst others.

HP's decentralised service delivery model serves a large and remote state like Western Australia particularly well and MWDC strongly advocates for its retention. This model ensures that many HP employees are based within, and are indeed part of, local communities. This facilitates a rapid response in dealing with power related issues in remote and often isolated communities and also encourages a joined up, whole of government approach to regional and community development.

Any move to impose cost reflective tariffs or extract efficiency dividends from HP could undermine existing strengths and potentially result in a more centralised, less effective and response service delivery model. Accordingly MWDC believes HP must be allowed to continue to operate on the basis that any funding shortfall is met via the State Government via a Community Services Obligation and a Tariff Equalisation Contribution.

Given the short period of time to make a submission and the MWDC's lack of technical expertise, we are unable to make informed comment on the technical aspects of the Inquiry.

However, we re-iterate that the provision of power (and other services) must be undertaken with due regards to the unique circumstances facing regional and remote Western Australia, where economics alone will not deliver an appropriate level of service or facilitate sustainable regional development. In this regard a decentralised service delivery model which is innovative and responsive to local community needs, and supported by funding from CSOs and TECs, is essential.

Yours sincerely



STEVE DOUGLAS
CHIEF EXECUTIVE OFFICER

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