

ELECTRICITY CORPORATIONS AMENDMENT BILL 2006

EXPLANATORY MEMORANDUM (E 132)

(Introduced by Mr Max Trenorden MLA)

- Clause 1** Short title will be *Electricity Corporations Amendment Act 2006*
- Clause 2** The commencement will be on the day on which it receives the Royal Assent.
- Clause 3** The amendments are to the *Electricity Corporations Act 2005*.
- Clause 4** Section 126(1) is amended by inserting “dividend paying” to make it read –
- “A dividend under this section is to be –
- (a) calculated with respect to a *dividend paying* corporation after first taking into account any amounts payable to the Treasurer by the corporation under –
- (i) section 124; and
- (ii) the *State Enterprises (Commonwealth Tax Equivalents) Act 1996*
- and
- (b) paid to the Treasurer, in accordance with subsection (5).”
- Clause 5** Section 126(2) is amended by inserting “dividend paying” to make it read –
- “The board of a *dividend paying* corporation, as soon as practicable after the end of each financial year, is to make a recommendation to the Minister as to the amount of the dividend (if any) that the board recommends as appropriate to be paid by the corporation in respect of that financial year.”
- Clause 6** Section 126(5) is amended by inserting “dividend paying” to make it read –
- “A *dividend paying* corporation is to pay any dividend –
- (a) as soon as is practicable after the amount is fixed under subsection (3); and
- (b) in any case not later than –
- (i) 6 months after the end of the financial year to which the dividend relates; or

- (ii) such other time as may be agreed between the Treasurer and the board.

Clause 7 Section 126(5) is amended to include two additional provisions to the Act –

Under the current legislation each new independent business - Horizon Power, Synergy, Verve and Western Power Corporation - is required to make a recommendation to the Minister as to the amount of the dividend to be paid at the end of each financial year.

Subsection 126(6) provides that the Corporation responsible for the South West Interconnected System distribution and transmission network (Western Power Corporation) must not pay a dividend.

The State Government has recognised that the \$3 billion asset base the Western Power Corporation is responsible for managing requires an investment of \$2.23 billion over four years to improve the reliability of supply of electricity to South West Interconnected System customers.

This amendment will provide that in addition to this funding the Corporation will retain all funds raised through the collection of access fees for reinvestment into the system to repair, improve and expand the network system.

In effect, it removes the ability of the State Government to remove funds from the Corporation to increase the Consolidated Revenue Fund.

Subsection 126(7) defines the term “dividend paying corporation” as a corporation referred to in section 4(1) of the Act with the exception of the Electricity Networks Corporation.

As provided by this amendment “dividend paying corporation(s)” will be Synergy (responsible for the sale of electricity in the south-west area of the State); Verve Energy (responsible for power generation in the south-west area of the State); and Horizon Power (responsible for the generation, transport and sale of electricity in the Pilbara, Kimberley, Gascoyne and parts of the Mid West and Goldfields).