

Media Release

Subsidy for regional power slashed

3 March 2017

An overhaul of Horizon Power's business has resulted in the State utility reducing the burden on taxpayers by \$100 million a year.

In 2013, Horizon Power undertook a detailed strategic review including benchmarking the business's operational costs against similar overseas organisations. The review set an ambitious target to achieve a \$100 million reduction in the subsidy paid to Horizon Power by the State Government by 2017/18.

"Sixteen months ahead of schedule, we have already beaten the \$100 million target by \$2 million," Managing Director Frank Tudor said.

"Savings were made across our business including millions in reduced manual metering costs due to the implementation of advanced meters, changes to our core systems and a reduction in operational and generation costs," Mr Tudor said.

At the same time, reliability of supplies and our customer service offerings have not been impacted.

The subsidy reduction will not have any impact on the price of electricity but means Horizon Power is operating from a more efficient base and that the taxpayers' dollars required for the subsidy can be spent in other areas such as health and education.

The State Government sets the uniform tariff for electricity which means everyone across the State pays the same price for electricity.

Because of the remoteness of regional Western Australia, it costs more to generate and deliver electricity than in the Perth area so the State Government provides a significant subsidy to Horizon Power which equates to approximately \$3000 a year per customer.

Without the \$102 million reduction in subsidy achieved as of January 2017, the government subsidy to Horizon Power would equate to about \$5000 on average per customer, per year.

Commercial Services and Finance General Manager Mike Houlahan said now the savings had been achieved, Horizon Power could continue its focus on providing customers more value and choice by investing in innovation while continuing to deliver safe and reliable power for our customers.

Mr Houlahan said the investment in technology to allow more renewable energy to be installed over time on our systems, would further reduce costs, not just for the business but for our customers.

Ends

For media queries call 1800 799 745.