

Operating expenditure forecasts

Appendix 17



Tasmanian Networks Pty Ltd



Transend Networks Pty Ltd

Appendix 17 Operating expenditure forecasts

Table 1 Base year Controllable operating expenditure 2012–13 (\$m 2013–14)

Category	2012–13
Field operations and maintenance	15.1
Transmission services	7.2
Transmission operations	5.2
Asset management	8.1
Corporate	9.2
Controllable expenditure	44.9

Table 2 Adjustments to base year Controllable operating expenditure (\$m 2013–14)

Category	2012–13	Adjusted	Comments
Field operations and maintenance	15.1	15.1	no change
Transmission services	7.2	7.2	no change
Transmission operations	5.2	5.2	no change
Asset management	8.1	7.7	Remove non-recurrent revenue reset costs from base
Corporate	9.2	9.2	no change
Controllable expenditure	44.9	44.4	

Table 3 Base year extrapolated Controllable expenditure forecasts (\$m 2013–14)

Category	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	Total 2014–19
Field operations and maintenance	15.1	15.1	15.1	15.1	15.1	15.1	15.1	75.5
Transmission services	7.2	7.2	7.2	7.2	7.2	7.2	7.2	36.2
Transmission operations	5.2	5.2	5.2	5.2	5.2	5.2	5.2	25.8
Asset management	7.7	7.7	7.7	7.7	7.7	7.7	7.7	38.4
Corporate	9.2	9.2	9.2	9.2	9.2	9.2	9.2	46.1
Base year extrapolation	44.4	44.4	44.4	44.4	44.4	44.4	44.4	222.1

Table 4 Step changes (\$m 2013–14)

Item	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	Total 2014–19
Transmission operations - AEMO operating agreement	0.4	0.4	0.4	0.4	0.4	0.4	1.9
Asset management - Better Regulation program	0.4	0.4	0.4	0.4	0.4	0.4	2.1
Total step changes	0.8	0.8	0.8	0.8	0.8	0.8	4.0

Table 5 Labour growth (\$m 2013–14)

Category	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	Total 2014–19
Field operations and maintenance	0.0	0.0	0.1	0.3	0.5	0.7	1.7
Transmission services	0.0	0.0	0.1	0.2	0.3	0.4	1.0
Transmission operations	0.0	0.0	0.1	0.2	0.3	0.4	0.8
Asset management	0.0	0.0	0.1	0.2	0.4	0.6	1.3
Corporate	0.0	0.0	0.1	0.2	0.3	0.5	1.0
Total labour growth	0.1	0.0	0.3	1.1	1.8	2.6	5.8

Table 6 Asset growth (\$m 2013–14)

Category	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	Total 2014–19
Field operations and maintenance	0.0	0.0	0.0	0.1	0.1	0.2	0.3
Transmission services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transmission operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asset management	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total asset growth	0.0	0.0	0.0	0.1	0.1	0.3	0.5

Table 7 Pre-efficiencies Controllable expenditure forecasts - excluding revenue reset costs (\$m 2013–14)

Category	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	Total 2014–19
Field operations and maintenance	15.1	15.1	15.1	15.2	15.5	15.7	16.0	77.5
Transmission services	7.2	7.3	7.2	7.3	7.4	7.6	7.7	37.3
Transmission operations	5.2	5.6	5.5	5.6	5.7	5.8	5.9	28.6
Asset management	7.7	8.1	8.1	8.2	8.3	8.5	8.7	41.8
Corporate	9.2	9.2	9.2	9.3	9.4	9.6	9.7	47.2
Controllable expenditure (pre-efficiencies)	44.4	45.3	45.2	45.6	46.4	47.2	48.0	232.4

Table 8 Less: Total efficiencies by group (\$m 2013-14)

Category	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	Total 2014–19
Field operations and maintenance	0.0	0.0	-0.1	-0.4	-0.6	-0.9	-2.0
Transmission services	0.0	-0.1	-0.2	-0.3	-0.5	-0.6	-1.8
Transmission operations	-0.4	-0.5	-0.6	-0.7	-0.8	-0.9	-3.5
Asset management	-0.4	-0.9	-1.0	-1.2	-1.4	-1.5	-6.1
Corporate	-0.8	-2.6	-2.9	-3.3	-3.6	-4.0	-16.4
Total efficiency reductions	-1.7	-4.2	-4.8	-5.9	-6.9	-7.9	-29.8

Table 9 Controllable operating expenditure forecasts - excluding revenue reset costs (\$m 2013-14)

Category	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total 2014-19
Field operations and maintenance	15.1	15.1	15.1	15.1	15.1	15.1	75.5
Transmission services	7.2	7.1	7.1	7.1	7.1	7.1	35.5
Transmission operations	5.2	5.0	5.0	5.0	5.0	5.0	25.1
Asset management	7.7	7.1	7.1	7.1	7.1	7.1	35.7
Corporate	8.4	6.6	6.4	6.2	6.0	5.7	30.8
Controllable expenditure (excluding revenue reset)	43.6	40.9	40.7	40.5	40.3	40.1	202.6
% real reduction per annum	-1.8%	-6.6%	-0.5%	-0.5%	-0.5%	-0.5%	

Table 10 Revenue reset costs (\$m 2013-14)

Item	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total 2014-19
Revenue reset costs	0.7	0.4	0.0	0.4	0.8	0.5	2.2

Table 11 Total Controllable operating expenditure forecast (\$m 2013-14)

Category	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total 2014-19
Field operations and maintenance	15.1	15.1	15.1	15.1	15.1	15.1	75.5
Transmission services	7.2	7.1	7.1	7.1	7.1	7.1	35.5
Transmission operations	5.2	5.0	5.0	5.0	5.0	5.0	25.1
Asset management	8.4	7.6	7.1	7.6	8.0	7.7	37.9
Corporate	8.4	6.6	6.4	6.2	6.0	5.7	30.8
Total Controllable expenditure	44.4	41.4	40.7	40.9	41.1	40.6	204.8

Table 12 Other operating expenditure (\$m 2013-14)

Category	2014-15	2015-16	2016-17	2017-18	2018-19	Total 2014-19
Network support	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	1.0	1.0	1.0	1.1	1.1	5.2
Self-insurance	0.7	0.7	0.7	0.7	0.7	3.5
Debt raising costs (benchmarked allowance)	1.0	1.0	1.0	1.0	1.0	4.8
Total Other expenditure	2.7	2.7	2.7	2.7	2.7	13.5

Table 13 Operating expenditure forecast (\$m 2013–14)

Category	2014–15	2015–16	2016–17	2017–18	2018–19	Total
Field operations and maintenance	15.1	15.1	15.1	15.1	15.1	75.5
Transmission services	7.1	7.1	7.1	7.1	7.1	35.5
Transmission operations	5.0	5.0	5.0	5.0	5.0	25.1
Asset management	7.6	7.1	7.6	8.0	7.7	37.9
Corporate	6.6	6.4	6.2	6.0	5.7	30.8
Total Controllable operating expenditure	41.4	40.7	40.9	41.1	40.6	204.8
Network support	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	1.0	1.0	1.0	1.1	1.1	5.2
Self-insurance	0.7	0.7	0.7	0.7	0.7	3.5
Debt raising costs (benchmarked allowance)	1.0	1.0	1.0	1.0	1.0	4.8
Total operating expenditure	44.0	43.4	43.6	43.9	43.4	218.3