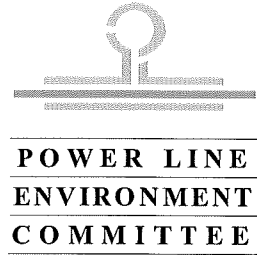


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GPO Box 2605
ADELAIDE SA 5001

Ph (08) 8463 4352
plec@escosa.sa.gov.au

Hon Tom Koutsantonis MP
Minister for Mineral Resources and Energy
GPO Box 2264
ADELAIDE SA 5001

Dear Minister Koutsantonis

REFORM OF SOUTH AUSTRALIAN GOVERNMENT BOARDS AND COMMITTEES

I refer to the Premier's letter dated 8 July 2014 advising of the proposed reform of South Australian government boards and committees. On behalf of the Power Line Environment Committee (**PLEC**, the **Committee**), I am pleased to provide this submission for consideration in respect of the reform review.

Background

The Power Line Environment Committee was established by the South Australian Government in 1990. It provides advice to the Minister responsible for the *Electricity Act 1996* (the **Minister**) in relation to the preparation of programs for power line undergrounding work pursuant to section 58A of the *Electricity Act 1996* (the **Act**).

58A (1) The Minister may prepare periodic programs for work to be carried out by an electricity entity for the undergrounding of power lines forming part of a transmission or distribution network operated by the entity.

58A (5) In preparing a program, the Minister must consult with, and seek proposals and submissions from, councils, electricity entities, bodies (other than councils) responsible for the care, control or management of roads and other persons as the Minister considers appropriate.

The Committee seeks proposals and submissions on the Minister's behalf and undertakes consultation, as required, for the purposes of the Act. The functions and powers of the Minister under section 58A of the Act were delegated to the Technical Regulator by the Minister for Energy on 28 October 2013.

The purpose of the undergrounding programs is to improve the aesthetics of an area for the benefit of the general community having regard to road safety and the provisions for electrical safety pursuant to the Act.

The Committee comprises eight members representing a diverse cross-section of interests including the community, transport, the environment and tourism. It places high importance on aesthetic and practical outcomes that benefit the community.

The Essential Services Commission of South Australia (the **Commission**) funds the operation of, and provides secretarial services to, the Committee. In its current form, the cost of the six paid PLEC members and producing the Annual Report is in the order of \$18,800 pa. The Committee members are paid an annual fee which is made in 12 equal monthly payments. The Commission estimates its salary costs in providing secretarial services to PLEC are in the order of \$63,000 pa. This funding is met from income the Commission receives from industry licence fees.

The undergrounding program is funded under provisions in the Act and associated Regulations. Current funding is \$6.533 million per annum from SA Power Networks and \$3.267 million by local government (SA Power Networks contributes \$2 towards the undergrounding for every \$1 contributed by Councils). Since 1990, PLEC has overseen the distribution of funding totalling \$108.2 million towards projects having a total cost of \$168.2 million. Project submissions are currently underway for the first half of 2015/16.

Purpose of the Committee

The Committee has a defined purpose under the Charter established by the Minister, in that it is required to advise the Minister in the preparation of undergrounding programs in accordance with the Act. The Committee seeks submissions from proponents and assesses each against a set of criteria. If the criteria are met, it then coordinates the design, planning and costing. A recommendation for funding of projects is then forwarded to the Minister (or delegate) for approval biannually. The approval and construction processes are coordinated to provide certainty to the timing of the legislated expenditure and associated construction schedule of SA Power Networks.

Community engagement

The preparation of a program under the legislation requires the Committee to consult with, and seek proposals and submissions from, councils, electricity entities, bodies (other than councils) responsible for the care, control or management of roads and other persons as the Minister considers appropriate.

Although the Committee does not engage directly with the community in developing undergrounding programs, enquiries from community members are occasionally received. They are directed to approach the relevant Council to forward a project proposal. This way, member of the community, or a community group, may forward a project proposal to PLEC via its local Council. This arrangement does not preclude any member of the public proposing a project outside their own Council area; however, the Council within the location involved is required to nominate a proposal and financially contribute to one-third of the cost of the works.

The removal of power lines enables a streetscape plan to be undertaken to improve the amenity and safety of an area for motorists, cyclists and pedestrians. When undertaking such a project, Council engages with the community by way of public consultation to gauge the community appetite for implementing an amenity upgrade. The community is further engaged by Council to determine preferences for the urban design and streetscape elements to be implemented once undergrounding work is completed.

In addition to Councils' community engagement, SA Power Networks is required, under its revenue reset submission process, to have carried out a comprehensive community engagement process to determine the general community's interest in certain aspects of service provision and reliability. The results of SA Power Networks' 2013 survey revealed a high level of satisfaction with the provision of undergrounding carried out under the PLEC program and high community support for further undergrounding for road safety.

The websites of the Commission and SA Power Networks have information pages detailing the undergrounding program. However, the Committee is of the view that the Commission's web site could give PLEC more prominence, and that the community should have easy access to an on-line enquiry feature and further information via a Frequently Asked Questions (FAQ) page. SA Power Networks fields many enquiries from the public regarding PLEC, particularly during project construction. Generally, those seeking information are directed to SA Power Networks' information fact sheet on its website. If further detail is required, SA Power Networks' PLEC Manager, or Project Managers, will deal with enquiries or forward them to the Executive Officer PLEC.

Efficiency

The Committee is comprised of members who represent particular areas of community interest. Specifically, two members are chosen from the community whilst three other members represent areas of high community interest; conservation tourism, and the environment. The Committee currently meets about ten times per year.

In terms of effort and efficiency, the Committee itself could comprise fewer members and undertake to meet less frequently. As much of the assessment of submissions is undertaken by the Executive Officer, the meeting frequency could be reduced to a few times per year.

Reducing the number of members may reduce the effectiveness of engagement between the interest groups and hence, the broader public interest. The current composition provides informed comment on behalf of represented groups and strikes a balance between Government, commercial and community representation. Smaller may be less expensive but it may also be less appropriate. In addition, efficiency should be considered in context of the running costs against the overall program. A review of the appropriateness of the representative groups could be undertaken.

A process to provide detail of undergrounding proposals and seek comment from the represented groups could be undertaken as an optional approach to representation. However, this would reduce efficiency somewhat in waiting for responses to proposals from the represented groups. A full public consultation process would hinder project and budgetary planning certainty for stakeholders that have been developed around the program's legislative requirements. Further, involvement that is external to the financially responsible Council's area would be inappropriate for the ratepayers of that Council.

Cost

As noted above, the Committee operations are relatively low-cost and, though not met by government, are met indirectly by consumers via licence fees of regulated entities.

The funding of the Committee could be absorbed within the legislated expenditure if SA Power Networks hosted that aspect of the Committee's operation instead of the

Commission—noting the costs will still need to be met. The cost represents 0.19 per cent of the program's current level of funding (\$9.8 million overall) and, under such an arrangement, would be met indirectly by the state's electricity customers.

As noted earlier, another alternative would be to meet less frequently. In addition, members could be paid sitting fees rather than an annual entitlement, which would reflect a payment for service. However, as members currently absorb the costs of site visits they would need to be reimbursed for time in the field. Committee payments have not been reviewed since 1996.

The continuing role of an Executive Officer would maintain the regulatory oversight of the program, thus maintaining transparency and ensuring legislative compliance. There is a need to maintain a level of independence that is remote of stakeholders' financial interest.

Road Safety

As a Committee, PLEC is unique in that it serves the public interest on many fronts in an effective and unobtrusive manner. Aside from the improved aesthetic benefits resulting from the undergrounding of power lines, road safety benefits are realised through the removal of fixed roadside hazards. The improvement in traffic management reduces the risk of fatal and serious injury on our arterial roads. These benefits of road safety were included in the PLEC Charter as it was seen by the Government as an important aspect of the resulting amenity improvement provided by the removal of power lines.

Central to the PLEC program is the focus on arterial roads. At present, projects nominated by Councils on arterial roads are funded on a 2:1 basis by SA Power Networks and Council. The Department of Planning, Transport and Infrastructure contributes limited funding from its minor works budget towards the replacement of public lighting on these roads. The public lighting is of a standard that provides the best road safety outcome for motor vehicles, cyclists and pedestrians.

Power line undergrounding on projects that involve major roadworks by DPTI can be recommended for inclusion in an undergrounding program if the relevant Council agrees to contribute to the project. A portion of the Council contribution is met by DPTI when undertaking such projects as DPTI is the initiator of the project.

A way to enhance the road safety benefit of undergrounding projects would be to allow DPTI to contribute to a project on the established basis as the project proponent. Though this would require a greater budget requirement for DPTI, it would permit the program to concentrate on areas considered a high safety priority by the department—particularly where a project is not a funding priority of the Council involved.

Conclusions

There is no doubt that the undergrounding of overhead power lines has been universally supported and accepted in this state. South Australia has been a leader in retrospective power line undergrounding through the PLEC program and has proven to be a leader in the percentage of total network power lines undergrounded.

Other benefits include strengthened community pride, a sense of place and economic spin-offs associated with tourism (noted particularly in regional areas). These benefits, though difficult to quantify, are tangible, and complement other successful Government initiatives

such as 'Places for People' and 'Coast Park' implemented by Planning SA, and Living Neighbourhoods by DPTI.

It is doubtful that the functions and expertise of PLEC could be quickly and readily assumed by another board or committee. However, if necessary, the functions of the Committee or any amended form of it could, given time, be transferred to another agency. However, care should be taken that the depth of experience, so far gained, is not lost.

The Committee has provided a service to the state for over 23 years in implementing underground projects for the benefit of the general community and in many cases, rejuvenating main streets and run-down areas. It has maintained its focus on arterial roads that maximise road safety benefits to motorists and has provided the means for all Local Government bodies to beautify their high-use community areas.

The Committee, in its current form, still operates effectively to ensure satisfactory outcomes to meet the requirements of the legislation that underpins it and its Charter.

In summary, the following is offered for deliberation for the boards and committees reform process:

- § PLEC could be given greater exposure via a web site to permit greater direct engagement through on-line enquiries and for the provision of relevant information
- § A review of the groups representing PLEC interests could be undertaken if the current mix is seen as inappropriate
- § DPTI could be permitted to contribute to a project on the established cost share basis as the project proponent to concentrate more funding on road safety
- § The funding of the Committee could be absorbed within the expenditure committed under the legislation if SA Power Networks hosted that aspect of the operation. However, the current arrangement within the Commission is independent of the influence of stakeholders
- § To reduce costs members could be paid sitting fees rather than an annual entitlement, which would reflect a payment for service, and the frequency of meetings could be reduced
- § The continuing role of an Executive Officer should be maintained for regulatory oversight of the program, thus maintaining transparency and ensuring legislative compliance.

Thank you for the opportunity to provide this submission for the boards and committees reform process.

Yours sincerely



Hon Dr Rosemary Crowley
CHAIRPERSON
POWER LINE ENVIRONMENT COMMITTEE