

Office of Energy Annual Report 2009-10



Report to the Parliament of Western Australia

© Office of Energy 2010

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The Office of Energy's Annual Report
can be made available on request
in alternative formats to meet the needs
of people with disability.

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Statement of Compliance

For year ended 30 June 2010

HON PETER COLLIER

MINISTER FOR ENERGY; TRAINING AND WORKFORCE DEVELOPMENT

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Office of Energy for the financial year ended 30 June 2010.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

A handwritten signature in blue ink, appearing to read 'M Kerr', is displayed within a light gray rectangular box.

Michael Kerr

A/Coordinator of Energy

21 September 2010

Agency Profile

Vision

The Office of Energy strives towards a Vision of:

... secure, reliable, competitive and cleaner energy services for the benefit of all Western Australians.

Mission

The Office of Energy is a change agent that leads the development and implementation of policy and programs to meet the State's energy needs. The agency is committed to driving change in a way that achieves improved economic, social and environmental outcomes for Western Australia.

Who We Are

The Office of Energy was established in 1995 to support the performance of the statutory functions of the Coordinator of Energy, as set out in the *Energy Coordination Act 1994*. The Coordinator of Energy advises the Minister on all aspects of energy policy including:

- the energy needs of the State;
- energy sources and methods of use, including renewable energy;
- ways of achieving greater efficiency in the use of energy;
- the introduction and encouragement of competition;
- the promotion and achievement of open access to transmission and distribution systems to facilitate competition;
- Government's ownership interest in the electricity corporations; and
- energy policy as a means of helping to achieve other policy objectives of Government.

Our Key Functions

The Office of Energy provides a range of services on energy matters to the Minister for Energy, Government, the energy sector and the Western Australian community. The Office:

- plans, develops and implements energy policies and strategies for Western Australia;
- develops and administers subsidies, rebates and grants for the Western Australian community and energy industry;
- monitors the performance of the Government-owned Electricity Corporations;
- provides information and educational materials for industry and consumers;
- consults and communicates with industry, consumers and other stakeholders;
- researches, analyses and advises on energy sector developments, trends and issues; and
- contributes to the achievement of government's wider policy outcomes.

Our Values

The Office of Energy strives to integrate the following values into its operations.

Integrity

Acting honestly, impartially and upholding high ethical standards.

Collaboration

Fostering strong supportive teams and constructive relationships with stakeholders.

Leadership

Empowering individuals and teams to embrace challenges and responsibilities.

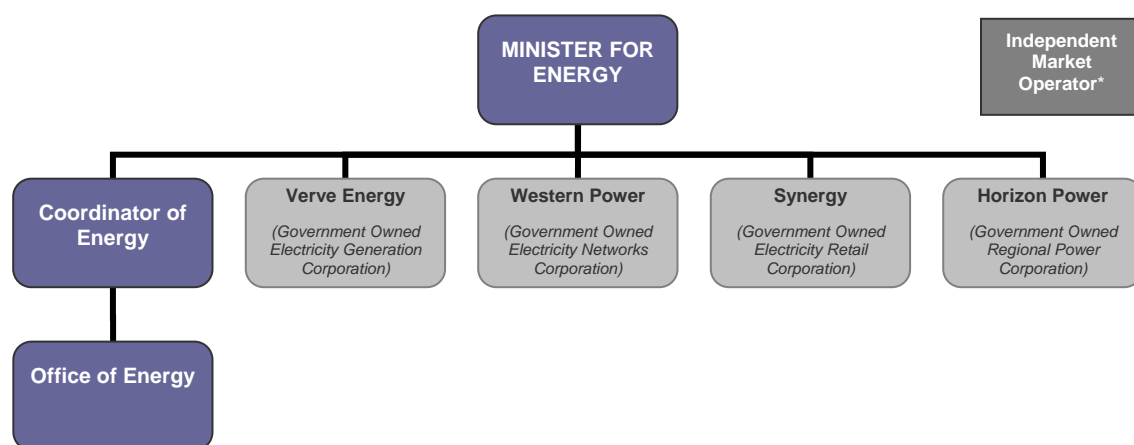
Excellence

Striving to achieve the best in ourselves, in each other, and in all we do.

Respect

Cultivating a positive and supportive attitude which values staff and their contributions.

Western Australian Energy Portfolio



* The Minister for Energy has some responsibilities with regards to the Independent Market Operator (e.g. budget and board approvals). However, the Independent Market Operator does not report to the Minister for Energy.

Overview of Agency

Executive Summary

Coordinator of Energy's Report

The 2009-10 year has been a year of change for the Office of Energy, with a new organisational structure, as shown in this report, commencing on 1 January 2010. With the closure of the Sustainable Energy Development Office also from that date, the focus of sustainable energy is now integrated throughout the organisation.

It has also been a year of major policy development.

The Strategic Energy Initiative, *Energy2031*, involved the largest public consultation exercise undertaken in the history of the agency. The regional forums were a particular success, with local people across Western Australia helping to shape our energy future. The final *Energy 2031* report is expected to be released early in 2011.

A major achievement for the Office of Energy was managing the enactment of the *Gas Supply (Gas Quality Specifications) Act 2009*. The Act and supporting regulations will enable the broadening of the specifications of gas that can be transported through the State's main gas pipelines. This will see a significant step towards facilitating development of additional gas fields to improve competition in the domestic market and enhance energy security by encouraging a diversity of supply sources.

As one of the major outcomes following the Varanus Island incident in 2008, the Gas Supply and Emergency Management Committee's Final Report was presented to Government in September 2009. The

recommendations in the report, which the Government has announced it will implement, will help to improve the security, reliability and competitiveness of the domestic energy markets, and to assist in improving the management and in mitigating the impacts of significant energy supply disruptions.

A new residential net feed-in tariff scheme was finalised and approved by Government for implementation from 1 July 2010. The scheme pays owners of eligible renewable energy systems a premium for energy exported to the grid that is in excess of the household consumption at the time of generation. Development of the scheme was informed through public consultation and close consultation with Synergy, Horizon Power and Western Power.

The State Underground Power Program achieved a major milestone when the Government's goal of 50% underground power by 2010 was reached in January 2010. A comprehensive review of the program commenced with the Economic Regulation Authority undertaking a cost benefit analysis of the program. The Economic Regulation Authority's analysis will feed into the Office of Energy's formal review, which will commence in the latter half of 2010.

With further increases in electricity tariffs during the year, the Government, through the Office of Energy, approved an expansion of the package of initiatives designed to help people in financial hardship to increase energy efficiency within their home through a combination of energy saving tips, education and appliance upgrades.

Nearly 5,000 applications were received by the Office of Energy for the Household Renewable Energy Scheme, which commenced on 1 July 2009. By 30 June 2010, 4,344 of 4,519 successful applicants had received their first of three annual payments under the scheme.

Long standing programs including the Sustainable Energy Development Office grants program and the Remote Renewable Power Generation Program closed during the year. Western Australia has benefited from \$74.7 million in funding from the latter, Commonwealth Government funded program since it commenced in 2001. Delivery of rebates and grants across all Office of Energy programs in 2009-10 was substantial, with over 8,200 rebates and grants issued.

The year ahead is equally challenging, as we work to consolidate our new structure and operational arrangements, develop a new Strategic Plan and comprehensively review all of our programs and business processes. On the operational front, work will continue on the Strategic Energy Initiative *Energy 2031*. Once finalised and released, *Energy 2031* will be help guide both the

future direction for energy in Western Australia and the direction and specific work programs of the Office of Energy.

Finally, on behalf of all our staff I would like to thank Jason Banks, who left the organisation during the year, for his dedication and commitment as Coordinator of Energy. I also thank Anne Hill who has been acting Coordinator of Energy since August 2009 for so quickly and seamlessly taking up the challenge of running a very busy organisation during a period of significant change. A very big thank you to all the staff of the Office of Energy, who have once again demonstrated their very high standards of professionalism during a busy year, while also working so well together during a time of change.



Michael Kerr

A/Coordinator of Energy

The Year at a Glance

LINK TO GOVERNMENT GOALS

Energy Policy and Planning	Secure Energy	Reliable Energy	Competitive Energy	Cleaner Energy
Coordinated the Government's Strategic Energy Initiative, Energy2031 , which involves working with industry and the community to develop a plan that aims to meet the State's energy needs over the next 20 years.	◆	◆	◆	◆
Submitted recommendations to Government for a residential net feed-in tariff scheme . A scheme budget of \$23 million for four years was announced by the Government in May 2010, with Synergy and Horizon Power accepting applications from July 2010 for scheme commencement in August 2010.		◆		◆
Submitted the Gas Supply and Emergency Management Committee final report to Government and commenced implementation of some of the recommendations following endorsement.	◆	◆	◆	
Reviewed Western Power's Electricity Distribution Headworks Charge . Government announced that it would completely subsidise the charge for South West electricity grid eligible customers from July 2010 and refund payments made since 2007.		◆		
Undertook a review of Western Power's regulatory and business case for Stage One of its North Country Reinforcement Project , a major power line in the Mid-West.	◆	◆		
Commissioned an independent expert to undertake a progress review of intermittent renewable energy generation in the South West electricity grid.		◆		◆
Contributed to State climate change policy formulation and national energy policy development.	◆	◆	◆	◆
Commenced a project to provide project developers with web based interactive information on renewable energy sources , overlaid with network location, land and other project resource availability, and relevant development constraints.				◆

LINK TO GOVERNMENT GOALS

Markets and Regulations	Secure Energy	Reliable Energy	Competitive Energy	Cleaner Energy
Significant progress was made towards a draft recommendations report on the Gas Tariffs Review . This review will make recommendations on the gas prices to be paid by small gas consumers in certain areas of the State. It will also give consideration to the most appropriate process to review gas prices in the future.	◆		◆	
Submitted a recommendation report to Government on an interim adjustment of retail gas tariffs .	◆		◆	
Undertook financial modeling work on the impact of electricity tariff increases on consumers and the State budget.			◆	
Developed a concept paper for a review of the existing electricity tariff structure and concessions framework to mitigate the impact of electricity price increases on households experiencing financial difficulty.			◆	
Managed the passage of legislation through Parliament to broaden the gas quality specification of gas transmission pipelines in Western Australia.	◆	◆	◆	
Managed the passage of the National Gas Access (WA) Act 2009 through the Parliament, which provides an improved national framework for regulation of gas pipeline services in Western Australia.			◆	
Provided input to five regulatory determinations by the Economic Regulation Authority.			◆	
Developed and consulted on various amendments to regulatory instruments including the <i>Electricity Industry Exemption Order 2005</i> , <i>Electricity Industry Metering Code</i> and the <i>Energy Coordination Exemption Order 2009</i> .			◆	
Convened an interagency working group to consider and report on the technical and regulatory challenges posed by the growing number of new solar photovoltaic systems being connected to the grid.		◆		◆
Managed the passage of the <i>Energy Coordination Amendment Regulations 2009</i> through Parliament and drafted Electricity Supplier of Last Resort Regulations and Gas Emergency Regulations.	◆			

LINK TO GOVERNMENT GOALS

Government Energy Utilities	Secure Energy	Reliable Energy	Competitive Energy	Cleaner Energy
Scrutinised the Electricity Corporations' financial and operating performance (plans, annual reports, mid year reviews, budget submissions).	◆	◆	◆	
Worked with the Department of Treasury and Finance to submit the Terms of Reference for an Economic Regulation Authority inquiry into Horizon Power .	◆	◆	◆	
Participated in major contractual decisions of the Electricity Corporations requiring consultation with, or approval by, the Minister for Energy.	◆	◆	◆	◆
Administered, on behalf of the Minister for Energy, the Vesting Contract between Verve Energy and Synergy for the supply of energy and Capacity Credits.			◆	

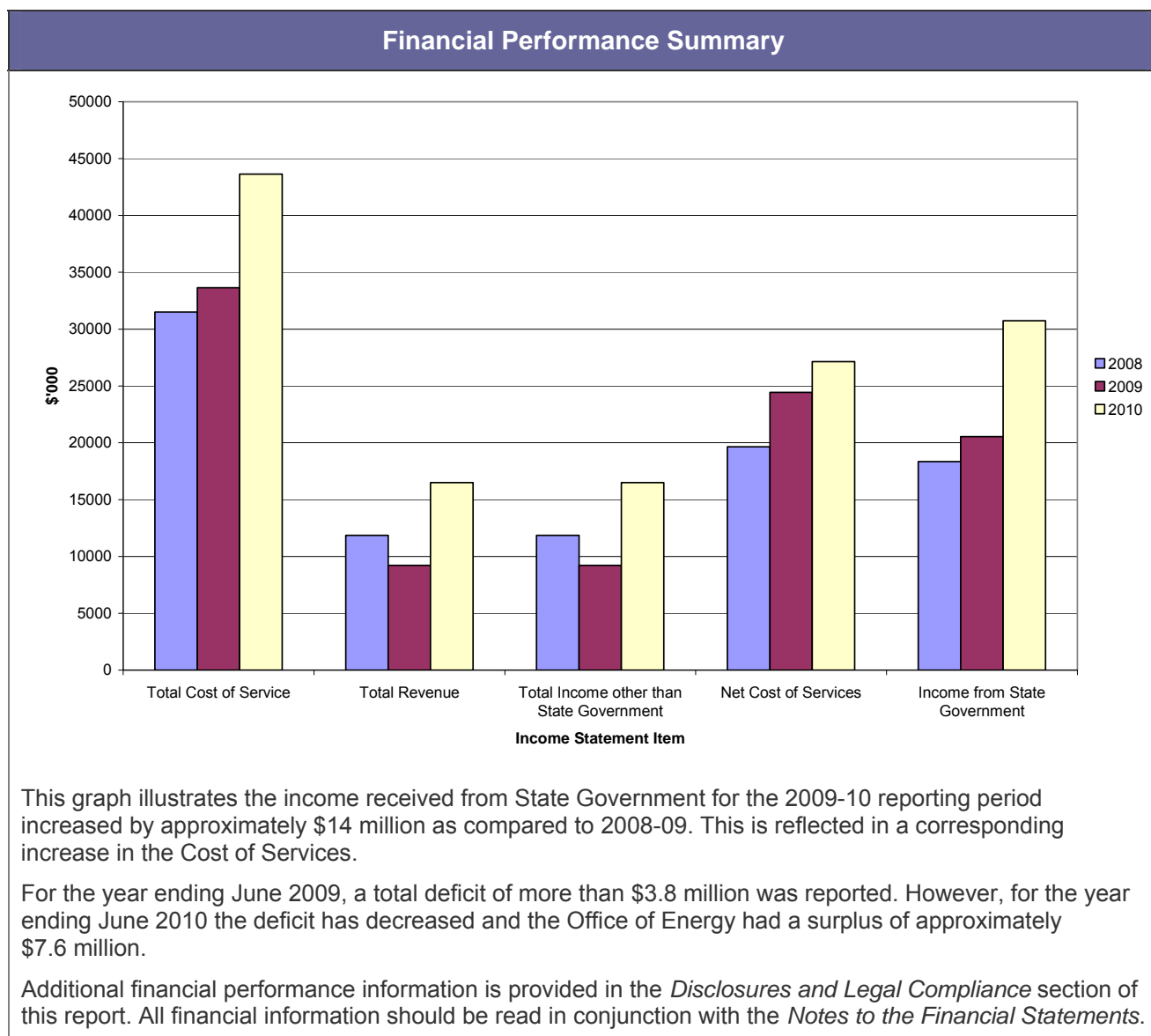
Energy Programs	Secure Energy	Reliable Energy	Competitive Energy	Cleaner Energy
Implemented and audited the Household Renewable Energy Scheme , which provides three annual payments to households that installed renewable energy systems.				◆
Achieved, in January 2010, the Government goal of having at least 50% of all households in Perth metropolitan area supplied by underground power by 2010.	◆	◆		
Launched the Fridge Replacement Scheme , as part of the Hardship Efficiency Program.				◆
Managed the administration of seven rebate programs (see following table for details).				◆
Promoted and facilitated a reduction in energy intensity within State Government agencies through the Energy Smart Government Program .				◆
Managed the Government's commitment to purchase 20% of Government electricity use from renewable sources by 2010.	◆			◆
Promoted awareness and use of energy rating labels through the Reach for the Stars initiative, in partnership with 110 plus participating retailer stores.				◆
Supported the implementation of the House Energy Rating Scheme and National Built Environment Rating System in Western Australia.				◆
Completed final payments under the Renewable Energy Production Subsidy .				◆
Signed funding agreements for two new solar power generation projects under the Renewable Remote Power Generation Program at Marble Bar and Nullagine.	◆			◆
Managed the orderly closure of the Renewable Remote Power Generation Program .				◆

Summary of Rebate Payments, 2009-10	Number	Value
Solar Water Heater Subsidy Scheme Subsidies for householders who install gas-boosted solar water heaters.	2,624	\$1.4M
Western Australian Solar Schools Program Rebates for solar power systems in schools.	96	\$0.4M
Household Renewable Energy Scheme Interim measure to provide assistance to homeowners who installed renewable energy systems in anticipation of the introduction of a gross feed-in tariff.	4,344	\$1.3M
Regional Energy Efficiency Program* Incentives to encourage energy efficiency in areas outside the South West electricity grid.	837	\$0.1M
Remote Area Power Supply Program* Rebates for renewable energy power systems in off-grid areas of Western Australia.	180	\$7.3M
Renewable Energy Water Pumping Program* Rebates for renewable energy based pumps supplying water in regional areas.	123	\$0.5M
Rural Renewable Energy Program - Small Projects* Rebates for grid-connected renewable energy power systems in specific 'fringe of grid' areas of the South West electricity grid.	59	\$1.6M

* Sub-program of the Renewable Remote Power Generation Program, which is funded by the Commonwealth Government and implemented in Western Australia by the Office of Energy.

Committees and Groups
<ul style="list-style-type: none"> • Provided advice and support to the Minister for Energy as a member of the Ministerial Council of Energy. • The Coordinator of Energy participated in the Ministerial Council of Energy Standing Committee of Officials, the Gas Supply and Emergency Management Committee and the Infrastructure Coordinating Committee. • Office of Energy staff participated in 25 national committees and working groups. • Office of Energy staff participated in 19 state committees and working groups (9 groups chaired).

Communications
<ul style="list-style-type: none"> • Responded to around 5,000 calls to the Energy Smart Line • Distributed over 118,000 sustainable energy brochures. • Distributed 31 community seminar kits to local government and community groups. • Participated in five energy-related events, including the Home Energy Expo and the annual Energy in WA conference. • Sponsored five key energy industry awards. • Distributed around 60,000 sustainable energy promotional items. • Developed and maintained a website for the Strategic Energy Initiative, <i>Energy2031</i>. • Commenced a review of the Office of Energy's website. • Published six <i>Sustainable Energy Matters</i> newsletters. • Responded to a wide variety of information requests and enquiries via telephone, emails and meetings.



Operational Structure

Enabling Legislation

The Office of Energy was established as a department under the *Public Sector Management Act 1994* on 1 July 1995.

Responsible Minister

Hon. Peter Collier, BA DipEd MLC, Minister for Energy.

Organisational Structure

Significant work was undertaken during the year to restructure the Office of Energy. The purpose of the agency restructure was to:

- **Refocus** the allocation and efforts of the human resources to better deliver on Government energy policy objectives;
- **Rebuild** or reorganize, in a manner which enhances the capability and capacity of the agency; and
- **Renew** the agency's role in the policy leadership required in the Western Australian energy sector.

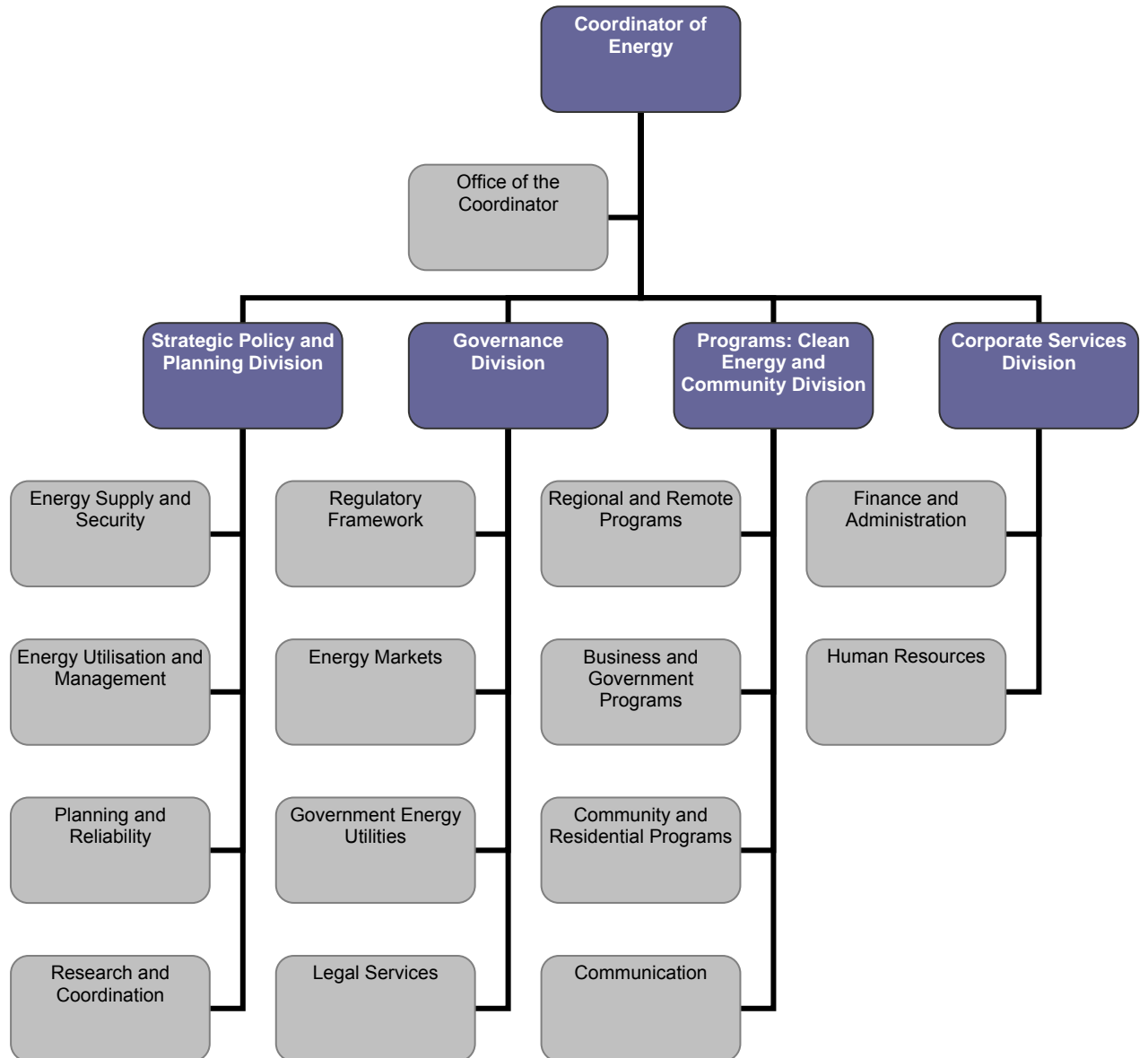
A significant change involved the integration of the Sustainable Energy Development Office into the Office of Energy. The Sustainable Energy Development Office was established in 2001 as a division within the Office of Energy. It was responsible for developing and implementing policy and programs to encourage renewable energy and energy efficiency in Western Australia. These functions are now spread throughout the three operational divisions within the Office of Energy to provide a co-ordinated focus on the Government's energy priorities.

A new operational approach will aim to generate strong 'interconnectedness' across the agency, to assist knowledge transfer and achieve more integrated, whole of office outcomes.

The new structure came into effect on 1 January 2010 (see following page for organisational chart).

Organisational Chart

(as at 30 June 2010)



Division Functions

Strategic Policy and Planning

- Assists Government to make informed policy decisions associated with the supply of energy services in Western Australia.
- Identifies, and understands the impact of, critical strategic issues related to energy supply and demand in Western Australia and develops ideas and policies to assist Government in addressing these challenges.
- Liaises with relevant industry participants and Government agencies to broker non-energy portfolio policy positions that contribute to the achievement of the Government's strategic energy goals.
- Monitors and participates in national energy policy forums, such as those established by the Council of Australian Governments and the Ministerial Council on Energy, and coordinates advice on these.
- Works with industry and relevant Government agencies to develop a coordinated, long-term framework for the planning and delivery of energy infrastructure in Western Australia.
- Develops appropriate mechanisms, procedures and plans to manage, and ensure a coordinated response to, emergency situations that put the security of energy supply at risk in any part of the State.
- Undertakes research and collects data on relevant issues at a local, national and international level.

Governance

- Monitors the operation of Western Australia's wholesale gas and electricity markets to identify issues that require policy consideration.
- Develops competitive wholesale and retail market frameworks for both gas and electricity.
- Balances the Government's market development objectives with customer protection objectives.
- Monitors and reviews the operation of legislative instruments for which the Minister for Energy is responsible.
- Monitors decisions made by State and national regulators on third party access to gas and electricity infrastructure and participates in regulatory consultation processes.
- Provides advice and support to the Government with regards to the performance of the Government owned Electricity Corporations.
- Provides legislative drafting instruction and associated services to the Office of Energy.

Programs: Clean Energy and Community

- Develops and implements programs to achieve secure, reliable, competitive and cleaner energy services for metropolitan, regional, remote and aboriginal communities in Western Australia.
- Develops, implements and promotes programs to encourage best practice energy management in the Western Australian community, including industry, the business sector, government and households.
- Works with other organisations to deliver the State Underground Power Program and the Pilbara Underground Power Project.
- Administers schemes which are designed to increase the uptake of renewable energy by the community.
- Administers a program to provide tools to consumers in financial hardship to reduce energy consumption.
- Provides information and advice on energy efficiency and renewable energy to the Western Australian community.
- Contributes to implementing national programs aimed at increasing energy efficiency across the community.
- Develops and implements internal and external communication strategies.
- Provides communication and marketing services to the Office of Energy.

Corporate Services

- Provides corporate governance and business support functions for the agency such as finance, human resources, workforce development, procurement, property and facilities management, equipment and fleet management.
- Manages the delivery of information management and information technology services via service agreements and/or contracts with third parties in the public and private sector.
- Manages the delivery of transactional level functions underpinning finance, human resources and procurement, which are provided by the Department of Treasury and Finance.
- Coordinates agency responses to Freedom of Information and Public Interest Disclosure requests.
- Manages the implementation of the agency's Graduate Recruitment Program.
- Manages the agency's reception functions.

Corporate Executive - Senior Officers

The Office of Energy's Corporate Executive comprises the Coordinator of Energy and Directors from each of the four divisions which meet on a monthly basis and act as a peak body to:

- prioritise and approve the Office of Energy's program of budget and works to meet the objectives of the organisation;
- monitor progress to meet established objectives;
- establish the strategic direction and policies of the office;
- provide leadership to support the Office of Energy's vision with a culture that supports the values and the direction of the office;
- approve the scope of new major projects as they arise;
- approve structural changes; and
- provide advice to the Coordinator of Energy on major decisions.

Mr Jason Banks formally vacated the position of Coordinator of Energy in April 2010. Immediately prior to that he was on secondment to the Department of State Development. Ms Anne Hill commenced as Acting Coordinator of Energy in August 2009.

As at 30 June 2010, the Corporate Executive members were as follows.

Anne Hill (*A/Coordinator of Energy*)

Ms Hill has 23 years of experience in public sector policy and management, including six years in the energy sector.

Rolando Custodio (*A/Director, Strategic Policy and Planning*)

Mr Custodio has 20 years experience in energy policy and planning in the public service. He has been with the Office of Energy since its inception in 1995.

Michael Kerr (*A/Director, Programs: Clean Energy and Community*)

Mr Kerr has over 20 years experience in the public sector in environmental protection, regulation and management, and waste and energy policy development and implementation.

Tony Perrin (*A/Director, Governance*)

Mr Perrin has 25 years experience in corporate management of energy utilities in both the public and private sectors.

Teresa Williams (*Director, Corporate Services*)

Ms Williams joined the Office of Energy in 2008. Her previous experience includes service delivery in the health sector, human resources, organisational development, corporate governance and project management.

Staff Profile

As at 30 June 2010, the Office of Energy employed 72.1 staff. This figure includes 48 permanent full-time employees, 22 fixed term full-time employees and 5 part-time employees. These figures also include secondees in and out of the agency.

Administered Legislation

The principal legislation administered by the Minister for Energy through the Office of Energy is the *Energy Coordination Act 1994*, which provides for the appointment of a Coordinator of Energy and sets out the functions of this position. Acts administered by the Minister for Energy through the Office of Energy include:

- *Dampier to Bunbury Pipeline Act 1997*;
- *Electricity Corporations Act 2005*;
- *Electricity Industry Act 2004 (all parts other than Part 9A)*;
- *Energy Arbitration and Review Act 1998*;
- *Energy Coordination Act 1994*;
- *Energy Corporations (Transitional and Consequential Provisions) Act 1994*;
- *Energy Operators (Powers) Act 1979*;
- *Electricity Transmission & Distribution Systems (Access) Act 1994*;
- *Fuel, Energy and Power Resources Act 1972*;
- *Gas Corporation (Business Disposal) Act 1999*;
- *Gas Supply (Gas Quality Specifications) Act 2009*;
- *National Gas Access (WA) Act 2009*;
- *Liquefied Petroleum Gas Subsidy Act 1980*;
- *Petroleum Products Subsidy Act 1965*; and
- *State Energy Commission (Validation) Act 1978*.

Other Key Legislation Impacting on the Office of Energy's Activities

In everyday operations, the Office of Energy complies with the following relevant written laws:

- *Disability Services Act 1994*;
- *Electronic Transactions Act 2002*;
- *Equal Opportunity Act 1984*;
- *Financial Management Act 2006*;
- *Freedom of Information Act 1992*;
- *Government Employees Superannuation Act 1987*;
- *Industrial Relations Act 1979*;
- *New Tax System (Goods and Services Tax) Act 1999*;
- *Occupational Safety and Health Act 1984*;
- *Occupiers Liability Act 1985*;
- *Public and Bank Holidays Act 1972*;
- *Public Interest Disclosures Act 2003*;
- *Public Sector Management Act 1994*;
- *Salaries and Allowances Act 1975*;
- *State Records Act 2000*;
- *State Supply Commission Act 1991*; and
- *Workers' Compensation and Rehabilitation Act 1981*.

Performance Management Framework

During 2008-09, the Office of Energy reviewed its Outcome Based Management framework. Amendments to the framework were endorsed and implemented for 2009-10. The amendments include new effectiveness and efficiency indicators, most of which are not directly comparable to effectiveness and efficiency indicators reported for previous years.

The following table shows the relationship between the agency's services and desired outcomes, and the government goal to which it contributes.

Government Goal	Outcome 1	Service 1
Social and Environmental Responsibility Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.	A sustainable, efficient, secure and competitive energy sector.	Development and implementation of energy policy and programs.
	Key Effectiveness Indicators (a) The extent to which policy and program development objectives for the year are achieved. (b) Kilowatt hours displaced. (c) Kilowatt hours avoided. (d) Percentage of Perth metropolitan homes serviced with underground power.	Key Efficiency Indicators (a) Average cost of routine policy and program tasks. (b) Average cost of policy projects and programs. (c) Average cost of processing sustainable energy incentive applications.

The agency's performance against this new framework is reported in the *Disclosures and Legal Compliance* section of this report. The audited statements and the Office of the Auditor General's opinion are provided.

Shared Responsibilities with Other Agencies

The Office of Energy shares responsibility for delivering a number of initiatives with other agencies. These initiatives meet the State Government goal of social and environmental responsibility.

Initiative	Contributing Organisations	
	State Government Agencies	Other
Utility Hardship Package Comprises the Hardship Utilities Grant Scheme, improved financial counselling and the Hardship Efficiency Program. <i>See Energy Programs and Committees and Groups sections for details on the Hardship Efficiency Program.</i>	<ul style="list-style-type: none"> - Department for Child Protection (Lead Agency: Hardship Utilities Grant Scheme). - Department of Housing. - Office of Energy (Lead Agency: Hardship Efficiency Program). 	<ul style="list-style-type: none"> - Financial Counselling Association of Western Australia. - Horizon Power. - Synergy.
State Underground Power Program <i>See Energy Programs and Committees and Groups sections for details.</i>	<ul style="list-style-type: none"> - Office of Energy (Lead Agency). 	<ul style="list-style-type: none"> - Western Australian Local Government Association - Western Power
Aboriginal and Remote Communities Power Supply Project <i>See Energy Programs and Committees and Groups sections for details.</i>	<ul style="list-style-type: none"> - Office of Energy (Lead Agency). 	<ul style="list-style-type: none"> - Department of Families, Housing, Community Services and Indigenous Affairs (Cwlth). - Horizon Power.
Low Emissions Energy Development Fund <i>See Committees and Groups sections for details.</i>	<ul style="list-style-type: none"> - Department of Environment and Conservation (Lead Agency). - Department of Commerce. - Department of Transport. - Department of Treasury and Finance. - Department of Premier and Cabinet. - Office of Energy. 	

Significant Issues Impacting the Agency

Energy Demand Growth and Energy Costs

Over the next twenty years, Western Australia needs to plan for a 60 per cent increase in demand for energy. Electricity tariffs remain below cost-reflective levels. Pressure on energy tariffs, both electricity and gas, is forecast to continue with increased costs likely.

The small size of the state's population, its geographic isolation and its importance as an exporter of mineral and energy resources create unique challenges. The importance of natural gas to our domestic energy supply is a significant issue for Western Australia and there will be new challenges stemming from development of renewable energy resources, increasing use of electricity in our houses and transport systems, development of large, energy-intensive mineral processing projects and evolution of our market systems.

Strategic Energy Policy

The Government's Strategic Energy Initiative *Energy 2031* will have a significant impact on the future direction for energy in Western Australia and for the direction and focus of the Office of Energy.

Competitive Downstream Energy Market Arrangements

Although many reforms have been completed to date to introduce competition into domestic energy markets, downstream energy markets are in a period of transition. Interim arrangements currently exist and further reforms are needed if the industry is to be sustainable, service consumers competitively and support Western Australia's economic growth.

Environment and Climate Change

Uncertainty regarding climate change related policy and regulation at the national level has the potential to affect the level and direction of energy investments. However, the State Government is developing "cleaner energy" initiatives to support increased use of renewable energy and increased energy efficiency. Renewable energy and energy efficiency activity in Western Australia to date have largely been influenced by national policies and Western Australia's interests need to be considered in their implementation.

Increased Use of Self Generation and Renewable Energy

Western Australia is experiencing a significant increase in the installation of small renewable energy systems, mainly photovoltaic's, by Western Australian households. Associated issues that need to be addressed range from the safety and quality of systems to their impact on the electrical network and consumer protection matters.

Installations have grown from around 1,000 in 2008 to around 20,000 to the end of June 2010, with approximately 1,000 systems being connected to the State's main electricity grid each month.

There are also challenges associated with integrating higher levels of intermittent generation, such as wind, into the State's electricity system and market, including managing the impact of this variability in meeting daily energy consumption.

Risk to and Reliability of Energy Supply

Gas supply disruptions in 2008 had a significant effect on the State economy and the broader community. The events and their aftermath increased the awareness of supply risks among consumers and heightened interest in energy security, quality and reliability.

Statutory Reviews

Several statutory reviews have become due or are due soon. The reviews are as follows:

- Section 111 of the *Electricity Industry Act 2004* requires the Minister for Energy to initiate a review as soon as is practicable after the expiry of each 5 year interval (the first ending in November 2009) of the *Electricity Networks Access Code* - to provide the framework for all third party access to electricity networks in the State.
- Section 39 of the *Electricity Corporations Act 2005* requires the Minister for Energy to review by 1 April 2010 the moratorium on Verve Energy preventing it from supplying electricity to parties for their own consumption.
- Section 48 of the *Electricity Corporations Act 2005* requires the Minister for Energy to review by 1 April 2010 the moratorium on Synergy from generating electricity.
- Section 55 of the *Electricity Corporations Act 2005* requires the Minister for Energy to cause a review to be undertaken, as soon as practicable after 1 April 2009, on whether further retail competition should be introduced for the supply of electricity on the South West electricity grid i.e. whether Synergy should continue to be the sole supplier of electricity to those consuming less than 50MWh pa.

The outcomes of these reviews are likely to have a significant effect on the energy industry and the way energy markets operate in the south west of the State.

Agency Performance

Report on Operations

The Office of Energy's 2009-10 *Report on Operations* is divided into six sections, as shown in the table below.

Some key projects and activities are reported in one section only to avoid repetition, but in practice interconnect with other sections.

The agency meets some of its organisational objectives by participating in national and state-based committees, working groups and taskforces. While part of this work is outlined under the *Energy Policy and Planning*, *Markets and Regulations* and *Energy Programs* sections, full details can be found in the *Committees and Groups* section.

Energy Policy and Planning	Details the performance of the Office of Energy on key state and national energy policy and planning activities.
Markets and Regulations	Outlines the performance of the Office of Energy in driving toward a more effective and efficient framework for regulating the energy industry, and for the operation of energy markets.
Government Energy Utilities	Describes the Office of Energy's key achievements in supporting the Minister for Energy in monitoring the Government's interests in Verve Energy, Western Power, Synergy and Horizon Power.
Energy Programs	Reports on the performance of energy programs managed by the agency, as well as programs that the Office of Energy shares responsibility for delivering with other agencies.
Committees and Groups	Lists national and state committees, working groups and taskforces which the Office of Energy was involved in during the year.
Communications	Details the Office of Energy's major communication and marketing activities.

Energy Policy and Planning

The Office of Energy provides energy policy and planning advice and support to the Government to help it achieve its strategic goals of secure, reliable, competitive and cleaner energy within Western Australia.

The 2009-10 year was significant for the agency, with a number of major policy and planning initiatives announced and/or introduced by the Government.

Project / Activity	Key Achievements 2009-10
<p>Strategic Energy Initiative, <i>Energy2031</i></p> <p>The Strategic Energy Initiative, <i>Energy2031</i>, was announced by the State Government in August 2009.</p> <p><i>Energy2031</i> involves working with industry and the community to develop a plan that aims to meet the State's energy needs over the next 20 years.</p> <p>The Office of Energy is coordinating the initiative.</p>	<ul style="list-style-type: none"> • Undertook extensive consultation from November 2009 to June 2010, involving: <ul style="list-style-type: none"> – 11 consultation forums in Albany, Broome, Bunbury, Carnarvon, Esperance, Geraldton, Kalgoorlie, Mandurah, Merredin, Perth and Port Hedland; – 3 industry workshops; – 26 evaluations; – 2 large events with external organisations; and – 67 written submissions an Issues Paper were received. • Some of the key issues raised during consultation and in submissions included energy affordability, the role of renewable energy, investment in energy infrastructure, the role of technology in providing household energy savings and ensuring adequate energy supply to meet predicted industry and population growth. • As at 30 June 2010, the Office of Energy was in the process of reviewing all contributions. Further consultation is planned for 2010-11, with the final report expected to be released early in 2011.
<p>Net Feed-in Tariff</p> <p>The Government committed to commence a residential net feed-in tariff scheme from 1 July 2010.</p> <p>A net feed-in tariff pays a subsidy on excess electricity that is exported to the grid by a renewable energy system (i.e. in excess of electricity consumed in the home).</p> <p>The Office of Energy established a working group to coordinate implementation of the scheme, with representatives from Horizon Power, the Office of Energy, Synergy and Western Power.</p>	<ul style="list-style-type: none"> • Undertook a public consultation process in late 2009. A total of 74 written submissions were reviewed. • Submitted recommendations on the scheme design to Government in March 2010. • Government announced a net feed-in tariff scheme budget of \$23 million for four years in May 2010. • Synergy and Horizon Power started accepting applications to the scheme in July 2010, for scheme commencement from August 2010. • Commenced investigation on the feasibility of extending the feed-in tariff scheme to commercial customers and implementing the National Principles for Feed-in Tariff Schemes.

Project / Activity	Key Achievements 2009-10
<p>Gas Supply and Emergency Management</p> <p>Following two gas supply disruptions in 2008, the Government established the Gas Supply and Emergency Management Committee to review and provide advice to Government on:</p> <ul style="list-style-type: none"> • gas disruption emergency response; • gas supply security, both present and long term; • the risk, duration and effect of potential supply disruptions along the gas supply chain; • alternative approaches to avoid or minimise gas supply disruption or mitigate the effects of such a disruption; and • lessons learnt from past gas supply disruptions. <p>The Gas Supply and Emergency Management Committee was chaired by the Coordinator of Energy, with the Office of Energy providing secretariat support.</p>	<ul style="list-style-type: none"> • The Committee submitted its final report to Government in September 2009 following broad stakeholder consultation. • Government endorsed the report's recommendations in December 2009. • Commenced implementation of some of the recommendations, including: <ul style="list-style-type: none"> – Submitted drafting instructions to the Fire and Emergency Services Authority to prescribe natural gas and liquid fuel supply disruption as a hazard within the State's <i>Emergency Management Regulations 2006</i>. – Drafted strategic and operational plans to formalise gas supply disruption response arrangements. – Commenced design of a Western Australian Gas Bulletin Board and Gas Statement of Opportunities, and the selection of a market operator. – Commenced further development of options for the establishment of gas contingency services.
<p>Electricity Distribution Headworks Charge</p> <p>Western Power's Electricity Distribution Headworks Charge was a capped one-off charge for users connecting to the electricity network, or upgrading their connection, at remote or edge of grid locations of the South West electricity grid. The charge relates to enhancements of the backbone distribution system, such as upgrading the capacity of transformers, and is in addition to charges for user-specific connection works.</p> <p>Although a subsidy was in place to alleviate the cost to customers more distant from a substation, some customers still faced high costs which were considered to be a constraint on regional development.</p>	<ul style="list-style-type: none"> • Undertook a review of Western Power's Electricity Distribution Headworks Charge in collaboration with Western Power and the Department of Treasury and Finance, with Government considering the recommendations in May 2010. • Government subsequently announced that it would completely subsidise the charge for South West electricity grid eligible customers requiring a new or expanded electricity supply from July 2010.

Project / Activity	Key Achievements 2009-10
<p>North Country Reinforcement Project</p> <p>The Government requested a formal review of the Western Power's North Country Reinforcement Project (a new major power line in the State's Mid-West) in early 2009 after initial cost estimates more than doubled.</p> <p>The review team comprised the Department of State Development, the Department of Treasury and Finance and the Office of Energy. It recommended a two stage approach to the project, with conditional commitment to Stage One (Pinjar to Eneabba) and deferral of Stage Two (extension to Geraldton).</p>	<ul style="list-style-type: none"> • Following the review, the Government announced in August 2009 that it had conditionally agreed to build Stage One of the North Country Reinforcement Project. • The Office of Energy and the Department of Treasury and Finance reviewed Western Power's amended business and technical processes for evaluating this project and its proposed business case.
<p>Intermittent Renewable Energy Generation</p> <p>The Government commissioned a consultancy report in 2005 at the commencement of the Wholesale Electricity Market to examine ways to facilitate generation from intermittent renewable energy sources, particularly wind, in the South West electricity grid.</p>	<ul style="list-style-type: none"> • Commissioned an independent expert to undertake a progress review of intermittent renewable energy generation in the South West electricity grid. • Facilitated input from key Government and statutory energy market stakeholders.
<p>Climate Change Policy Development</p> <p>The Office of Energy contributes and advocates Western Australian energy interests in State climate change policy formulation and national energy policy development.</p>	<ul style="list-style-type: none"> • Provided input to the Office of Climate Change's "Review of Existing WA Climate Change Mitigation Policies to Determine Complementarity with the CPRS". • Provided input to the Council for Australian Federation Adaptation Stocktake. • Provided comment and advice through participation in the Climate Change Policy Interdepartmental Steering Group.
<p>Renewable Energy Project Development</p> <p>The Office of Energy is undertaking a project to provide renewable energy project developers with web based interactive information on renewable energy sources, network location, land and other project resource availability, and relevant development constraints.</p>	<ul style="list-style-type: none"> • Worked with data owners on arrangements to share data on renewable energy resources and energy infrastructure through the Shared Land Information System.

Markets and Regulations

The Office of Energy monitors the operation of existing electricity and gas markets, both at wholesale and retail levels, to identify issues that require policy consideration.

A key focus for the agency is the development of competitive market arrangements, while taking into consideration customer protection objectives.

Critical to the development of competition in energy markets is providing appropriate regulatory arrangements for third party access to transmission and distribution systems; the licensing of generators, transmitters, distributors and retailers of energy; and metering arrangements.

Project / Activity	Key Achievements 2009-10
Gas Tariffs Review The Office of Energy commenced a review of gas retail tariffs (prices) in 2008. After the review commenced, Alinta and North West Shelf Gas entered into an arbitration process on wholesale gas supply pricing. The project was put on hold until the arbitration process was completed, due to likely impacts.	<ul style="list-style-type: none"> • Recommended the Gas Tariffs Review in February 2010 following the conclusion of the arbitration process between Alinta and North West Shelf Gas. • Made significant progress toward the completion of a draft recommendations report on gas tariff caps and a proposed methodology to determine gas prices in the future.
Interim Retail Gas Tariff Adjustment When the arbitration was underway, Alinta informed the Office of Energy that the gas tariff caps were too low and did not allow for the recovery of costs incurred in supplying gas. Given the uncertainty surrounding the timing of the completion of the arbitration process and the Gas Tariffs Review, the Office of Energy undertook an interim review of gas tariff caps in order to support the financial viability of gas retailers and ensure continuity of gas supply.	<ul style="list-style-type: none"> • Completed a recommendations report on an interim adjustment of gas tariff caps in March 2010. • Gas retail tariffs were adjusted in April 2010.
Adjustment of Electricity Retail Tariffs The Government increased electricity tariffs in April 2010. The Office of Energy provided advice to the Government on the impact of the increase. The Government also announced a review of the existing electricity tariff structure and concessions framework to mitigate the impact of electricity price increases on households experiencing financial difficulty. The Office of Energy is coordinating the review.	<ul style="list-style-type: none"> • Undertook financial modelling on the impact of electricity tariff increases on consumers and the State budget, and submitted to Government. • Developed a concept paper for the Minister for Energy for reform of the residential electricity tariff structure and concessions framework.

Project / Activity	Key Achievements 2009-10
<p><i>Gas Supply (Gas Quality Specifications) Act 2009</i></p> <p>This Act and supporting regulations enable broader quality gas to be supplied into gas transmission pipelines in Western Australia. Broader quality gas will facilitate the development of additional gas fields in Western Australia, which is expected to improve competition in the domestic gas market and enhance energy security by diversifying supply sources. Those adversely affected by the changes will be compensated by the suppliers of the low specification gas.</p>	<ul style="list-style-type: none"> • Managed the passage of the <i>Gas Supply (Gas Quality Specification) Act 2009</i> through Parliament in December 2009, which took effect in March 2010. • Drafted supporting regulations, which also took effect in March 2010. Commenced policy development of Phase 2 of the regulations. • Developed and gazetted the Standard Form Agreement Warehousing Method – Dampier to Bunbury Natural Gas Pipeline. • Declared the Dampier to Bunbury Pipeline to be a 'Pipeline Impact Agreement' Pipeline.
<p><i>National Gas Access (WA) Act 2009</i></p> <p>The <i>National Gas Access (WA) Act 2009</i> implements the National Gas Law in Western Australia. The National Gas Law aims to improve regulation of gas pipeline infrastructure, encourage upstream and down stream competition and provide long-term benefits to gas consumers with respect to price, quality, safety, reliability and security of supply.</p>	<ul style="list-style-type: none"> • Managed the passage of and amendments to the National Gas Access Bill through Parliament. • Drafted supporting regulations under the Bill. • The Act and regulations took effect in January 2010.
<p>Regulatory Determinations by the Economic Regulation Authority</p> <p>Regulatory determinations by the Economic Regulation Authority have flow on effects to electricity and gas tariffs, as well as for industry and market participants. The Office of Energy regularly reviews decisions by the Economic Regulation Authority and makes submissions to the Authority as appropriate.</p>	<ul style="list-style-type: none"> • Provided input into decisions on Western Power's proposed amendments for its Access Arrangement for the second regulatory period to 30 June 2012. • Provided input into a decision on the Goldfields Gas Pipeline. • Provided input into a decision on the WA Gas Network. • Provided input into a draft decision on the Dampier to Bunbury Natural Gas Pipeline. • Provided submissions on applications for new licences and/or licence amendments.
<p>Electricity Market Regulatory Instruments</p> <p>The Office of Energy reviews and implements amendments to existing regulatory instruments to ensure that they continue to meet their objectives, facilitate the operation of the electricity market and are consistent with associated instruments.</p>	<ul style="list-style-type: none"> • Undertook consultation on amendments to: <ul style="list-style-type: none"> – <i>Electricity Industry Metering Code</i>; – <i>Electricity Industry Exemption Order 2005</i>; and – <i>Energy Coordination Exemption Order 2009</i>. • Managed the process for amending these instruments.

Project / Activity	Key Achievements 2009-10
<p>Regulatory Environment for Small Generators</p> <p>With the rapid expansion of solar photovoltaic systems on to the market, there is concern that the technical and regulatory environment needs to keep up. In response, the Office of Energy convened an interagency working group to identify the technical and regulatory issues raised and identify avenues to address these.</p> <p>An Outcomes Report will be forwarded to the Economic Regulation Authority to consider the recommended amendments to the Technical Rules governing connection to the South West electricity grid.</p>	<ul style="list-style-type: none"> Identified issues and means to address these; an Outcomes Report is to be prepared for endorsement by participants.
<p>Electricity Supplier of Last Resort Regulations</p> <p>The regulations will provide for the establishment and operation of 'supplier of last resort' arrangements in the event that a licence for any retailer of electricity is cancelled, expires and is not renewed, or is surrendered.</p>	<ul style="list-style-type: none"> Completed the third draft of the regulations in consultation with electricity retailers, the Independent Market Operator and the Economic Regulation Authority.
<p>Draft Gas Emergency Regulations</p> <p>The <i>Fuel, Energy and Power Resources Act 1972</i> allows regulations and orders to be made where a state of emergency is declared.</p> <p>The Gas Emergency Regulations are being developed to allow the Government to distribute gas and liquid fuel during a gas supply disruption to ensure supply to customers and to maintain electricity supplies.</p>	<ul style="list-style-type: none"> Provided Drafting Instructions for Gas Emergency Regulations to Parliamentary Counsel's Office in preparation for a gas supply disruption.

Government Energy Utilities

The Office of Energy provides oversight of the Government owned Electricity Corporations (Verve Energy, Western Power, Synergy, Horizon Power) and associated financial and energy policy issues.

The agency is responsible for providing shareholder advice to the Minister for Energy on the financial performance of

the Corporations and their major contractual decisions.

The Office of Energy aims to ensure that the Corporations are operating efficiently and effectively consistent with their enabling legislation and the interests of their sole shareholder, the Government.

Project / Activity	Key Achievements 2009-10
<p>Financial and Operating Performance</p> <p>The Office of Energy is responsible for scrutinising the Electricity Corporations' financial and operating performance from a shareholder perspective.</p> <p>The agency reviews and analyses financial and operating performance to ensure that the Corporations are operating efficiently and effectively.</p>	<ul style="list-style-type: none"> Reviewed, analysed and provided comment and advice on the Electricity Corporations' Strategic Development Plans (5 year plans) and Statements of Corporate Intent (12 month plans). Reviewed, analysed and provided advice on the Electricity Corporations' annual reports, quarterly reports, Mid Year Review submissions and Budget submissions. Worked with the Department of Treasury and Finance to submit the Terms of Reference for the Economic Regulation Authority's Inquiry into Horizon Power.
<p>Major Contracts</p> <p>The Office of Energy participates in major contractual decisions of the Electricity Corporations which require consultation with, or approval by, the Minister for Energy under the <i>Electricity Corporations Act 2005</i>.</p> <ul style="list-style-type: none"> Section 68 of the Act requires that Electricity Corporation transactions over a prescribed amount need the Minister for Energy's approval. Section 70 of the Act requires the Electricity Corporations to consult with the Minister for Energy on major initiatives or initiatives that are likely to be of significant public interest. 	<ul style="list-style-type: none"> Reviewed, analysed and provided advice to the Minister on section 68 and section 70 applications from the Electricity Corporations.
<p>Vesting Contract</p> <p>The Office of Energy administers, on behalf of the Minister for Energy, the Vesting Contract between Verve Energy and Synergy for the supply of energy and Capacity Credits.</p> <p>The Vesting Contract commenced at the disaggregation of Western Power Corporation and is a transitional mechanism supporting the development of competition in the electricity market.</p>	<ul style="list-style-type: none"> Implemented Vesting Contract Phase 1 amendments; the amendments dealt with specific issues in the Vesting Contract and ensure that arrangements functions accurately. Implemented Glide Path Community Service Obligation Agreement Carry Over amendments.

Energy Programs

The Office of Energy performs a range of functions with regards to energy programs, including:

- developing, managing and working with other State Government organisations to deliver programs;
- administering funded programs including Commonwealth Government funded programs (under agreement arrangements); and
- facilitating implementation in Western Australia of national energy efficiency policies and programs.

The following table shows the key achievements of each of these programs throughout the year.

Several programs closed to new applications during the year due either to full allocation of funding or in response to the Government's Global Savings Measures in late 2009.

Community and Residential Programs

Program	Key Achievements 2009-10
Hardship Efficiency Program This program was established in 2008 to provide households in hardship with education and energy efficiency products and solutions to help them save energy on an ongoing basis. The program requires referral from a registered Financial Counsellor through the Hardship Utility Grants Scheme, which is administered by the Department for Child Protection.	<ul style="list-style-type: none"> • Delivered 760 home energy efficiency assessments. • Commenced a Fridge Replacement Scheme in December 2009, with 78 fridges delivered during 2009-10. • Commenced the Special Hardship Esperance Efficiency Project in September 2009. • Horizon Power completed 440 home audits in town reserves, under the program.
Household Renewable Energy Scheme This scheme was introduced in late 2009 as an interim measure to provide assistance to homeowners who installed or committed to installing renewable energy systems in anticipation of the Government's proposed gross feed-in tariff (which did not proceed). The scheme closed to applications in September 2009. Successful applicants are scheduled to receive funding in three annual instalments from 2009/10.	<ul style="list-style-type: none"> • Processed 4,774 applications, of which 4,517 were successful. • Commenced payments for the first of three annual instalments in December 2009. • Distributed approximately \$1.3 million in payments, representing 96% of total first instalments.
Solar Water Heater Subsidy Scheme This scheme provides subsidies for gas-boosted solar water heaters used in homes. <ul style="list-style-type: none"> • \$500 subsidy for natural gas-boosted solar water heaters. • \$700 subsidy for bottled LP gas-boosted solar water heaters used in areas without reticulated gas. 	<ul style="list-style-type: none"> • Processed 3,095 pre-approval applications. • Provided \$1.4 million in rebates to 2,624 applicants. • Undertook an administrative review of the program. • 95% of rebate applications to the Scheme were successful.

Program	Key Achievements
<p>State Underground Power Program</p> <p>This program was established in 1996 to improve security and reliability of supply after a report found that 80% of damage to power lines was caused by falling trees.</p> <p>The program is administered by the State Underground Power Program Steering Committee, which includes representatives from the Office of Energy, Western Power and the Western Australian Local Government Association.</p>	<ul style="list-style-type: none"> • Achieved, in January 2010, the Government's goal of having 50% of all households in the Perth metropolitan area supplied by underground power by 2010. • Three Major Residential Projects were completed (Como East, Mount Pleasant North, Palm Beach (Rockingham)). • Four Localised Enhancement Projects were completed (Toodyay, Brunswick Junction, Victoria Park (Albany Highway), Jurien Bay (Heaton Street)). • Initiated Round Five of the program. • Initiated a review of the program.
<p>Sustainable Energy Development Office Grants Program</p> <p>This program provided grants ranging from \$5,000 to \$50,000 for community based sustainable energy projects and sustainable energy research and development initiatives, through competitive funding rounds.</p> <p>The program was closed to new applications in October 2009 as part of the Government's Global Savings Measures.</p>	<ul style="list-style-type: none"> • Provided funding to 18 grantees (13 community and 5 research and development projects).

Business and Government Programs

Program	Key Achievements
<p>Energy Smart Government Program</p> <p>This program is aimed at promoting and facilitating sustainable energy use within the State Government.</p> <p>Participating agencies are required to collect and report their energy use, energy costs, greenhouse gas emissions and energy intensity indicators each year.</p> <p>Funding for the program was cut in October 2009 as part of the Government's Global Savings Measures. As a consequence, funding for energy efficiency initiatives is no longer available under the program. The reporting requirements remain in effect under the 2008/11 Premier's Circular 'Energy Smart Government'.</p>	<ul style="list-style-type: none"> • Produced and released the whole-of-government report on Government energy usage and other Government energy management related information for 2007-08. • Managed a centralised web based reporting and benchmarking tool to enable agencies to meet their reporting requirements. • Encouraged agencies to participate in the CitySwitch Green Office program. • A total of 14 new Energy Management Plans were signed during 2009-10 by Chief Executive Officers. • A total of 86% of agencies improved their energy intensity by an average of 32% between 2001-02 and 2008-09.

Program	Key Achievements
<p>Government Purchase of Renewable Energy</p> <p>The Government committed to purchase 20% of Government electricity use from renewable sources by 2010.</p> <p>Purchase of the renewable energy in 2009-10 was managed by the Office of Energy with assistance from the Department of Treasury and Finance through an online reverse auction.</p>	<ul style="list-style-type: none"> • Government purchased 108,000MWh of GreenPower in 2009-10, which was sourced from the Walkaway Wind Farm near Geraldton.
<p>House Energy Rating Scheme (HERS)</p> <p>The Office of Energy administers the House Energy Rating Scheme in Western Australia.</p> <p>Part of this work involves providing input into national HERS development to ensure that the scheme and tools are appropriate for use within Western Australia.</p>	<ul style="list-style-type: none"> • Facilitated training and accreditation of HERS assessors in Western Australia. • Promoted the HERS scheme within the housing construction industry. • Contributed to the Council of Australian Governments' commitment to develop increased energy efficiency standards in the Building Code of Australia for residential dwellings using the House Energy Rating Scheme (6-Star initiative).
<p>National Built Environment Rating System (NABERS)</p> <p>NABERS benchmarks the operational performance of existing buildings using a star rating system, allowing building owners to compare their performance against their peers.</p> <p>The Office of Energy is the Regional Administrator for the program in Western Australia.</p> <p>The rating tool has been chosen for use in the upcoming national Commercial Building Disclosure program, providing the central energy performance rating of this legislated requirement, to come into effect from November 2010.</p>	<ul style="list-style-type: none"> • Carried out over 30 NABERS energy ratings in Western Australia and published these on the NABERS website. • Signed three new NABERS Energy commitment agreements between building owners and the Office of Energy. • Assisted in the delivery of the CitySwitch Green Office program through a Memorandum of Understanding with the City of Perth. • Facilitated training of accredited NABERS assessors. • Promoted uptake of NABERS in the commercial property sector.
<p>Western Australian Solar Schools Program</p> <p>This program provides rebates for solar power systems installed at Western Australian schools:</p> <ul style="list-style-type: none"> • Rebates of up to \$12,500 are available for metropolitan schools. • Rebates of up to \$13,000 are available for regional schools. 	<ul style="list-style-type: none"> • Processed 96 pre-purchase applications. • Provided rebates to 31 government and 7 non-government schools, totalling 54kW.

Program	Key Achievements
<p>Reach for the Stars</p> <p>This program facilitates increased awareness and use of appliance and equipment energy rating labelling.</p> <p>The program was developed to build on consumer and industry awareness of the rating label, increase the level of influence of the label at the time of purchase and facilitate the increased promotion and sale of high star rated appliances.</p> <p>The Office of Energy works with Energy Safety, Department of Commerce, which conducts retail store audits to ensure the correct use of energy rating labels.</p>	<ul style="list-style-type: none"> Maintained partnerships with 9 retail chains (123 retail stores in total) through Memorandums of Understanding.
<p>Renewable Energy Production Subsidy</p> <p>This was a short term measure introduced in 2006 to assist renewable energy power producers transition to the Wholesale Electricity Market.</p>	<ul style="list-style-type: none"> Payments were made to three power stations, representing 13.9GWh of renewable energy generation.

Regional and Remote Programs

Program	Key Achievements
<p>Aboriginal and Remote Communities Power Supply Project (ARCPSP)</p> <p>This program is a joint initiative of the State and Commonwealth Government's to regularise power supply in large permanent Aboriginal communities in remote Western Australia.</p> <p>Phase 1 of the project was completed in 2007 and resulted in the regularisation of electricity supplies at Bidyadanga, Beagle Bay, Djarindjin, Lombadina, Ardyaloon and Warmun. Phase 2 is seeking to expand the program to Kalumburu and Yungngora (as Phase 2.1).</p> <p>The project is managed by the Aboriginal and Remote Communities Power Supply Project Steering Committee.</p>	<ul style="list-style-type: none"> Phase 2.1 of ARCPSP is underway and is expected to be completed in 2011. Progress was made in formalising a Memorandum of Understanding with Horizon Power on the delivery of Phase 2 and the ongoing management (and associated costs) for Phase 1. Progress was made in finalising outstanding Indigenous Land Use Agreement related issues associated with Phase 1 communities.
<p>Renewable Remote Power Generation Program (RRPGP)</p> <p>This program provides rebates for renewable energy systems used in 'off-grid' areas, renewable energy systems used in 'fringe of grid' areas and energy efficiency projects in 'off-grid' areas.</p> <p>The program is funded by the Commonwealth Government and implemented in Western Australia by the Office of Energy.</p> <p>All funding is sourced from diesel fuel excise paid in Western Australia from 2001 to 2004. Western Australia has benefited from \$74.7 million in funding since the program commenced in 2001.</p>	<ul style="list-style-type: none"> Administered six sub-programs (Large Projects; Regional Energy Efficiency Program; Remote Area Power Supply Program; Renewable Energy Water Pumping Program; Renewable Energy Industry Support; and Rural Renewable Energy Program). Managed the orderly closure of three sub-programs due to full allocation of funding. <p>See below for sub-program details.</p>

Program	Key Achievements
<p>Large Projects (RRPGP sub-program)</p> <p>This sub-program provides rebates for large scale renewable energy based power systems costing over \$1 million in 'off-grid' areas.</p>	<ul style="list-style-type: none"> Managed a competitive funding round for large projects. Signed funding agreements for two new projects - a 300kW solar photovoltaic project at Marble Bar and a 200kW solar photovoltaic project at Nullagine.
<p>Regional Energy Efficiency Program (RRPGP sub-program)</p> <p>This sub-program provides incentives to encourage energy efficiency in areas outside the South West electricity grid.</p> <p>Incentives include rebates for energy efficient refrigerators, freezers, air conditioners, ceiling insulation and controllers and giveaways of energy efficient light globes.</p> <p>Energy audits are also available for businesses and government operations through the program, on a region by region basis.</p>	<ul style="list-style-type: none"> Provided 837 energy efficient appliance rebates to the value of around \$0.1 million. Managed the roll out of energy audits in the Pilbara, Kimberley and Goldfields-Esperance regions via an external contract arrangement. Contractors audited a total of 60 organisations.
<p>Remote Area Power Supply Program (RRPGP sub-program)</p> <p>This sub-program provided rebates of up to \$500,000 for renewable energy power systems installed in 'off-grid' areas.</p> <p>The program was closed to new applications in December 2009 due to full allocation of funding.</p>	<ul style="list-style-type: none"> Processed 166 pre-purchase applications. Provided around \$7.3 million in rebates for 180 projects. Renewable energy power systems installed through program totalled approximately 752kW (720kW solar, 32kW wind). Managed the orderly closure of the sub-program.
<p>Renewable Energy Water Pumping Program (RRPGP sub-program)</p> <p>This sub-program provided rebates of up to \$30,000 for renewable energy based pumps supplying water in regional areas.</p> <p>The program was closed to new applications in December 2009 due to full allocation of funding.</p>	<ul style="list-style-type: none"> Processed 80 pre-purchase applications. Provided around \$0.5 million in rebates for 123 projects. Renewable energy power systems installed through program totalled approximately 58kW (all solar). Managed the orderly closure of the sub-program.
<p>Rural Renewable Energy Program - Small Projects (RRPGP sub-program)</p> <p>This sub-program provided rebates of up to \$150,000 for small scale grid-connected renewable energy power systems in specific 'fringe of grid' areas of the South West electricity grid.</p> <p>The program was closed to new applications in October 2008 due to full allocation of funding.</p>	<ul style="list-style-type: none"> Provided around \$1.6 million in rebates for 59 projects. Renewable energy power systems installed through program totalled approximately 324kW (299kW solar, 25kW wind) Managed the orderly closure of the sub-program.

Program	Key Achievements
<p>Rural Renewable Energy Program - Medium Projects <i>(RRPGP sub-program)</i></p> <p>This sub-program provides rebates for medium scale grid-connected renewable energy power systems in specific 'fringe of grid' areas of the South West electricity grid.</p>	<ul style="list-style-type: none"> • Supported progress of the Mt Barker Wind Farm project, which will have three 800kW wind turbines. • Worked to resolve challenging issues relating to the proposed Denmark Community Wind Farm.
<p>Renewable Energy Industry Support <i>(RRPGP sub-program)</i></p> <p>Funding is provided to the Research Institute for Sustainable Energy, Murdoch University to support renewable energy industry training, standards development and equipment testing.</p>	<ul style="list-style-type: none"> • Provided a final project payment of around \$0.3 million and assisted with the closure and auditing of the project. • Reviewed and recommended funding for a renewable energy research project to be undertaken by the Research Institute for Sustainable Energy.

Committees and Groups

The tables below provide details of the national and state-based committees and groups the Office of Energy was involved with during 2009-10.

The level of involvement varied from active participation to monitoring progress and key outcomes.

National Committees and Groups
<p>Ministerial Council on Energy <i>(Chair: Commonwealth Minister for Resources and Energy)</i></p> <p>The Ministerial Council on Energy was established in 2001 to deliver the economic and environmental benefits for Australia from implementation of the Council of Australian Governments national energy policy framework. The Council's objectives are to:</p> <ul style="list-style-type: none"> • provide national oversight and coordination of policy development to address the opportunities and challenges facing Australia's energy sector into the future; and • provide national leadership so that consideration of broader convergence issues and environmental impacts are effectively integrated into energy sector decision-making <p>The Western Australian Minister for Energy is a member of the Council. The Office of Energy provides advice and support to the Minister for Energy in this role, as well as dedicated program management and support.</p>
<p>Ministerial Council on Energy - Standing Committee of Officials <i>(Chair: Department of Resources, Energy and Tourism (Cwlth))</i></p> <p>The Standing Committee of Officials advises the Ministerial Council on Energy and develops issues for the consideration of the council. The Coordinator of Energy is a member of the Standing Committee of Officials.</p>
<p>Ministerial Council on Energy - Working and Implementation Groups</p> <p>A range of working and implementation groups exist under the Ministerial Council on Energy and the Standing Committee of Officials. Office of Energy staff were members of 17 of these groups during 2009-10, principally involving issues of energy security, energy efficiency and energy market reform.</p>
<p>Energy Sector Group <i>(Chair: Department of Resources, Energy and Tourism (Cwlth))</i></p> <p>Sub-group of the Trusted Information Sharing Network. Shares information and best practice on generic threats and vulnerabilities in the energy sector.</p>
<p>Experts Group on Streamlining Greenhouse and Energy Reporting <i>(Chair: Department of Climate Change and Energy Efficiency (Cwlth))</i></p> <p>Responsible for implementing the Council of Australian Governments' commitment to streamline State, Territory and Australian Government greenhouse and energy reporting.</p>
<p>Greenhouse Energy Minimum Standards (National) Legislation Taskforce <i>(Chair: Department of Climate Change and Energy Efficiency (Cwlth))</i></p> <p>Established to progress national legislation for appliance energy standards and labelling to simplify enforcement and ensure consistency across all Australian jurisdictions.</p>
<p>National Oil Supplies Emergency Committee <i>(Chair: Department of Resources, Energy & Tourism (Cwlth))</i></p> <p>Reports to the Ministerial Council on Energy. It is the channel through which the Commonwealth and State and Territory Governments formulate their overall management response to a national liquid fuel emergency.</p>
<p>Renewable Energy Target Sub-group <i>(Chair: Department of Climate Change and Energy Efficiency (Cwlth))</i></p> <p>Established under the Council of Australian Governments to agree the scheme design to achieve the Commonwealth Government's target of 20% renewable energy generation by 2020.</p>
<p>Senior Officials Group on Energy Efficiency <i>(Chair: Department of Climate Change and Energy Efficiency (Cwlth))</i></p> <p>Provides oversight for the National Strategy on Energy Efficiency, including formulation of ongoing policy, overseeing and approving the development of implementation plans and reporting on progress to the Council of Australian Governments.</p>

State Committees and Groups
<p>Climate Change Policy Interdepartmental Steering Group <i>(Chair: Department of Environment and Conservation)</i> Considers and recommends climate change policies and initiatives to the Directors General Group on Climate Change and Energy and assists in the implementation of State Government climate change policies and measures.</p>
<p>Electricity Code Consultative Committee <i>(Chair: Economic Regulation Authority)</i> Established under the <i>Electricity Industry Act 2004</i> to advise the Economic Regulation Authority on amendments to the Code of Conduct for the Supply of Electricity to Small Use Customers.</p>
<p>Feed-in Tariff Strategic Implementation Committee <i>(Chair: Office of Energy)</i> Established to streamline the development and implementation of the Western Australian Residential Net Feed-in Tariff Scheme.</p>
<p>Gas Marketing Code Consultative Committee <i>(Chair: Economic Regulation Authority)</i> Established under the <i>Energy Coordination Act 1994</i> to advise the Economic Regulation Authority on amendments to the Gas Marketing Code of Conduct.</p>
<p>Gas Supply and Emergency Management Committee <i>(Chair: Coordinator of Energy, Office of Energy)</i> Established to provide advice to the Government on the State's gas security, gas supply disruption management and potential mitigation options for disruptions.</p>
<p>Gas Market Development Working Group of the Gas Supply and Emergency Management Committee <i>(Chair: Office of Energy)</i> Evaluated the benefits of the establishment of a permanent Gas Bulletin Board and Gas Statement of Opportunities in Western Australia. Also considered high level costs and benefits of a formal short-term trading market for gas and the facilitation of secondary trading of gas commodity and its transport.</p>
<p>Hardship Efficiency Program Steering Committee <i>(Chair: Office of Energy)</i> Provides oversight and advice with respect to the Hardship Efficiency Program.</p>
<p>Hardship Efficiency Program - Special Projects Oversight Committee <i>(Chair: Office of Energy)</i> Provides oversight and advice with respect to Special Projects under the Hardship Efficiency Program.</p>
<p>Infrastructure Coordinating Committee <i>(Chair: Western Australian Planning Commission)</i> Statutory committee of the Western Australian Planning Commission. It advises the Commission on planning for the provision of physical and community infrastructure.</p>
<p>Low Emission Energy Development Fund Executive Group <i>(Chair: Department of Environment and Conservation)</i> Assesses applications to the Low Emission Energy Development Fund and provides recommendations to the Minister for Environment.</p>
<p>Market Advisory Committee <i>(Chair: Independent Market Operator)</i> Advises the Independent Market Operator in regard to rule and procedure changes and electricity market operation matters in general.</p>
<p>Network Control Services Working Group <i>(Chair: Independent Market Operator)</i> Established to review and make recommendations on resolving inconsistencies between the Market Rules and the Electricity Networks Access Code.</p>

State Committees and Groups (cont.)
<p>Pilbara Underground Power Project Steering Committee <i>(Chair: Department of Regional Development and lands)</i> The Pilbara Underground Power Project is funded by Royalties for Regions and involves the upgrade and undergrounding of power supplies in the cyclone affected Pilbara towns of Karratha, Onslow, Roebourne and South Hedland.</p>
<p>Renewable Energy Generation Working Group <i>(Chair: Independent Market Operator)</i> Established by the Wholesale Electricity Market – Market Advisory Committee to identify priority issues arising, or that could arise, from increasing penetration of intermittent renewable energy in the South West electricity system, and determine the appropriate options for resolving them.</p>
<p>Small Renewable Energy Generator Working Group <i>(Chair: Office of Energy)</i> Established by the Office of Energy to review inspections and approvals of small generators, especially solar photovoltaic systems, to identify gaps and overlaps and initiate responses.</p>
<p>State Underground Power Program Steering Committee <i>(Chair: Office of Energy)</i> Oversees the implementation of the State Underground Power Program, including evaluation of underground power proposals from local governments, recommendation of short and reserve lists for each funding round to the Minister for Energy and budget considerations.</p>
<p>Steering Committee of the Aboriginal and Remote Community Power Supply Project <i>(Chair: Office of Energy)</i> Provides policy oversight to the Aboriginal and Remote Community Power Supply Project, which is delivered by Horizon Power.</p>
<p>Technical Rules Committee <i>(Chair: Office of Energy)</i> Established under the Electricity Networks Access Code to advise the Economic Regulation Authority on amendments to the Technical Rules.</p>
<p>Verve Energy Review – Generation Outlook Working Group <i>(Chair: Consultant)</i> Established to provide input to the Verve Energy Review – Generation Outlook work stream, to advise Government on matters relating to the supply versus demand outlook for the South West electricity system over the period to 2020.</p>

Communications

The Office of Energy provides information to the Western Australian community about energy policies, programs, services and initiatives as well as on other relevant energy related information.

The Office of Energy does so by using a range of technologies and methods to communicate information in formats that accommodate varied audiences.

Project / Activity	Key Achievements 2009-10
Energy Smart Line The Energy Smart Line is a telephone service that provides information and advice about sustainable energy use to households and small businesses and has been in operation since 1997. The Energy Smart Line is provided through a Contract for Service to the Office of Energy.	<ul style="list-style-type: none"> Responded to around 5,000 calls. Distributed over 800 information brochures to callers. Regular surveys conducted indicated satisfaction with the service.
Energy Smart Directory This is an online directory which aims to connect sustainable energy product suppliers and service providers with organisations and individuals looking for ways to manage their energy consumption and greenhouse gas emissions.	<ul style="list-style-type: none"> The number of businesses registered on the Energy Smart Directory increased to more than 400.
Sustainable Energy Brochures The Office of Energy publishes a range of brochures to encourage sustainable energy use by householders and small businesses. See <i>Appendix</i> for full list of Office of Energy publications.	<ul style="list-style-type: none"> Distributed over 118,000 brochures, consisting mainly of Energy Smart Home brochures. Published one new brochure: <ul style="list-style-type: none"> Reach for the Stars – TV guide Updated six existing brochures: <ul style="list-style-type: none"> Energy Efficient Housing; Home Insulation; Lighting; Simple Ways to Save Energy; Top 10 Tips; and Energy Smart Line.
Community Seminar Kits The Community Seminar Kits are available for local government, community groups and other not-for-profit organisations to promote understanding of energy efficiency and renewable energy in the community. The kit is available at no cost to organisations conducting free seminars.	<ul style="list-style-type: none"> Distributed one Community Seminar Kit: Version 1. Distributed 30 CD-ROMs of Community Seminar Kit: Version 2. Four series of seminars (10 seminars in total) were delivered by registered users.
Communication Material and Education Campaigns The Office of Energy implements public communication and education campaigns to inform the public about energy topics and sustainable energy use in particular.	<ul style="list-style-type: none"> Nuts and Bolts television program delivered. Distributed around 60,000 promotional items (magnets, posters, stickers, pencils, rulers, bookmarks).

Project / Activity	Key Achievements 2009-10
<p>Events and Sponsorship</p> <p>The agency participates in and sponsors a variety of events throughout the year to educate and inform various stakeholders on energy topics.</p>	<ul style="list-style-type: none"> • Participated in: <ul style="list-style-type: none"> – Home Energy Expo – Energy in WA Conference – Energising WA Conference – Commercial Building Disclosure seminar series – Perth Sun Fair • Sponsored key industry awards, including: <ul style="list-style-type: none"> – WA Environment Awards – Property Council of Australia - WA Innovation and Excellence awards – Master Builders Association's Excellence in Construction awards – Housing Industry Association – HIA GreenSmart awards – Building Designers Association – WA Design awards
<p>Website</p> <p>The Office of Energy website www.energy.wa.gov.au is a key portal for energy information that aims to meet the informational needs of its stakeholders.</p>	<ul style="list-style-type: none"> • Commenced a review of Office of Energy website following the organisational restructure in January 2010. • Developed and maintained a website for the Government's Strategic Energy Initiative, <i>Energy2031</i>.
<p>Sustainable Energy Matters Newsletter</p> <p><i>Sustainable Energy Matters</i> was an online newsletter published by the Sustainable Energy Development Office. Publication ceased in January 2010 due to closure of the Sustainable Energy Development Office. Past editions of the newsletter are available from the Office of Energy website.</p>	<ul style="list-style-type: none"> • Published six <i>Sustainable Energy Matters</i> newsletters (July – December 2009).
<p>General and Media Enquiries</p> <p>The Office of Energy deals with enquiries from the public, the media and other stakeholders on energy related matters.</p>	<ul style="list-style-type: none"> • Responded to a wide variety of information requests and enquiries via telephone, email and meetings on a variety of energy topics. • Provided briefings and support to the Government for media announcements and events. • Provided energy information to various media outlets on request.

Actual Results versus Budget Targets

Financial Targets

	2009-10 Target ⁽¹⁾ \$000	2009-10 Actual \$000	Variation ⁽²⁾ \$000
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	56,391	43,634	(12,757)
Net cost of services (sourced from Statement of Comprehensive Income)	45,739	27,140	(18,599)
Total equity (sourced from Statement of Financial Position)	5,866	9,246	3,380
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(1,244)	4,061	5,305
Approved full time equivalent (FTE) staff level	73	72.1	(0.8)

1. As specified in the budget statements for the year in question.
2. The full financial statements and the associated notes provide more detail regarding the performance of the agency. The information provided should be read in conjunction with the notes to the financial statements.

Summary of Key Performance Indicators

	2009-10 Target ⁽¹⁾	2009-10 Actual	Variation ⁽²⁾
Outcome 1: <i>A sustainable, efficient, secure and competitive energy sector</i>			
Key Effectiveness Indicator(s):			
(a) The extent to which policy and program development objectives for the year are achieved.	100%	79%	21%
(b) Kilowatt hours displaced.	8,375,000	143,729,548	135,354,548
(c) Kilowatt hours avoided.	N/A	285,774	-
(d) Percentage of Perth metropolitan homes services with underground power.	49%	51%	2%
Service 1: <i>Development and implementation of energy policy and programs</i>			
Key Efficiency Indicator(s):			
(a) Average cost of routine policy and program tasks.	\$5,400	\$2,874	(\$2,526)
(b) Average cost of policy projects and programs.	\$54,000	\$56,856	\$2,856
(c) Average cost of processing sustainable energy incentive applications.	\$1,300	\$205	(\$1,095)

1. As specified in the budget statements for the year in question.
2. Explanations for the variations between target and actual results are presented in the notes provided with the report on Key Performance Indicators in the Disclosures and Legal Compliance section.

Disclosures and Legal Compliance



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF ENERGY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I have audited the accounts, financial statements, controls and key performance indicators of the Office of Energy.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Coordinator of Energy's Responsibility for the Financial Statements and Key Performance Indicators

The Coordinator of Energy is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Office of Energy

Financial Statements and Key Performance Indicators for the year ended 30 June 2010

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Office of Energy at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Office provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Office are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2010.



GLEN CLARKE
ACTING AUDITOR GENERAL
14 September 2010

Financial Statements

OFFICE OF ENERGY
DISCLOSURES AND LEGAL COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2010

FINANCIAL STATEMENTS

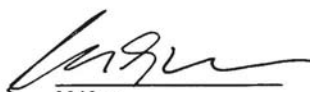
Certification of Financial Statements

The accompanying financial statements of the Office of Energy have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



T Williams
Director, Corporate Services
Chief Finance Officer
Date:



M Kerr
a/Coordinator of Energy

Date: 9.9.10

OFFICE OF ENERGY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

OFFICE OF ENERGY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$000	2009 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	4	8,078	6,282
Supplies and services	5	10,345	7,163
Depreciation and amortisation expense	6	74	52
Accommodation expenses	7	872	826
Grants and subsidies	8	24,139	19,086
Loss on disposal of other assets	9	-	94
Other expenses	10	126	141
Total cost of services		43,634	33,644
Income			
Revenue			
Commonwealth grants and contributions	11	16,266	9,033
Other revenue	12	228	184
Total revenue		16,494	9,217
Total income other than income from State Government		16,494	9,217
NET COST OF SERVICES		27,140	24,427
INCOME FROM STATE GOVERNMENT	13		
Service appropriation		34,466	20,449
Resources received free of charge		141	97
Royalties for Regions Fund		125	-
Total income from State Government		34,732	20,546
SURPLUS/(DEFICIT) FOR THE PERIOD		7,592	(3,881)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		-	-
Gains/losses recognised directly in equity		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,592	(3,881)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

OFFICE OF ENERGY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 \$000	2009 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		13,060	5,143
Restricted cash and cash equivalents	14	388	4,293
Receivables	15	6,133	1,305
Amounts receivable for services	16	302	218
Total Current Assets		19,883	10,959
Non-Current Assets			
Restricted cash and cash equivalents	14	144	95
Receivables	15	362	506
Amounts receivable for services	16	706	695
Property, plant and equipment	17	232	289
Total Non-Current Assets		1,444	1,585
TOTAL ASSETS		21,327	12,544
LIABILITIES			
Current Liabilities			
Payables	19	9,888	5,605
Amounts due to the Treasurer	20	519	1,062
Provisions	21	1,228	814
Total Current Liabilities		11,635	7,481
Non-Current Liabilities			
Provisions	21	446	408
Total Non-Current Liabilities		446	408
TOTAL LIABILITIES		12,081	7,889
NET ASSETS		9,246	4,655
EQUITY			
Contributed equity	22	-	1,306
Accumulated surplus/(deficiency)	22	9,246	3,349
TOTAL EQUITY		9,246	4,655

The Statement of Financial Position should be read in conjunction with the accompanying notes.

OFFICE OF ENERGY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Contributed equity \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2008	22	1,306	7,807	9,113
Changes in accounting policy or correction of prior period errors ^(a)		-	(577)	(577)
Restated balance at 1 July 2008		1,306	7,230	8,536
Total comprehensive income for the year		-	(3,881)	(3,881)
Transactions with owners in their capacity as owners:				
Capital contributions		-	-	-
Other contributions by owners		-	-	-
Distributions to owners		-	-	-
Total		-	-	-
Balance at 30 June 2009		1,306	3,349	4,655
Balance as at 1 July 2009		1,306	3,349	4,655
Total comprehensive income for the year		-	7,591	7,591
Transactions with owners in their capacity as owners:				
Capital contributions		-	-	-
Other contributions by owners		-	-	-
Distribution to owners		(3,000)	-	(3,000)
Transfer from accumulated surplus		1,694	(1,694)	-
Total		-	(1,694)	(3,000)
Balance at 30 June 2010		-	9,246	9,246

(a) Restatement of opening retained earnings for 30 June 2009 for incorrect receivable raised in prior year.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

OFFICE OF ENERGY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$000	2009 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		34,145	20,231
Holding account drawdowns		226	165
Royalties for Regions Fund		125	-
Distribution to owners		(3,000)	-
Net cash provided by State Government		31,496	20,396
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(7,367)	(5,939)
Supplies and services		(9,453)	(3,843)
Accommodation		(798)	(799)
Grants and subsidies		(20,808)	(19,669)
GST payments on purchases		(1,632)	(686)
Other payments		(115)	(17)
Receipts			
Commonwealth grants and contributions		11,494	10,195
GST receipts on sales		145	9
GST receipts from taxation authority		767	733
Other receipts		349	130
Net cash provided by/(used in) operating activities	23(b)	(27,418)	(19,886)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(16)	(304)
Net cash provided by/(used in) investing activities		(16)	(304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Treasurer's Advance – Energy Smart Government Program		541	590
Other Repayments – Energy Smart Government Program		(542)	(589)
Net cash provided by/(used in) financing activities		(1)	1
Net increase/(decrease) in cash and cash equivalents		4,061	207
Cash and cash equivalents at the beginning of period		9,531	9,324
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	23(a)	13,592	9,531

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

OFFICE OF ENERGY

**SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 Estimate	2010 Actual	Variation	2010 Actual	2009 Actual	Variation
	\$000	\$000	\$000	\$000	\$000	\$000
DELIVERY OF SERVICES						
Item 89 Net amount appropriated to deliver services	44,038	34,196	(9,842)	34,196	20,186	14,010
Amount Authorised by Other Statutes:						
- Salaries and Allowances Act 1975	270	270	—	270	263	7
Total appropriations provided to deliver services	44,308	34,466	(9,842)	34,466	20,449	14,017
GRAND TOTAL	44,308	34,466	(9,842)	34,466	20,449	14,017
Details of expenses by service:						
Development and Implementation of Energy Policy and Programs	56,391	43,634	(12,757)	43,634	33,644	9,990
Total cost of services	56,391	43,634	(12,757)	43,634	33,644	9,990
Less total Income	(10,652)	(16,494)	(5,842)	(16,494)	(9,217)	7,277
Net Cost of Services	45,739	27,140	(18,599)	27,140	24,427	2,713
Adjustments (a)	(1,431)	7,326	8,757	7,326	(3,978)	11,304
Total appropriations provided to deliver services	44,308	34,466	(9,842)	34,466	20,449	14,017
Capital Expenditure						
Purchase of non-current physical assets	226	16	(210)	16	309	(293)
Adjustments for other funding sources	(226)	(16)	210	(16)	(309)	293
Capital Contribution (appropriation)	-	-	-	-	-	-

(a) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 27 'Explanatory Statement' provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010.

OFFICE OF ENERGY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010****1. Australian Accounting Standards****General**

The office's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The office has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The office cannot early adopt an Australian Accounting Standard unless specifically permitted by Treasurer's Instruction (TI) 1101 *Application of Australian Accounting Standards and Other Pronouncement*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the office for the annual reporting period ended 30 June 2010.

2. Summary of significant accounting policies**(a) General Statement**

The financial statements constitute general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the TIs. Several of these are modified by the TIs to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

(c) Reporting Entity

The reporting entity is the Office of Energy.

The Office of Energy is a change agent that leads the development and implementation of policy to meet the State's energy needs. The office is committed to driving change in a way that achieves improved economic, social and environmental outcomes for Western Australia.

The Office of Energy is predominantly funded by Parliamentary appropriation. Revenues controlled by the Office of Energy are net appropriated under the *Financial Management Act 2006*. The financial statements encompass all funds through which the office controls resources to carry on its functions.

Service

The office is responsible for delivering of a single service: *Development and Implementation of Energy Policy and Programs*.

(d) Contributed Equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

(e) Income**Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.

Service Appropriations

Service Appropriations are recognised as revenues in the period in which the office gains control of the appropriated funds. The office gains control of appropriated funds at the time those funds are deposited into the office's bank account or credited to the holding account held at Treasury.

See note 13 'Income from State Government' for further detail.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the office. In accordance with the determination specified in the 2009-10 Budget Statements, the office retained \$ 16.49 million in 2010 (\$10.70 million in 2009) from the following:

- proceeds from fees and charges;
- Commonwealth specific purpose grants and contributions; and
- other revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the office obtains control over the assets comprising the contributions which is usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Royalties for regions funds are recognised as revenue at fair value in the period in which the office obtains control over the funds. The office obtains control over the funds at the time the funds are deposited into the office's bank account.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Property, Plant and Equipment*Capitalisation/Expensing of assets*

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software costing less than \$5,000 is expensed in the year of acquisition.

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or nominal consideration, the cost is their fair value at the date of acquisition.

Subsequent measurement

After initial recognition as an asset, the office uses the cost model for the measurement of property, plant and equipment. Property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight-line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Plant and equipment	5 years
Computer equipment	3 years
Furniture and fittings	5 years

(g) Impairment of Assets

Property, plant and equipment are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

See note 18 'Impairment of assets' for the outcome of impairment reviews and testing.

(h) Leases

The Office of Energy has no finance leases. The office has entered into a number of operating lease arrangements for the rent of office accommodation and for leased motor vehicles, where the lessors effectively retain all the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

OFFICE OF ENERGY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010****(i) Financial Instruments**

The office has two categories of financial instruments disaggregated into the following classes:

Financial Assets:

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities:

- Payables
- Amounts due to the Treasurer

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(j) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(k) Accrued Salaries

Accrued salaries (refer note 19 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year-end. The office considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(l) Amount Receivable for Services (Holding Account)

The office receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 13 'Income from Statement Government' and note 16 'Amounts receivable for services'.

OFFICE OF ENERGY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010****(m) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the office will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

See note 2(i) 'Financial Instruments' and note 15 'Receivables'.

(n) Payables

Payables are recognised when the office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

See note 2(i) 'Financial Instruments' and note 19 'Payables'.

(o) Amounts Due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement is at the amount repayable. Although there is no interest charged the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material.

The office holds a Treasurer's Advance for the purposes of funding the Energy Smart Government program. Funds are no longer available to be advanced to agencies. The outstanding Treasurer's Advance will be repaid progressively by agencies. The Treasurer's Advance will be repaid in full by the end of the 2014/2015 financial year.

See note 20 'Amounts due to the Treasurer'.

(p) Provisions

Provisions are liabilities of uncertain timing and amounts and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting period. See note 21 'Provisions'.

(i) Provisions – Employee Benefits*Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the office does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The office has no liabilities under the Pension or the GSS Schemes as these liabilities have been assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the office to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributing members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

See also note 2(q) 'Superannuation Expense'.

(ii) Provisions – Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 10 'Other Expenses' and note 21 'Provisions'.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

(q) Superannuation Expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS) and the GESB Super Scheme (GESBS).

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined plan for agency purposes because the concurrent contributions (defined contributions) made by the office to GESB extinguishes the office's obligations to the related superannuation liability.

(r) Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

OFFICE OF ENERGY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. Disclosure of changes in accounting policy and estimates**Initial application of an Australian Accounting Standard**

The office has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the office.

AASB 101	<i>Presentation of Financial Statements</i> (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.
AASB 2007-10	<i>Further Amendments to Australian Accounting Standards arising from AASB 101</i> . This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.
AASB 2009-2	<i>Amendments to Australian Accounting Standards Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038</i> . This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

The office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the office has not applied early any following Australian Accounting Standards that have been issued and which may impact the office. Where applicable, the office plans to apply these Australian Accounting Standards from their application date.

OFFICE OF ENERGY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

**Operative for
reporting periods
beginning on/after**

*AASB 2009-11 Amendments to Australian
Accounting Standards arising from AASB 9
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121,
127, 128, 131, 132, 136, 139, 1023 & 1038 and
Interpretations 10 & 12].*

1 January 2013

The amendment to AASB 7 requires modification to the disclosure of categories of Financial assets. The office does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$000	\$000
4. Employee benefits expenses		
Wages and salaries (a)	6,268	5,068
Superannuation – defined contributions plan (b)	460	377
Superannuation – defined benefits plan (c)	145	84
Annual Leave (d)	599	389
Other Leave (d)	303	158
Long Service Leave (d)	303	206
	8,078	6,282

- (a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
- (b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).
- (c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).
- (d) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 10 'Other Expenses'. The employment on-costs liability is included at note 21 'Provisions'.

5. Supplies and services

Advertising	146	958
Communications	105	93
Consultants and contractors	9,638	5,659
Consumables	65	60
Travel	87	71
Other	304	323
	10,345	7,163

6. Depreciation and amortisation expense

Plant, equipment and vehicles	74	52
Leasehold improvements	-	-
	74	52

OFFICE OF ENERGY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$000	2009 \$000
7. Accommodation expenses		
Lease rentals	799	776
Cleaning	19	23
Building improvement	38	13
Security	4	4
Utilities	12	10
	872	826
8. Grants and subsidies		
Energy Smart Government Facilitation grants	128	248
Sustainable Energy Development Office (SEDO) Grants Committee grants	314	262
Ministerial Council of Energy	528	292
Contributions to the Energy Efficiency Working Group	23	22
Renewable Remote Power Generation Program (RRPGP) grants	13,623	10,000
Solar Water Heater Subsidy Scheme	1,698	1,104
Underground Power Project transfer payments (State's contributions)	4,820	4,835
Renewable Energy Production Subsidy	486	561
Solar Schools Program	511	437
Hardship Efficiency Package	500	579
Household Renewable Energy Scheme	1,351	-
Donations & Sponsorships	157	746
	24,139	19,086
9. Loss on disposal of other assets		
In 2008-09, the office made a voluntary change in the Asset Capitalisation Policy threshold for items of property, plant and equipment costing \$5,000 or less. This change resulted in a write-off amount totalling \$94,143 for the 2008/2009 financial year. There was no disposal of other assets during the 2009-10 financial year.		
10. Other expenses		
Employment on-costs (a)	6	19
Other (b)	60	73
Repairs and Maintenance	59	49
Bad debts expense	1	-
	126	141

- (a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with recognition of annual and long service leave liability is included at note 21 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.
- (b) Includes Audit fee, see also note 30 'Remuneration of auditor'.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$000	\$000
11. Commonwealth grants and contributions		
Recurrent contributions	16,266	9,033
	16,266	9,033
12. Other revenue		
Salary and Wage Recoups	202	119
Other	26	65
	228	184
13. Income from State Government		
Appropriation received during the year:		
- Service appropriations (a)	34,466	20,449
	34,466	20,449
Resources received free of charge		
Determined on the basis of the following estimates provided by agencies:		
- State Solicitor's Office (b)	136	97
- Department of Treasury & Finance – Building Management & Works (b)	5	-
	141	97
Royalties for Regions Fund:		
- Regional Infrastructure and Headworks Account (c)	125	-
	125	-
	34,732	20,546
(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.		
(b) Where the assets or services have been received free of charge or for nominal cost, the office recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case the office makes the adjustment direct to equity.		
(c) This is a sub-fund within the overarching 'Royalties for regions Fund'. The recurrent funds are committed to the Pilbara Underground Power Project in regional WA.		

OFFICE OF ENERGY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$000	2009 \$000
14. Restricted cash and cash equivalents		
Current		
Royalties or Regions Fund (a)	115	-
Trust Fund balance		
Commonwealth Programs Trust Account (b)	273	1,293
Others (c)	-	3,000
	388	4,293
Non-current		
Accrued salaries suspense account (c)	144	95
	532	4,388
(a) These unspent funds are committed to the Pilbara Underground Power Project in regional WA.		
(b) Cash held in the account is restricted in that it represents funds provided by the Commonwealth Government which are to be used only for the purpose of providing grant funding for the conduct of energy related initiative through the Office of Energy.		
(c) Cash held relating to commitments made under the Government's Plan for Renewable Energy. These funds were repaid to the Government during the 2009-10 financial year.		
(d) Amount held in the suspense account is only to be used for the purpose of meeting the 27 th pay in a financial year that occurs every 11 years.		
15. Receivables		
Current		
GST receivable	1,003	597
Energy Smart Capital Grant	157	554
Accrued Revenue	-	99
Other debtors	4,973	55
Total Current	6,133	1,305
Non-current		
Energy Smart Government Returns from Agencies	362	506
Total non-current	362	506
See also note 2(m) 'Receivables' and note 28 'Financial Instruments'.		
16. Amounts receivable for services		
Current	302	218
Non-current	706	695
	1,008	913

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.
Refer to note 2(l) 'Amounts receivable for services (Holding Account)'.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2010 **2009**
\$000 **\$000**

17. Property, plant and equipment**Computer equipment**

At cost	31	31
Accumulated depreciation	(31)	(31)
	<u>-</u>	<u>-</u>

Office Equipment

At cost	53	55
Accumulated depreciation	(33)	(34)
	<u>20</u>	<u>21</u>

Furniture and Fittings

At cost	710	702
Accumulated depreciation	(498)	(434)
	<u>212</u>	<u>268</u>

Total

At cost	794	788
Accumulated depreciation	(562)	(499)
	<u>232</u>	<u>289</u>

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

	Computer Equipment \$000	Office Equipment \$000	Plant and Equipment \$000	Furniture and Fittings \$000	Total \$000
<u>2010</u>					
Carrying amount at start of year	-	21	-	268	289
Additions	-	9	-	7	16
Disposal	-	-	-	-	-
Depreciation		(9)	-	(64)	(74)
Carrying amount at end of year	-	21	-	211	232
	Computer Equipment \$000	Office Equipment \$000	Plant and Equipment \$000	Furniture & Fittings \$000	Total \$000
<u>2009</u>					
Carrying amount at start of year	81	37	6	3	127
Additions	-	-	-	309	309
Disposal	(81)	(8)	(6)	-	(95)
Depreciation	-	(8)	-	(44)	(52)
Carrying amount at end of year	-	21	-	268	289

The Office of Energy held no intangible assets with an indefinite useful life during the reporting period and at the end of the reporting period there were no intangible assets not yet available for use.

18. Impairment of Assets

There were no indications of impairment of plant and equipment at 30 June 2010.

19. Payables

Current		
Trade payable	3,633	738
Tax payable	-	27
Accrued salaries	104	70
Other accrued creditors	6,151	4,770
	9,888	5,605

See also note 2(n) 'Payables' and note 28 'Financial Instruments'.

OFFICE OF ENERGY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$000	2009 \$000
20. Amounts due to the Treasurer		
Current		
Treasurer's advance	519	1,062
	519	1,062

See also note 28 'Financial Instruments'.

21. Provisions

Current		
<i>Employee benefits</i>		
Annual leave (a)	645	456
Long service leave (b)	474	285
	1,119	741
<i>Other provisions</i>		
Employment on-costs (c)	109	73
	109	73
	1,228	814
Non-Current:		
<i>Employee benefits</i>		
Long service leave (b)	412	376
Purchased Leave	-	1
	412	377
<i>Other provisions</i>		
Employment on-costs (c)	34	31
	34	31
	446	408

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	427	306
More than 12 months after the reporting period	218	150
	645	456

- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	210	151
More than 12 months after the reporting period	676	510
	886	661

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$000	\$000
<hr/>		
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. Movements in the provision for employment on-costs are set out below:		
Employment on-cost provision		
Carrying amount at start of year	104	2
Additional provisions recognised	39	102
Carrying amount at end of year	143	104

22. Equity

Equity represents the residual interest in the net assets of the Office of Energy. The Government holds the equity interest in the Office of Energy on behalf of the community.

Contributed Equity

Balance at the start of the year	1,306	1,306
----------------------------------	-------	-------

Distribution to owners

Transfer to Consolidated Account	(3,000)	-
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Transfer from accumulated surplus	1,694	-
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Total contributions by owners	-	1,306
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Balance at the end of the year	-	1,306
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Accumulated surplus/(deficit)

Balance at the start of the year	3,349	7,807
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Correction of prior period error (a)	-	(577)
--------------------------------------	---	-------

Restated balance at start of period	-	7,230
-------------------------------------	---	-------

Result for the period	7,591	(3,881)
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Income and expense recognised directly in equity	-	(577)
--	---	-------

Transfer from accumulated surplus	(1,694)	-
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Balance at the end of the year	9,246	3,349
---------------------------------------	--------------	--------------

(a) Restatement of opening retained earnings for 30 June 2009 for incorrect receivable raised in prior year.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$000	\$000
23. Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	13,060	5,143
Restricted cash and cash equivalents (<i>see note 14 Restricted cash and cash equivalents</i>)	532	4,388
	13,592	9,531
(b) Reconciliation of net cost of services to the net cash flows provided by/(used in) operating activities		
Net cost of services	(27,140)	(24,427)
Non-cash items		
Depreciation and amortisation expense	74	52
Resources received free of charge	141	97
(Gain)/loss on disposal of other assets	-	94
Bad debts expense	1	-
(Increase)/decrease in assets:		
Receivables/Accrued Income	(4,373)	2,196
Other current assets	(84)	(176)
Other non-current assets	190	(194)
Increase/(decrease) in liabilities:		
Current payable	4,283	3,279
Other liabilities	(543)	(588)
Provisions	452	263
Change in GST receivable/(payable) (a)	(720)	(538)
Net GST receipts/(payments)	302	56
Net cash used in operating activities	(27,418)	(19,886)

(a) This is the net GST paid/received i.e. cash transactions.

(b) This reverses out the GST in receivables and payables.

(c) Note that the Australian Taxation office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

OFFICE OF ENERGY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$000	\$000
<hr/>		
24. Commitments		
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements are payable as follows:		
- Within one year	605	586
- Later than one year and not later than five years	594	1,142
	1,199	1,728
	<hr/>	
Representing:		
- Cancellable operating leases	39	70
- Non-cancellable operating leases	1,160	1,658
	1,199	1,728
	<hr/>	
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
- Within one year	580	553
- Later than one year and not later than five years	580	1,105
	1,160	1,658
	<hr/>	

The property lease is a non-cancellable lease with a 5 year term expiring on 30 June 2012, with rent payable monthly in advance. The lease agreement provides for an annual rent increase of 5%.

25. Contingent liabilities and contingent assets

The office has no contingent liabilities and contingent assets as at 30 June 2010.

26. Events occurring after the end of the reporting period

No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements or disclosures therein or which are likely to materially affect the future results or operations of the office.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

27. Explanatory Statement

Significant variations between estimates and actual results for income and expense in excess of 10% of the principal amount and \$1.0 million as presented in the financial statement titled “Summary of Consolidated Account Appropriations and Income Estimates” are shown below. In respect of any item for which there is not a significant variation, no explanation is given.

Significant variances between estimates and actual for 2010***Total appropriation to deliver services***

	2010 Estimate \$000	2010 Actual \$000	Variance \$000
Total appropriation provided to deliver services for the year	44,308	34,466	(9,842)
Total income	10,652	16,494	5,842

Total appropriation to deliver services

The variance is a result of changes to the funding profile for a number of grant and subsidies related programs where funding of approximately \$7.07M was reallocated to future years. Additionally, savings of \$2.77M were made under the Government’s procurement, vehicle fleet and grant savings initiatives during the 2009-10 financial year.

Total income

Income is received from the Commonwealth Government to recoup expenditure incurred in providing rebates for energy efficiency initiatives under the Renewable Remote Power Generation Program. Income and expenditure under this Program varies in accordance with the number of rebates approved and paid during the year. There was an increase in the total Program expenditure and income received during the financial year.

Service Expenditure

	2010 Estimate \$000	2010 Actual \$000	Variance \$000
Development and Implementation of Energy Policy	56,391	43,634	(12,757)

Development and Implementation of Energy Policy

Actual service expenditure was lower than originally anticipated due in the main to the changes made to the funding requirements in 2009-10 for a number of grants and subsidies related programs and the savings made under the Government’s procurement, vehicle fleet and grant savings initiatives during the 2009-10 financial year.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Capital Expenditure

	2010 Estimate \$000	2010 Actual \$000	Variance \$000
Purchase of non-current physical assets	226	16	(210)

The office reviewed its computer and equipment replacement program during 2009-10 which resulted in some delay and lower than anticipated expenditure during the 2009-10 financial year.

Significant variances between actuals for 2009 and 2010**Total appropriation to deliver services and Total income**

	2010 \$000	2009 \$000	Variance \$000
Total appropriation provided to deliver services for the year	34,466	20,449	14,017
Total income	16,494	9,217	7,277

Total appropriation to deliver services

The variance is a result of additional funding provided in 2009-10 to meet service expenditure requirements relating to the Hardship Efficiency Package, WA Solar Schools Program and the Solar Water Heater Subsidy. Service expenditure also increased under the Government's purchase of GreenPower program and with the introduction of the Household Renewable Energy Scheme during 2009-10.

Total income

There was an increase in income received from the Commonwealth Government under this Renewable Remote Power Generation Program during the 2009-10 financial year. Income and expenditure under this Program varies in accordance with the number of rebates approved and paid during each year.

Service Expenditure

	2010 \$000	2009 \$000	Variance \$000
Development and Implementation of Energy Policy	43,634	33,644	9,990

Development and Implementation of Energy Policy

Increased appropriation in 2009-10 was provided to meet service expenditure requirements relating to the Hardship Efficiency Package, WA Solar Schools Program and the Solar Water Heater Subsidy. Service expenditure also increased under the Government's purchase of GreenPower Program and with the introduction of the Household Renewable Energy Scheme during 2009-10. Expenditure and income under the Renewable Remote Power Generation Program also increased in 2009-10.

OFFICE OF ENERGY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Capital Expenditure

	2010 \$000	2009 \$000	Variance \$000
Purchase of non-current physical assets	16	309	(293)

In addition to a computer and equipment replacement program, the office occasionally undertakes other minor capital works. A project to refurbish some office space was undertaken during 2008-09 resulting in increased expenditure during that year.

28. Financial instruments**(a) Financial Risk Management Objective and Policies**

Financial instruments held by the office are cash and cash equivalents, restricted cash and cash equivalents, Treasurer's advances and receivables and payables. The office has limited exposure to financial risks, and there are no Finance lease liabilities held as at 30 June 2010. The overall risk management program of the office focuses on managing the risks identified below:

Credit risk

Credit risk arises when there is the possibility of the office's receivables defaulting on their contractual obligations resulting in financial loss to the office. The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 28(c) 'Financial Instruments Disclosures' and Note 15 'Receivables'.

Credit risk associated with the office's financial assets is minimal because the office trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the office's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the office is unable to meet its financial obligations as they fall due. The office is exposed to liquidity risk through its trading in the normal course of business.

The office has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the office's income or the value of its holdings of financial instruments. The office does not trade in foreign currency and is not materially exposed to other price risk.

OFFICE OF ENERGY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010***Cash flow interest rate risk*

The office is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings other than the Treasurer's advance (non-interest bearing).

(b) Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010	2009
	\$000	\$000
<u>Financial Assets</u>		
Cash and cash equivalents	13,060	5,143
Restricted cash and cash equivalents	532	4,388
Receivables (a)	5,492	1,213
Amounts receivable for services	1,008	913
<u>Financial Liabilities</u>		
Payables	9,888	5,579
Amounts due to the Treasurer	519	1,062

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

(c) Financial Instrument Disclosures*Credit Risk and Interest Rate Risk Exposures*

The following tables disclose the office's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The office's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the office.

The office does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The office does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets

	Weighted Average Effective Interest Rate	Interest rate exposure			Non- Interest Bearing	Up to 3 months	Past due but not impaired						More than 5 years	Impaired financial assets
		Carrying Amount	Fixed interest rate	Variable interest rate			3-12 months	1-2 years	2-3 years	3-4 years	4-5 years			
<u>Financial Assets</u>	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2010														
Cash and cash equivalents	-	13,060	-	-	13,060	-	-	-	-	-	-	-	-	
Restricted cash and cash equivalents	-	532	-	-	532	-	-	-	-	-	-	-	-	
Receivables (a)	-	5,492	-	-	5,492	5,257	-	117	74	44	-	-	-	
Amounts receivable for services	-	1,008	-	-	1,008	-	-	-	-	-	-	-	-	
	-	20,092	-	-	20,092	5,257	-	117	74	44	-	-	-	
2009														
Cash and cash equivalents	-	5,143	-	-	5,143	-	-	-	-	-	-	-	-	
Restricted cash and cash equivalents	-	4,388	-	-	4,388	-	-	-	-	-	-	-	-	
Receivables (a)	-	1,213	-	-	1,213	139	-	350	427	297	-	-	-	
Amounts receivable for services	-	913	-	-	913	-	-	-	-	-	-	-	-	
	-	11,657	-	-	11,657	139	-	350	427	297	-	-	-	

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes both interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities

	Weighted Average Effective Interest Rate	Carrying Amount	Interest rate exposure		Non- Interest Bearing	Adjustment for discounting	Total Nominal Amount	Maturity date						
			Fixed interest rate	Variable interest rate				Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
<u>Financial Liabilities</u>	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2010														
Payables	-	9,888	-	-	9,888	-	-	-	-	-	-	-	-	-
Amounts due to the Treasurer	-	519	-	-	519	-	-	-	-	-	-	-	-	-
	-	10,407	-	-	10,407	-	-	-	-	-	-	-	-	-
2009														
Payables	-	5,579	-	-	5,579	-	-	-	-	-	-	-	-	-
Amounts due to the Treasurer	-	1,062	-	-	1,062	-	-	-	-	-	-	-	-	-
	-	6,641	-	-	6,641	-	-	-	-	-	-	-	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

The office is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings other than the Treasurer's advance (non-interest bearing).

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in Note 3 (b) to the financial statements.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$000	\$000
29. Remuneration of senior officers		
The number of senior officers whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:		
20,001 – 40,000	1	-
40,001 – 50,001	-	1
60,001 – 70,000	-	1
80,001 – 90,000	-	1
100,001 – 110,000	-	1
110,001 – 120,000	1	-
120,001 – 130,000	-	1
130,001 – 140,000	1	-
150,001 – 160,000	-	1
160,001 – 170,000	1	-
170,001 – 180,000	1	-
220,001 – 230,000	1	-
240,001 – 250,000	-	1
The total remuneration of senior officers is:	<u>852</u>	<u>825</u>

The total remuneration includes the superannuation expense incurred by the office in respect of senior officers.

No senior officers are members of the Pension Scheme.

30. Remuneration of auditor

Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:

Auditing the accounts, financial statements and performance indicators	49	47
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The expense is included at note 10 'Other expenses'.

31. Related bodies

The office has no related bodies.

32. Affiliated bodies

The office has no affiliated bodies.

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$000	\$000
33. Special Purpose Account		
Commonwealth Funded Initiatives and Programs Trust Account		
The purpose of the trust account is to hold funds provided by the Commonwealth Government for the conduct of energy-related initiatives by the office.		
Balance at the start of the year	1,293	1,183
Receipts:		
Renewable Remote Power Generation Program (RRPGP)	10,793	10,195
	12,086	11,378
Payments:		
Renewable Remote Power Generation Program (RRPGP)	11,813	10,085
	11,813	10,085
Balance at the end of the year	273	1,293

34. Supplementary financial information

Debt of \$1,500 was written off during the financial year 2009-10 by the Coordinator of Energy.

Additional Key Performance Indicator Information

**OFFICE OF ENERGY
DISCLOSURES AND LEGAL COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2010**

KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of Energy's performance, and fairly represent the performance of the Office of Energy for the financial year ended 30 June 2010.



M Kerr
a/Coordinator of Energy

Date: 9.9.10

**OFFICE OF ENERGY
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED JUNE 30 2010**

OUTCOMES, SERVICES AND KEY PERFORMANCE INFORMATION

Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. The Office of Energy delivers a service to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goal to which it contributes.

Government Goal	Outcome 1	Service 1
Social and Environmental Responsibility: Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.	A sustainable, efficient, secure and competitive energy sector.	Development and implementation of energy policy and programs.
	Key Effectiveness Indicators (e) The extent to which policy and program development objectives for the year are achieved. (f) Kilowatt hours displaced. (g) Kilowatt hours avoided. (h) Percentage of Perth metropolitan homes serviced with underground power.	Key Efficiency Indicators (d) Average cost of routine policy and program tasks. (e) Average cost of policy projects and programs. (f) Average cost of processing sustainable energy incentive applications.

The following report details targets and actual results for the agency's effectiveness and efficiency in relation to this performance framework.

Outcomes and Key Effectiveness Indicators

The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

During 2008-2009 the Office of Energy reviewed its Outcome Based Management framework. Amendments to the framework were endorsed and implemented for 2009-2010. The amendments include new effectiveness indicators, most of which are not directly comparable to effectiveness and efficiency indicators reported for previous years.

Effectiveness Indicator	2009-10 Budget Target	2009-10 Actual
The extent to which policy and program development objectives for the year are achieved	100%	79%

Description

The effectiveness indicator ‘the extent to which policy and program development objectives for the year are achieved’ presents results in relation to policy and program development effort towards achieving a sustainable, efficient, secure and competitive energy sector. The indicator encapsulates the policy priorities with target dates for completion during the reporting period.

The results are calculated by monitoring the priorities set for a year. Each division of the agency includes the agreed priorities in their annual operational plan. If the government’s priorities change, for example there is a ministerial request to undertake a new policy project or cease working on an existing priority; this is taken into account when determining the number of items completed as planned. The results are presented as a percentage of planned priorities completed.

Explanation of Results

The results for the reporting period are underpinned by 27/34 priorities being completed, this being 79 %. The variation from target is due to 7 priorities not being completed on schedule. The results for this indicator are subject to resources being available to complete all priorities set for the reporting period. During the year there were a number of priorities which placed additional and significant demands upon the resources available.

The results for the reporting period are based on the following.

Policy Development Priority	June 30 Status	Result
Develop Strategic Energy Initiative Issues Paper for public comment.	Issues Paper released in December 2009.	1/1
Undertake industry and regional consultation forums for Strategic Energy Initiative.	Industry and regional consultation forums undertaken from March 2010 to June 2010.	1/1
Submit final report of the Gas Supply and Emergency Management Committee to Government.	Final report submitted to Government in October 2009. Recommendations endorsed.	1/1
Update Liquid Fuel Emergency Plan.	In progress.	0/1
Advise the Fire and Emergency Services Authority on drafting instructions to prescribe significant “energy supply disruption” (gas, and liquid fuels) as a hazard within the State’s <i>Emergency Management Regulations 2006</i> .	Prepared and submitted drafting instructions to the Fire and Emergency Services Authority.	1/1
Finalise <i>Energy Coordination Amendment Regulations 2010</i> .	<i>Energy Coordination Amendment Regulations 2010</i> gazetted in May 2010.	1/1
Develop a residential net feed-in tariff scheme.	Scheme design submitted to Government in March 2009. Scheme announced by Government in May 2010.	1/1
Provide advice to Government on proposed pre-payment amendments to the Code of Conduct for the Supply of Electricity to Small Use Customers.	Advice provided. Office of Energy submission made to the Economic Regulatory Authority.	1/1
Seek Government approval to finalise electricity and gas licence exemptions.	Approval obtained in November 2009.	1/1
Gazette electricity and gas licence exemptions.	In progress.	0/1

DISCLOSURES AND LEGAL COMPLIANCE – Additional Key Performance Indicator Information

Policy Development Priority	June 30 Status	Result
Provide advice to Government on tariffs for non-statutory customers (>160 megawatt hours per annum).	Advice submitted to Government.	1/1
Prepare submission to the Economic and Expenditure Reform Committee regarding Western Power's distribution headworks charge and subsidy scheme.	Submission completed. Amendments to headworks scheme announced in June 2010.	1/1
Finalise and gazette special tariff for Koongie Park.	In progress.	0/1
Draft regulations to provide for allocation of gas supplies in the event that a gas retailer exits the market.	<i>Fuel, Energy and Power Resources (Compensation Claims) Regulations 2009</i> and <i>Fuel, Energy and Power Resources (Gas Emergency) Regulations 2009</i> drafted.	1/1
Draft regulations to provide for allocation of electricity supplies in the event that an electricity retailer exits the market.	In progress.	0/1
Evaluate electricity tariff structures in conjunction with other key initiatives to be progressed during 2010.	Hardship Options Paper evaluating options for changes to residential electricity tariff structures provided to Government. Cabinet approved commencement of a wider review of.	1/1
Finalise National Gas Law.	<i>National Gas Access (WA) Law 2009</i> assented to in October 2009. Regulations drafted. Law and Regulations commenced in January 2010.	1/1
Monitor, evaluate and advise on revisions to Western Power's Access Arrangement for the South West Interconnected System.	Advice provided for three Economic Regulatory Authority decisions regarding revisions to Western Power's Access Arrangement for the South West Interconnected System (July 2009, December 2009, and January 2010).	1/1
Monitor, evaluate and advise on revisions to access arrangement revisions for the South West gas distribution system, Goldfields Gas Pipeline and Dampier to Bunbury Natural Gas Pipeline.	Submission made to the Economic Regulation Authority on WA Gas Networks access arrangement submission. Advice provided to Minister for Energy on access arrangement revisions for WA Gas Networks and the Goldfields Gas Pipeline.	1/1
Implement Glide Path CSO Agreement Carry Over amendments under the Vesting Contract between Verve Energy and Synergy.	Completed. Agreement signed in June 2010.	1/1
Recommend the Tariff Equalisation Contribution amount.	Tariff Equalisation Contribution amount for the second regulatory period completed.	1/1
Introduce legislation in Parliament to broaden the gas specification for transmission pipelines.	<i>Gas Supply (Gas Quality Specifications) Act 2009</i> passed by Parliament in November 2009. <i>Gas Supply (Gas Quality Specifications) Regulations 2010</i> gazetted in March 2010. <i>Standard Form Agreement Warehousing Method - DBNGP</i> gazetted in May 2010.	1/1
Work with the Department of Treasury and Finance to submit Terms of Reference for an Economic Regulation Authority inquiry into the funding arrangements and operating and capital expenditures of Horizon Power.	Completed. Inquiry referred to the Economic Regulation Authority in May 2010.	1/1
Participate in major contractual decisions of the electricity corporations requiring consultation with, or approval by, the Minister for Energy.	Assessed and provided advice on a number of applications under Section 68 of the <i>Electricity Corporations Act 2005</i> .	1/1

Program Development Priority	June 30 Status	Result
Finalise amended Memorandum of Understanding with Horizon Power under the Aboriginal and Remote Communities Power Supply Project.	In progress.	0/1
Review CSO requirements for Phase 1 and Phase 2.1 of the Aboriginal and Remote Communities Power Supply Project.	In progress.	0/1
Implement a Fridge Replacement Program.	Program launched December 2009.	1/1
Manage and monitor regional and public insulation under the Hardship Efficiency Program.	Agreement reached with the Department of Housing (and other organisations) for delivery of the Special Hardship Efficiency Esperance Project.	1/1
Finalise draft Hardship Policy and Report.	Utility Essential Service Hardship Final Report submitted to Government in November 2009.	1/1
Develop the Household Renewable Energy Scheme to ensure that first payments are made by June 2010.	First payments to successful applicants commenced in December 2009. 96% of payments were made by June 2010.	0/1
Manage the orderly closure of Renewable Remote Power Generation Program sub-programs.	Two programs closed in an orderly manner from October 2009.	1/1
Advise and seek endorsement from Government to undertake a review of the State Underground Power Program.	Advice provided. Government endorsed review in December 2009.	1/1
Develop guidelines for Round 5 of the State Underground Power Program.	Guidelines developed for Round 5 Major Residential Projects and Localised Enhancement Projects.	1/1
Contribute towards advice to Government on the governance arrangement for the Pilbara Underground Power Project.	Contributed to an Economic and Expenditure Reform Committee submission on the governance arrangement and funding allocation in August 2009.	1/1

Effectiveness Indicator	2009-10 Budget Target	2009-10 Actual
Kilowatt hours displaced	8,375,000	143,729,548

Description

This indicator presents results in relation to efforts to achieve a sustainable and efficient energy sector. This indicator provides information regarding the extent to which increases in the adoption of sustainable energy generation displaces traditional energy generation. Programs that contribute to kilowatt hours being displaced contribute to the results reported for this indicator.

A kilowatt hour (kWh) is the amount of power consumed or generated over a period of one hour. For example, a 100 Watt light globe left on for 10 hours would consume 1 kWh. That is, 100 Watts x 10 hours = 1,000 Watt hours = 1 kWh.

Explanation of Results

The results for the reporting period are based on the following:

Renewable Remote Power Generation Program

- Remote Area Power Supply Program	1,317,297 kWh displaced
- Renewable Energy Water Pumping Program	102,320 kWh displaced
- Rural Renewable Energy Program (Small Projects)	567,149 kWh displaced

Western Australian Solar Schools Program

94,976 kWh displaced

Solar Water Heater Subsidy Scheme

9,942,688 kWh displaced

Renewable Energy Production Subsidy

13,899,279 kWh displaced

Household Renewable Energy Scheme

9,805,839 kWh displaced

Government Purchase of Green Power

108,000,000 kWh displaced

Total

143,729,548 kWh displaced

The variation from target is due to a number of factors. The Household Renewable Energy Scheme was a new program announced by the Government in June 2009. The Government purchase of Green Power and the Renewable Energy Production Subsidy were not included when the target was set.

Effectiveness Indicator	2009-10 Budget Target	2009-10 Actual
Kilowatt hours avoided	n/a	285,774

Description

This indicator presents results in relation to efforts to achieve a sustainable and efficient energy use. This indicator provides information regarding the extent to which energy consumption decreases as a result of the implementation of energy efficiency programs, such as rebates for energy efficient appliances. Programs that contribute to kilowatt hours being avoided will contribute to the results reported for this indicator.

A kilowatt hour (kWh) is the amount of power consumed or generated over a period of one hour. For example, a 100 Watt light globe left on for 10 hours would consume 1 kWh. That is, 100 Watts x 10 hours = 1,000 Watt hours = 1 kWh.

Explanation of Result

The results for the reporting period are based on the following.

Regional Energy Efficiency Program

285,774 kWh avoided

Effectiveness Indicator	2009-10 Budget Target	2009-10 Actual
Percentage of Perth metropolitan homes serviced with underground power	49%	51%

Description

This indicator reports the extent to which an ongoing program to have powerlines placed underground is being achieved. Placing power cables underground gives improved security and reliability of supply; therefore this indicator presents results in relation to efforts to achieve energy security.

The data is produced by the Distribution Facilities Management System (DFIS) managed by Western Power and reported to the Office of Energy. The data represents the power meters connected to underground low voltage (415 – 440 voltage) in the Perth Metropolitan area as defined by Western Power.

Service and Key Efficiency Indicators

Development and implementation of energy policy and programs

The delivery of energy policy and programs that enable the Office of Energy to perform its role as a change agent leading development and implementation of policy to meet the State's energy needs.

Efficiency Indicator	2009-10 Budget Target	2009-10 Actual
Average cost of routine policy and program tasks	\$5,400	\$2,874

Description

The indicator reports the average cost of policy and program tasks, such as ministerial correspondence, which are more routine in nature and require a modest investment of time and effort.

Cost allocation is undertaken using staff time as the identified cost driver. Staff time allocated to completing policy and program tasks determines the amount of agency expenditure charged to these outputs as compared to other output classifications.

Explanation of Result

The result is based upon the staff time data allocation of 28% of operational staff time being attributed to this indicator. This corresponds to \$3,951,417 of agency expenditure which is apportioned to 1,375 tasks that were completed during the reporting period.

The variation relates to less staff time than anticipated being spent completing tasks as compared to the estimate when calculating the target. This is the first reporting period using this method of calculation and some variations may occur until the agency better understands workflow trends, demands upon resource allocation and deviations in quantity in relation to this performance indicator.

Efficiency Indicator	2009-10 Budget Target	2009-10 Actual
Average cost of policy projects and programs	\$54,000	\$56,856

Description

The indicator reports the average cost of policy and programs, such as submission to Cabinet, which are more significant in nature and require a considerable investment of time and effort.

Cost allocation is undertaken using staff time as the identified cost driver. Staff time allocated to completing policy and program projects determines the amount of agency expenditure charged to these outputs as compared to other output classifications.

Explanation of Result

The result is based upon the staff time data allocation of 60% of operational staff time being attributed to this indicator. This corresponds to \$8,528,442 of agency expenditure which is apportioned to 150 projects that were completed during the reporting period.

Variations are a result of less projects being completed than anticipated when calculating the target. This is the first reporting period using this method of calculation and some variations may occur until the agency better understands workflow trends, demands upon resource allocation and deviations in quantity in relation to this performance indicator.

Efficiency Indicator	2009-10 Budget Target	2009-10 Actual
Average cost of processing sustainable energy incentive applications	\$1,300	\$205

Description

The indicator reports the average cost of processing sustainable energy incentive applications, such as solar water heater rebate application, which are consistent in the nature of the processing procedure and require a modest investment of time and effort.

Cost allocation is undertaken using staff time as the identified cost driver. Staff time allocated to processing sustainable energy incentive applications determines the amount of agency expenditure charged to these outputs as compared to other output classifications.

Explanation of Result

The result is based upon the staff time data allocation of 12% of operational staff time being attributed to this indicator. This corresponds to \$1,690,944 of agency expenditure which is apportioned to 8,234 applications that were paid during the reporting period.

Compared to the target, the variation is a result of significantly more applications being processed than anticipated at the time of calculating the target. This deviation is mainly attributable to the Household Renewable Energy Scheme which was developed and launched after the target for the reporting period was established.

Ministerial Directives

When appropriate, Ministerial directives are received by the Coordinator of Energy.

There were no Ministerial directives during 2009-10.

Other Financial Disclosures

Pricing Policies of Services Provided

The Office of Energy has no pricing policies as it does not sell, licence or register any items for a fee.

Major Capital Works

There were no major capital works during 2009-10.

Employment and Industrial Relations

Staffing Policies

The Office of Energy's staffing policies meet relevant legislative and public sector management requirements including the *Public Sector Management Act 1994*, the Public Sector Standards in Human Resource Management, the *Equal Opportunity Act 1984* and the *Occupational Safety and Health Act 1984*.

All staff recruitment is performed in accordance with the Public Sector Standards in Human Resource Management and the approved procedures under the *Public Sector Management Act 1994*.

The Office of Energy's Management for Performance Policy provides a framework in which managers and staff define individual performance objectives, the activities required to deliver them and the means by which they will be measured. The Agency's Management for Performance Policy demonstrates the link between staff activities and organisational goals, Government goals and Public Sector Standards.

Staff Development

The Office of Energy is committed to the development and wellbeing of its most valuable resource, its staff.

During 2009-10, the agency continued to focus on executive development to enhance group cohesion within the leadership team. Whole-of-office staff development strategies were also implemented, including in-house training for all staff on the following topics:

- Writing ministerials;
- Writing to the public;
- Better buying for government buyers;
- Recruiting and selection smarter;
- Managing your interview; and
- Reinventing yourself.

In addition to meeting staff development objectives, the training sessions helped to establish consistent processes and styles within the agency.

A number of staff also benefited from external training opportunities.

Graduate Development Program

The Office of Energy appointed three graduate development officers in January 2010 as part of its Graduate Development Program. The program provides graduates with an opportunity to practically apply their education and skills in a key sector of Western Australia's economy. It involves:

- placement in a range of areas within the agency working on a number of interesting and significant projects;
- training to further develop their skills; and
- mentoring to support officers through the development program.

Upon successful completion of the development year and achievement of a high level of performance, graduates may be offered permanent employment with the Office of Energy.

The Office of Energy has appointed 15 graduate development officers since the program commenced in 2005.

Industrial Relations

Office of Energy staff are employed under the provisions of the *Public Sector Management Act 1994* and employment conditions for staff are provided by the *Public Service Award 1992* and the *Public Service General Agreement 2006*.

There were 0 industrial relations issues during 2009-10.

Workers Compensation

No compensation claims were recorded during the financial year.

Occupational Health and Safety

See *Government Policy Requirements* section for information on the prevention of occupational injuries and illnesses and the rehabilitation of injured and sick employees.

Payroll Services

The Office of Energy pays for payroll services from the Department of Treasury and Finance Shared Services under a service-level agreement.

Governance Disclosures

Shares in Statutory Authority

The Office of Energy is not a statutory authority.

Shares in Subsidiary Bodies

The Office of Energy does not have any subsidiary bodies.

Interests in Contracts by Senior Officers

At the date of reporting, no senior officers, firms of which senior officers are members or entities in which senior officers have a substantial interest had any interest in existing or proposed contracts with the agency (excluding contracts of employment).

Benefits to Senior Officers through Contracts

This is not applicable as no senior officers have received benefits during 2009-10.

Insurance Premiums to Indemnify Directors

This is not applicable as the Office of Energy does not have any directors as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*.

Other Legal Requirements

Advertising Expenditure

In accordance with section 175ZE of the *Electoral Act 1907*, the Office of Energy incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2009-10 was \$51,063.
2. Expenditure was incurred in the following areas:

Advertising Agencies	\$5,377 Total	AOG Design	\$2,392
		Government Gazette	\$2,985
Media Advertising Organisations	\$45,686 Total	Adcorp Australia Limited	\$25,999
		Sensis Pty Ltd	\$15,465
		Media Decisions	\$4,222
Market Research Organisations	\$-	Nil	\$-
Polling Organisations	\$-	Nil	\$-
Direct Mail Organisations	\$-	Nil	\$-

Disability Access and Inclusion Plan

The Office of Energy's *Disability Access and Inclusion Plan 2007-10* was authorised in 2007. The plan is currently being reviewed and is expected to be updated in late 2010.

The Office of Energy is committed to ensuring that people with disabilities:

- have the same opportunities as other people to access the services of, and any events organised by, the Office of Energy;
- have the same opportunities as other people to access the agency's services and facilities (both in-house and contracted);
- receive information published by the Office in Energy in a format that will enable them to access the formation as readily as other people are able to access it;
- receive the same levels and quality of service from Office of Energy staff enjoyed by all people in the community;
- have the same opportunities as other people to make complaints to the Office of Energy; and
- have the same opportunities as other people to participate in any public consultation by the Office of Energy.

During the year, the Office of Energy continued to work to ensure that access and inclusion outcomes were met by:

- ensuring all Office of Energy accommodation, especially client contact and reception areas, are physically accessible to people with disabilities where possible; and
- identifying ways to develop and maintain the agency's website to improve readability of information for people with disabilities.

The Office of Energy's corporate style guide has been developed in conjunction with the requirements set in the State Government Access Guidelines for Information, Services and Facilities.

Compliance with Public Sector Standards and Ethical Codes

Human Resource Management Standards

The Office of Energy operates in accordance with the Public Sector Standards and revises and develops appropriate internal human resource management policies on an ongoing basis to be consistent with the standards. All staff are required to comply with these policies, which are accessible through the agency's intranet.

There were no Breach of Standards claims lodged in 2009-10. Internal checks by the Office of Energy, and further checks by the Department of Treasury and Finance Shared Services, have shown that compliance with the standards or processes are achieved before the final decision, ensuring a high level of compliance with the standards.

Codes of Ethics and Codes of Conduct

The Office of Energy complies with the Public Sector Code of Ethics and has its own Code of Conduct.

The Code of Conduct addresses issues that include personal behaviour, appropriate use of equipment and resources, occupational safety and health, conflicts of interest, communication, grievances/complaints, reporting a breach of the code of conduct and improper conduct/misconduct. Training for all staff is scheduled during the next reporting period to ensure compliance in Accountable and Ethical Decision Making, to remind staff of their own rights and responsibilities within an office environment.

The Code of Ethics and Code of Conduct are available to all staff on the agency's intranet. No internal grievances were lodged relating to the non-compliance with the ethical codes. Our grievance officers ensure their knowledge of various legislations is up to date as well as their knowledge of the Office of Energy's duty of care to its employees.

Record Keeping Plans

The Office of Energy has a Record Keeping Plan, developed in accordance with the *State Records Act 2000*, which specifies how records are created, managed and maintained over time and includes procedures for disposal of records. During the year, the Office of Energy:

- held training sessions in document management, including editing, revisions and version control;
- continued to update business processes throughout the organisation in order to reflect changes arising from the electronic document management system application;
- undertook a review of the plan to ensure organisational changes that may impact upon the Plan were considered;
- completed an audit and data cleansing program of the information management system;
- commenced a review of the agency's Thesaurus; and
- initiated a project to upgrade the information management system and user interface.

Government Policy Requirements

Substantive Equality

The Office of Energy continues to apply the principles of equal employment opportunity through its Equal Employment Opportunity Management Plan. The agency works to ensure substantive equality outcomes are achieved in employment. As at 30 June 2010, the actual percentage representation at the Office of Energy was as follows:

- women in management – 28.6%;
- people from culturally diverse backgrounds – 23.3%;
- Indigenous Australian – 0%;
- people with disabilities – 4.6%; and
- youth – 1.4

During 2008/09, the Office of Energy's Equal Employment Opportunity Management Plan was reviewed and resubmitted to the Director of Equal Opportunity in Public Employment to address both business and legislative requirements. The Disability Access and Inclusion Plan 2007-10 has tangible substantive equality outcomes.

Occupational Safety, Health and Injury Management

The Office of Energy aims to provide a safe and secure working environment for employees. The agency has a history of very low or no recorded injuries. If an injury does occur, the Office of Energy complies with the *Workers' Compensation and Injury Management Act 1981*.

There were no workers' compensation claims registered during the year.

Indicator	Target 2009-10	Actual 2009-10
Number of fatalities	Zero (0)	Zero (0)
Lost time injury/disease (LTI/D) incidence rate	Zero (0) or 10% reduction on previous year	Zero (0)
Lost time injury severity rate	Zero (0) or 10% reduction on previous year	Zero (0)
Percentage of injured workers returned to work within 28 weeks	Actual percentage result to be reported	N/A
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	50%

The agency's Occupational Safety and Health Committee has representation from each Division. Staff are encouraged to report safety and health matters to their divisional committee representative for discussion at the meetings. The committee reports directly to the Corporate Executive through the committee chair. The structure of the committee is reviewed annually. Members who resign from their employment or whose membership is no longer appropriate are replaced through a ballot. There was one change to the committee during 2009-10.

DISCLOSURES AND LEGAL COMPLIANCE – Government Policy Requirements

Members of the Occupational Safety and Health Committee have undertaken training to ensure their knowledge of occupational health and safety is up to date.

The Office of Energy recognises that it has a moral and legal responsibility to promote the highest degree of safety and health throughout all aspects of their operation to all staff, contractors and visitors.

An employee assistance program provider is available to staff to access confidential counselling services, including services for their immediate family, if required.

Emergency contact information posters that include information from other co-located agencies are updated regularly. Training in emergency procedures, including building evacuation and Office of Energy health training, was undertaken regularly during the reporting period.

Appendix

Publications

- Office of Energy Strategic Plan 2007-10
- Electricity Networks Access Code – unofficial consolidated version
- Energy Resources and Infrastructure Map 2006
- Thermoregulatory Dysfunction Energy Subsidy flyers and posters
- Utility Hardship Paper
- Report on the Affordability of Bottled Liquefied Petroleum Gas for Household Use in WA
- Report on Electricity Licence Exemptions
- Report on Gas Licence Exemptions
- Electricity Retail Market Review: Draft Recommendations Report - Review of Electricity Tariff Arrangements
- Electricity Retail Market Review: Final Recommendations Report - Review of Electricity Tariff Arrangements
- Electricity Retail Market Review: Issues Paper
- Energy Fact Sheets
- Gas Tariffs Review: Interim Report – 2008
- Gas Tariffs Review: Interim Report – 2009
- Gas Tariffs Review: Issues Paper
- Review of the Energy Co-ordination (Gas Tariffs) Regulations 2000: Issues Paper
- Gas Tariff Regulations Review Report: Review of the Energy Co-ordination (Gas Tariffs) Regulations 2000
- Gas Supply and Emergency Management Committee – Report to Government

Sustainable Energy Brochures

The brochures below are available by contacting the Energy Smart Line on 1300 658 158 or by visiting www.energy.wa.gov.au. All requests for bulk copies should be directed to (08) 9420 5619.

Ways to Live Energy Smart

- Cooking
- Saving Energy in Hot Climates
- Simple Ways to Save Energy
- The First Steps to Summer Cooling
- Ways to Winter Warmth

Ways to Choose Energy Smart

- Choosing an Air Conditioner
- Choosing a Heater
- Choosing a Hot Water System
- Energy Efficient Housing
- Home Insulation
- Lighting
- Solar Hot Water Systems

Reach for the Stars

- Your Guide to Energy Smart Clothes Washers and Dryers
- Your Guide to Energy Smart Dishwashers,
- Your Guide to Energy Smart Fridges and Freezers,
- Your Guide to Energy Smart Air Conditioners
- Your Guide to Energy Smart Gas Water Heaters
- Your Guide to Energy Smart Gas Heaters
- Your Guide to Energy Smart Televisions

Ways to Work Energy Smart

- Energy Smart Government Report 2007/08
- Energy Smart Government Report 2006/07
- Energy Smart Government Report 2005/06
- Energy Smart Government Report 2004/05
- Energy Smart Government Report 2003/04
- Energy Smart Government Report 2002/03
- Energy Savings from Computers
- Working Energy Smart Office Accommodation

Energy Smart Business

- Compressed Air Systems
- Commercial Heating, Cooling, Ventilation
- Commercial Refrigeration
- Hot Water Systems, Boilers and Wast Heat Systems
- Motors and Variable Speed Drives

Fact Sheets

- No. 1 - Energy Efficient Homes
- No. 2 - Changes to the Building Code of Australia
- No. 3 - Fuel Cells
- No. 4 - House Energy Efficiency
- No. 5 – Electricity from Renewable Energy (pdf only)
- No. 6 - GreenPower
- No. 7 - Renewable Energy Development Activity in 2008/09 (pdf only)

Other

- Compact Fluorescent Lamps
- Energy Smart Rebate flyers (Regional Energy Efficient Program)
- Renewable Energy Water Pumping Program
- Renewable Remote Power Generation Program
- Save Energy, Save Money (Top 10 Energy Smart tips)
- Take the Energy Challenge

Information Tools

- Energy Smart Calculator – Electrical & Gas
- Energy Smart Calculator - Heating & Cooling
- Orientate Your Home Compass
- Energy Smart Thermometer
- Top 10 Energy Smart Tips Fridge Magnet

Funding Guidelines and Application Forms

Guidelines and application forms are available for the following funding programs:

- Regional Energy Efficiency Program (closing Sep 2010)
- Renewable Remote Power Generation Program (closed to new applications)
- Renewable Energy Water Pumping Program (closed to new applications)
- Remote Area Power Supply Program (closed to new applications)
- Western Australian Solar Water Heater Subsidy
- Western Australian Solar Schools Program

Copies are available from the Office of Energy website.