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Statement of compliance

For year ended 30 June 2011

Hon Peter Collier
Minister For Energy; Training And Workforce Development; Indigenous Affairs


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

Michael Kerr
A/Coordinator of Energy

28 September 2011
Vision

The Office of Energy strives towards a vision of: secure, reliable, competitive and cleaner energy 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 (WA).

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
- 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 WA community. The Office:

- plans, develops and implements energy policies and strategies for Western Australia;
- develops and administers subsidies and rebates for the WA 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
- 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.
*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 the agency
Coordinator of Energy’s Report

2010-11 was a challenging year that we look back upon with a sense of accomplishment. Our achievements and progress against targets are set out in this Annual Report.

Following the integration of the Sustainable Energy Development Office into the Office of Energy in January 2010, we consolidated our new structure and operational arrangements to integrate a focus on sustainable energy throughout the agency. We reviewed our programs and business processes and commenced development of a new Strategic Plan.

On the operational front, we continued working with industry and the community to outline a vision and broad plan for the energy sector for the next 20 years to ensure a secure, reliable, competitive and cleaner energy future for WA. Strategic Energy Initiative, Energy2031 is now well underway. Following the largest public consultation undertaken in the history of the agency, we released the Energy2031 Directions Paper and feedback received is currently being reviewed. Energy2031 will be finalised during 2011-12 and will provide clarity of direction in the energy sector and a context for decision-making.

With further increases in electricity tariffs during the year, we implemented a range of measures to assist families in hardship manage increased energy prices. We also commenced the Tariff and Concession Framework Review to investigate the potential for alternative tariff and concession structures that improve energy affordability and efficiently allocate electricity system costs.

We implemented and launched the residential net feed-in tariff scheme. The scheme was designed to help Western Australians to recover the purchase cost of their renewable energy systems. The support the Government provided through the scheme assisted in delivering renewable energy systems to over 65,000 WA homes. The scheme’s popularity triggered a review and changes to the scheme within its first twelve months.

The State Emergency Management Committee formally endorsed a new plan developed by the Office of Energy for managing gas supply disruptions in WA. The Westplan – Gas Supply Disruption was developed in consultation with key industry and government stakeholders, and provides an improved process for both preparing for, and responding to, gas supply disruptions. The plan forms part of a range of measures that have been put in place by the WA Government to improve the security of the State’s energy supplies following two significant gas supply disruptions that occurred in 2008.

The draft Gas Supply Disruption plan was used to good effect in the incident in February 2011, when gas production was disrupted as a result of the effects of Cyclone Carlos. The supply disruption was managed in accordance with the draft arrangements and the learnings from this event were used to finalise the gas supply disruption plan.

We commenced a number of legislated reviews of the electricity market to assist the continuing development of the market. Taking action on the outcomes of these reviews will lead to a more mature electricity market in WA.

Long standing programs such as the Remote Renewable Power Generation Program have contributed to the improvement of energy services in regional and remote WA, benefiting from $14 million in funding across seven sub-programs. Renewable energy power systems totalling approximately 3,696 kilowatts were installed during the past twelve months. Three sub-programs have been completed and are now closed.

The annual Energy in WA Conference was again a success with over 200 participants attending the 2010 event. The forum brought together a range of state, national and international industry
experts to address the many opportunities and challenges that impact the WA energy industry.

The year ahead again will be a challenging and exciting one, as we work to complete our Strategic Plan and the Strategic Energy Initiative, Energy2031, which will guide both the future direction of energy in WA and the direction and specific work programs of the Office of Energy.

On behalf of all our staff I would like to thank Anne Hill, who left the agency during the year, for her dedication and commitment as acting Coordinator of Energy during a period of significant change. I would also like to thank all staff at the Office of Energy for their excellent work during the year.

It is with pleasure that I present the Office of Energy Annual Report 2010-11 to you.

Michael Kerr
A/Coordinator of Energy
1. Overview of the agency

Operational structure

Enabling legislation

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

Organisational structure

The organisational structure as at 30 June 2011 is shown in figure 2.

The agency continues to review how it is organised to deliver on its mission in the context of a fast changing policy environment and emerging priorities.

Responsible Minister

Hon Peter Collier, BA DipEd MLC, Minister for Energy.
Figure 2: Organisational chart (as at 30 June 2011)
Division functions

Strategic Policy and Planning

- Assists Government to make informed policy decisions associated with the supply of energy services in WA.
- Identifies and understands the impact of critical strategic issues related to energy supply and demand in WA 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 Standing Council on Energy and Resources (which subsumes 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 WA.
- 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 WA’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 and remote communities in WA.
- Develops, implements and promotes programs to encourage best practice energy management in the WA business, government and residential sectors.
- 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 WA 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 the strategic direction and control of the Corporate Services functions including finance, human resource management, information systems, records management and infrastructure.
- Ensures that effective and efficient systems, processes and resources are in place to deliver quality procurement, information technology, corporate information and infrastructure services to support the Office of Energy's business outcomes.
- Ensures compliance with corporate governance legislation and instructions from the Public Sector Commissioner and Treasurer to ensure that good agency management and governance protocols are in place to manage risk and streamlines business practices.
- Develops, implements and evaluates policies, objectives, systems and strategies for the provision of effective and efficient administrative and management functions to support Office of Energy activities.
- Ensures the provision of effective corporate reporting on Office of Energy performance to meet government requirements.
- Ensures the development, implementation and evaluation of effective human resource policies, initiatives and procedures.
- Manages the delivery of transactional level functions underpinning finance, human resources and procurement.
- Coordinates the processes associated with access to information under the provisions of the Freedom of Information Act and Public Interest Disclosure Act.
- Manages the implementation of the agency's Graduate Recruitment Program.
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 act as peak body to:

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

As at 30 June 2011, the Corporate Executive members were as follows:

**Michael Kerr**  
A/Coordinator of Energy  
Michael Kerr has held senior positions in the public sector in both WA and NSW and worked in the private sector in Western Australia for a short period in the late 1990s. Michael’s professional background is diverse including many years involvement in environmental protection and regulation, coastal and waterways management, and more recently in policy development and implementation in waste and energy. Michael is currently acting Coordinator of Energy in the Office of Energy, having previously held the positions of Acting Director of Programs and Executive Director of the Sustainable Energy Development Office.

**Rolando Custodio**  
A/Director, Strategic Policy and Planning  
Rolando Custodio has over 20 years experience in energy policy and planning in the WA public service. He has been with the Office of Energy since its inception in 1995 and has held various senior positions in energy policy development and implementation, including energy markets, regulation, security and technology. He was Director of Industry and Community prior to taking up his current role.

**Patrick Smith**  
A/Director, Programs: Clean Energy and Community  
Patrick Smith has nearly 20 years experience in the public sector. This has included working for local government, the Sustainable Energy Development Office and the Office of Energy’s Technical and Safety Division (now part of the Department of Commerce). He has worked in various roles relating to electrical inspections, electrical equipment safety, energy policy development, and energy efficiency and renewable energy programs. He has been with the Office of Energy since its inception in 1995.

**Dr Paul Biggs**  
A/Director, Governance  
Dr Paul Biggs joined the Office of Energy in 2010, commencing as Project Leader for the Strategic Energy Initiative in July 2010, with the added responsibility for the Governance Division in January 2011. Paul has extensive experience in business management, having previously worked as General Manager of the Forest Products Commission, is qualified with an Executive MBA, PhD, BSc and is a Graduate of the AICD.

**George Kessaris**  
Director, Corporate Services  
(Chief Finance Officer)  
George Kessaris joined the Office of Energy in November 2010, having been with the WA public sector since 2006. In the recent past he worked for a Commonwealth statutory authority, the not-for-profit sector and the oil and gas industry. His experience has been largely in corporate services, corporate governance and development including total quality management (TQM), operations and occupational safety and health (OSH).
Staff profile

As at 30 June 2011, the Office of Energy employed 86 staff. This figure includes 55 permanent full-time employees, 24 fixed term full-time employees and seven part-time employees. These figures also include secondees from other agencies.

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 (Act other than Parts 2 & 3)
- Fuel, Energy and Power Resources Act 1972
- Gas Corporation (Business Disposal) Act 1999
- Gas Supply (Gas Quality Specifications) Act 2009 (Act other than Part 5, Division 2)
- National Gas Access (WA) Act 2009 and

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

### Contributing organisations

<table>
<thead>
<tr>
<th>Initiative</th>
<th>State government agencies</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Energy Initiative, Energy2031</strong></td>
<td>• Office of Energy (Lead agency)</td>
<td>• Synergy</td>
</tr>
<tr>
<td></td>
<td>• Department of State Development</td>
<td>• Western Power</td>
</tr>
<tr>
<td></td>
<td>• Department of Mines and Petroleum</td>
<td>• Horizon Power</td>
</tr>
<tr>
<td><strong>Tariff and Concession Framework Review</strong></td>
<td>• Office of Energy (Lead agency)</td>
<td>• Western Australian Council of Social Service</td>
</tr>
<tr>
<td><strong>Utility Hardship Package</strong></td>
<td>• Department for Child Protection (Lead agency, Hardship Utilities Grant Scheme)</td>
<td>• Financial Counselling Association of Western Australia</td>
</tr>
<tr>
<td></td>
<td>• Department of Housing</td>
<td>• Horizon Power</td>
</tr>
<tr>
<td></td>
<td>• Office of Energy (Lead agency, Hardship Efficiency Program)</td>
<td>• Synergy</td>
</tr>
<tr>
<td></td>
<td>• Western Australian Council of Social Service</td>
<td>• Alinta Gas</td>
</tr>
<tr>
<td><strong>State Underground Power Program</strong></td>
<td>• Office of Energy (Lead agency)</td>
<td>• Western Australian Council of Social Service</td>
</tr>
<tr>
<td></td>
<td>• Western Australian Local Government Association</td>
<td>• Western Power</td>
</tr>
<tr>
<td><strong>Pilbara Underground Power Program</strong></td>
<td>• Department of Regional Development and Lands</td>
<td>• Horizon Power</td>
</tr>
<tr>
<td></td>
<td>• Pilbara Development Commission</td>
<td>• Pilbara local governments</td>
</tr>
<tr>
<td><strong>Aboriginal and Remote Communities Power Supply Project</strong></td>
<td>• Office of Energy (Lead agency)</td>
<td>• Department of Families, Housing, Community Services and Indigenous Affairs (Commonwealth (Cth))</td>
</tr>
<tr>
<td></td>
<td>• Western Australian Council of Social Service</td>
<td>• Horizon Power</td>
</tr>
<tr>
<td></td>
<td>• Department of Indigenous Affairs</td>
<td>• Department of Housing</td>
</tr>
<tr>
<td></td>
<td>• Department of Treasury</td>
<td>• Department of Indigenous Affairs</td>
</tr>
<tr>
<td><strong>Minimum Energy Performance Standards for New Buildings</strong></td>
<td>• Office of Energy (Lead agency)</td>
<td>• Department of Climate Change and Energy Efficiency (Cth)</td>
</tr>
<tr>
<td></td>
<td>• Department of Commerce</td>
<td>• Other State Jurisdictions and Territories</td>
</tr>
<tr>
<td></td>
<td>• Building Commission</td>
<td></td>
</tr>
<tr>
<td>Initiative</td>
<td>State government agencies</td>
<td>Other</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------</td>
<td>-------</td>
</tr>
</tbody>
</table>
| Minimum Energy Performance Standards for Electrical Equipment | • Office of Energy (Lead agency)  
• Department of Commerce  
• Building Commission  
• Office of Energy Safety | • Department of Climate Change and Energy Efficiency (Cth)  
• Other State Jurisdictions and Territories |
| Government Leading by Example (formerly Energy Smart Government) | • Office of Energy (Lead agency)  
• All participating state government agencies | • Department of Climate Change and Energy Efficiency (Cth) |
| Low Emissions Energy Development Fund | • Department of Environment and Conservation (Lead agency)  
• Department of Commerce  
• Department of Transport  
• Department of Treasury and Finance  
• Department of the Premier and Cabinet  
• Office of Energy | |
| Residential Feed-in Tariff Scheme | • Office of Energy (Lead Agency) | • Synergy  
• Horizon Power |
| Household Renewable Energy Scheme | • Office of Energy (Lead Agency)  
• Office of Shared Servies | • Synergy  
• Department of Climate Change and Energy Efficiency (Cth) |
| West Australian Solar Schools Program | • Office of Energy (Lead agency)  
• Department of Finance | |
| Renewable Remote Power Generation Program (RRPGP) | • Office of Energy (Lead agency) | • Department of Climate Change and Energy Efficiency (Cth) |
| Phase-out of electric hot water systems | • Office of Energy (Lead agency)  
• Department of Commerce | • Department of Climate Change and Energy Efficiency (Cth) |
Significant issues impacting the agency
Energy demand growth and energy costs

Over the next twenty years, WA needs to plan for a 60 per cent increase in demand for energy. Energy prices remain below cost-reflective levels and need to continue to rise to better reflect the true costs of supply. Prior to increases that took effect in 2009, residential electricity prices had not increased since 1997 while for small business, prices had not increased since 1992 (with the exception of the goods and services tax).

The Government is implementing a range of measures to assist families in hardship manage increased energy prices and is investigating the potential for alternative tariff and concession structures that improve energy affordability and efficiently allocate electricity system costs.

Strategic energy policy

In order to support energy policy development, the Government is establishing a clear policy decision making framework. The Government’s Strategic Energy Initiative, Energy2031 will provide a 20-year vision for a secure, reliable, competitive and cleaner energy supply in WA. Energy2031 will be finalised during 2011-12, providing clarity of direction in the energy sector and a context for decision-making.

Cleaner energy future

A cleaner energy future is vital to the State’s economy. The Government is considering ways to achieve greater deployment of renewable energy and more efficient use of energy and infrastructure to achieve a cleaner energy future for WA.

National Strategy on Energy Efficiency

National energy and climate change policies, including the proposed carbon price mechanism, have the potential to impact future State investments in energy infrastructure and energy prices. The Government is participating in the implementation of the National Strategy on Energy Efficiency to help ensure a nationally consistent, coordinated approach to improving energy efficiency and thus the productivity of the Australian economy, and to ensure that WA interests are represented.

Development of the electricity market

The electricity market in WA is evolving. During 2010-11 a number of legislated reviews of the electricity market were commenced to assist the continuing development of the market. Taking action on the outcomes of these reviews will lead to a more mature electricity market in WA.

Increased use of self generation and renewable energy

WA is experiencing a significant increase in the installation of small renewable energy systems, mainly photovoltaics, by WA households. The support the Government has provided through the Feed-in Tariff Scheme and the Household Renewable Energy Scheme has assisted in delivering renewable energy systems to over 65,000 WA homes. Associated issues that need to be addressed range from the impact of systems on the electrical network and consumer protection measures.
Risk to reliability of energy supply

Energy supply disruptions can have substantial economic, industrial and community impacts. The Government is implementing actions to improve the management and mitigation of significant gas and liquid fuel supply disruptions in WA.

Statutory reviews

Several statutory reviews have been 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 five-year interval (the first ending in November 2009) of the *Electricity Networks Access Code 2004* (that provides the framework for third party access to electricity networks in the State.).
- Section 39 of the *Electricity Corporations Act 2005* requires the Minister for Energy to review the restriction on Verve Energy supplying electricity to parties for their own consumption.
- Section 48 of the *Electricity Corporations Act 2005* requires the Minister for Energy to review the prohibition 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 50 megawatt hours per annum.

In early 2011, the Office of Energy initiated preparations to assist with undertaking the above reviews on behalf of the Minister for Energy. It is intended that all of these reviews will commence in the second half of 2011.

Due to the complexity of the issues involved and ongoing market evolution processes including the Verve Energy Review and its outworkings, the anticipated commencement for the reviews of the prohibition on Synergy and restriction on Verve Energy were not able to be met. Recognising the benefits from increased efficiency, the Office of Energy plans to undertake the review of the prohibition and restriction together with the review of further retail competition concurrently due to their common theme of further electricity competition.

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
In 2010-11, the Office of Energy gave priority to:

- **Energy policy and planning**
  Providing 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 WA.

- **Markets and regulations**
  Driving toward a more effective and efficient framework for regulating the energy industry, and for operating energy markets.

- **Government energy utilities**
  Supporting the Minister of Energy in monitoring the Government’s interests in Verve Energy, Western Power, Synergy and Horizon Power.

- **Energy programs**
  Delivering energy policy related programs, including programs that the Office of Energy shares responsibility for delivering with other agencies.

- **Communications**
  Informing and engaging with the WA community on the Office of Energy’s major projects and policy initiatives.

- **Committees and groups**
  Participating in national and state-based committees, working groups and taskforces to more effectively deliver energy policy outcomes.
Key targets

The agency’s key targets are shown in Tables 1 and 2.

Table 1: Summary of key performance indicators

<table>
<thead>
<tr>
<th>Key effectiveness indicator(s)</th>
<th>Target¹ $000</th>
<th>Actual $000</th>
<th>Variation² $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>The extent to which policy and program development objectives for the year were achieved</td>
<td>100%</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Kilowatt hours displaced</td>
<td>24,563,500</td>
<td>21,807,941</td>
<td>(2,755,559)</td>
</tr>
<tr>
<td>Kilowatt hours avoided</td>
<td>162,000</td>
<td>45,688</td>
<td>(116,312)</td>
</tr>
<tr>
<td>Percentage of Perth metropolitan homes services with underground power</td>
<td>51.5%</td>
<td>52%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

1. As specified in the budget statement 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 for the Disclosures and Legal Compliance section.

Table 2: Financial targets

<table>
<thead>
<tr>
<th>Financial targets</th>
<th>Target¹ $000</th>
<th>Actual $000</th>
<th>Variation² $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)</td>
<td>71,281</td>
<td>43,674</td>
<td>(27,607)</td>
</tr>
<tr>
<td>Net cost of services (sourced from Statement of Comprehensive Income)</td>
<td>54,015</td>
<td>30,636</td>
<td>(23,379)</td>
</tr>
<tr>
<td>Total equity (sourced from Statement of Financial Position)</td>
<td>608</td>
<td>11,558</td>
<td>10,950</td>
</tr>
<tr>
<td>Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)</td>
<td>245</td>
<td>1,577</td>
<td>1,377</td>
</tr>
<tr>
<td>Approved full time equivalent (FTE) staff level</td>
<td>90</td>
<td>86</td>
<td>(4)</td>
</tr>
</tbody>
</table>

1. As specified in the budget statement 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.
The following table illustrates the relationship between the agency's services and desired outcomes, and the Government goal to which they contribute.

<table>
<thead>
<tr>
<th>Government goal</th>
<th>Outcome 1</th>
<th>Service 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social and environmental responsibility:</strong> Ensuring that economic activity</td>
<td>A sustainable, efficient, secure and competitive energy sector</td>
<td>Development and implementation of energy policy and programs</td>
</tr>
<tr>
<td>is managed in a socially and environmentally responsible manner for the long-term benefit of the State</td>
<td>(a) The extent to which policy and program development objectives for the year are achieved</td>
<td>(a) Average cost of routine policy and program tasks</td>
</tr>
<tr>
<td></td>
<td>(b) Kilowatt hours displaced</td>
<td>(b) Average cost of policy projects and programs</td>
</tr>
<tr>
<td></td>
<td>(c) Kilowatt hours avoided</td>
<td>(c) Average cost of processing sustainable energy incentive applications</td>
</tr>
<tr>
<td></td>
<td>(d) Percentage of Perth metropolitan homes serviced with underground power</td>
<td></td>
</tr>
</tbody>
</table>

The agency’s performance against this 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.
Key achievements - at a glance

Tables 3-7 provide an overview at a glance of the agency’s performance and achievements against 2010-11 goals.

A more detailed overview of the agency’s performance and achievements is included in the following section Key achievements.

**Table 3: Energy policy and planning**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Purpose</th>
<th>Key achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy policy and planning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project / activity</strong></td>
<td><strong>Purpose</strong></td>
<td><strong>Key achievements</strong></td>
</tr>
</tbody>
</table>
| **Strategic Energy Initiative, Energy2031** | Establish a 20-year vision and strategies for secure, reliable, competitive and cleaner energy for WA | • Released Discussion Paper in March 2011  
• Analysed 136 substantive and 1,839 pro-forma submissions from industry and public to inform final advice to Government |
| **Clean Energy Initiative** | Provide advice to Government on options for increasing the use of energy efficiency and renewable energy | • Procurement of a consultancy on the impact of potential options for increasing energy efficiency in WA  
• Provision of briefings and advice on options for a strategic energy efficiency policy framework |
| **Tariff and Concession Framework Review** | Investigate the potential of alternative electricity tariff and concession frameworks to improve the affordability of essential electricity use | • Conducted modelling and analysis of alternative tariff and concession frameworks  
• Commissioned a large household survey to determine the relationships between household characteristics and electricity use  
• Conducted extensive community consultation including the release of a public issues paper and the completion of nine consultation sessions throughout the State |
| **Residential Net Feed-in Tariff** | Support the installation of renewable energy systems by WA households | • Launched scheme on 1 August 2010  
• Completed review of scheme in March 2011  
• Commenced implementation of scheme changes to apply from 1 July 2011 |
| **Commercial Feed-in Tariff Feasibility Study** | Assess the need for a feed-in tariff for commercial customers | • Procurement of a consultancy on the impacts of a commercial feed-in tariff in WA  
• Prepared a report to Government on the feasibility of a feed-in tariff for commercial premises |
<table>
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<tr>
<th>Project / activity</th>
<th>Purpose</th>
<th>Key achievements</th>
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| **Gas Supply and Emergency Management (GSEM)**         | Implement recommendations of the 2009 Gas Supply and Emergency Management Committee (GSEMC) Report to Government | • Progressed amendments to regulations through the Fire and Emergency Services Authority to prescribe the Office of Energy as a Hazard Management Agency for energy supply disruptions (gas and liquid fuels)  
• Developed strategic and operational plans for managing energy supply disruptions to gas and liquid fuels  
• Led response to an actual gas supply disruption incident in February 2011 and conducted an exercise for the liquid fuel disruption plan |
| **Clean Energy Transition**                            | Diversify WA’s energy supplies and position WA for the introduction of carbon pricing | • Secured funding for the development of WA’s first large-scale solar facility, the Greenough River Solar Farm  
• Led WA’s engagement with the Cth Government regarding the Renewable Energy Target, Australian Centre for Renewable Energy and Solar Flagships Program |
| **Greenhouse and Energy Minimum Standards**            | Ensure WA circumstances are considered in the establishment of national legislation for mandatory energy performance standards and labeling | • Facilitated an agreed whole of Government position on the introduction of national legislation for appliance energy standards and labeling |
| **Climate Change Policy Development**                  | Represent WA energy interests in state and national climate change policy development | • Participated in the development of WA’s Climate Change Adaptation and Mitigation Strategy |
| **Mid West Energy Project** (formerly North Country Reinforcement Project) | Participate in an interagency working group to help progress a large scale transmission line project in the Mid West | • Addressed regulatory barriers to commercial arrangements between Western Power and Karara  
• Provided advice to the Minister for Energy regarding Karara’s application to access the powers of compulsory acquisition of land under the Electricity Industry Act 2004 for its 330 kV transmission line. |
### Table 4: Markets and regulation

#### Objectives
To drive toward a more effective and efficient framework for regulating the energy industry, and for the operation of energy markets.

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<tr>
<th>Project / activity</th>
<th>Purpose</th>
<th>Key achievements</th>
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| **Gas Tariffs Review** | Provide recommendations to Government on the level and structure of regulated gas retail tariffs and the appropriate regulatory framework to determine retail gas tariffs in the future | • Published Draft Recommendations Report in December 2010  
• 10 submissions received from individuals and energy sector stakeholders  
• Prepared Final Recommendations Report |
| **Electricity Retail Tariffs - Adjustment** | Provide advice on the impact of increases to regulated electricity tariffs proposed by the Government | • Completed modelling advice to Government  
• Tariff adjustments announced in May 2011 for implementation from 1 July 2011 |
| **Electricity Retail Tariffs – Review of Costs of Supply** | Provide input to the assessment of costs of supplying electricity to ensure that the Customer Service Obligation (CSO) payment is calculated accurately | • Assessed electricity costs and calculation of relevant CSO payments |
| **Gas Supply (Gas Quality Specifications) Act 2009** | Provide the legislative environment to enable broad specification gas to flow into pipelines in WA | • Consulted with industry over aspects of the amendment regulations  
• Developed first set of drafting instructions for the amendment regulations |
<p>| <strong>Review of Electricity Networks Access Code 2004</strong> | Undertake the first comprehensive review of the Electricity Networks Access Code 2004 | • Engaged an economic consultant to assist the Office in carrying out the review |</p>
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<tr>
<th>Project / activity</th>
<th>Purpose</th>
<th>Key achievements</th>
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<tr>
<td><strong>Interim amendments to the Electricity Networks Access Code</strong></td>
<td>Promote the economically efficient investment in, and operation of, networks and services in WA in order to promote competition in both upstream and downstream markets</td>
<td>• Prepared issues paper for public consultation</td>
</tr>
<tr>
<td><strong>Review of the Electricity Industry Metering Code</strong></td>
<td>Identify and implement amendments to the Code to provide increased regulatory efficiency by ensuring the Code is meeting its objectives and is consistent with associated instruments</td>
<td>• Published recommendations report for public consultation in April 2011</td>
</tr>
<tr>
<td><strong>Energy Legislation Amendments Bill</strong></td>
<td>Obtain approvals to implement the Energy Legislation Amendments Bill (ELAB)</td>
<td>• Managed the preparation of amendments to the ELAB • Prepared for its passage to Parliament</td>
</tr>
<tr>
<td><strong>Regulatory Determinations and Inquiries of the Economic Regulation Authority</strong></td>
<td>Provide input to the regulatory decision-making process of the Economic Regulation Authority</td>
<td>• Provided input to the regulatory decision-making process on: - access arrangements for WA Gas Networks - inquiry into Horizon Power's funding arrangements - inquiry into regulated retail electricity tariffs and Synergy - Western Power's third Access Arrangement</td>
</tr>
<tr>
<td><strong>Electricity Market Regulatory Instruments</strong></td>
<td>Review and implement amendments to existing regulatory instruments</td>
<td>• Amendments regarding a range of instruments, including the Electricity Exemption Order, were progressed</td>
</tr>
<tr>
<td><strong>Electricity Supplier of Last Resort Regulations</strong></td>
<td>Develop regulations to provide for the establishment and operation of supplier of last resort arrangements for electricity</td>
<td>• Developed fourth draft of regulations</td>
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<tr>
<td>Project / activity</td>
<td>Purpose</td>
<td>Key achievements</td>
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| Gas Bulletin Board and Gas Statement of Opportunities (Part of GSEM) | Implement a Gas Bulletin Board (GBB) and Gas Statement of Opportunities (GSOO) in WA | • Prepared draft recommendations report  
• Completed competitive selection process and announced operator of the GBB and GSOO |
| Gas Contingency Services (Part of GSEM) | Provide recommendations to Government on contingency services to mitigate the impact of disruptions to gas supplies | • Prepared draft recommendations report |
| Introduction of further Electricity Retail Contestability | Review the merits of introducing further (including full) contestability in the electricity retail market | • Initial arrangements for the review |
| Prohibition on Synergy and Restriction on Verve Energy | Review the impact that the restrictions on Synergy from generating electricity and on Verve Energy from retailing electricity have had on the development of competition in the electricity generation, wholesale and retail markets | • Initial arrangements for the review |
Table 5: Government energy utilities

<table>
<thead>
<tr>
<th>Objectives</th>
<th>To support the Minister of Energy in monitoring the Government’s interests in Verve Energy, Western Power, Synergy and Horizon Power.</th>
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<tr>
<th>Project / activity</th>
<th>Purpose</th>
<th>Key achievements</th>
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<tbody>
<tr>
<td>Financial and Operating Performance</td>
<td>Review, analyse, provide comment and advice to the Minister on the Electricity Corporations’ financial and operating performance</td>
<td>• Reviewed, analysed, provided comment and advice on the Electricity Corporations’ strategic development plans and statements of corporate intent • Reviewed, analysed and provided advice on the Electricity Corporations' annual reports, quarterly reports, mid-year review submissions and budget submissions</td>
</tr>
<tr>
<td>Major Contracts</td>
<td>Provide advice to the Minister on major contractual decisions under the Electricity Corporations Act 2005</td>
<td>• Provided advice on a number of requests under section 68 and section 70 of the Act</td>
</tr>
<tr>
<td>Vesting Contract</td>
<td>Provide advice to the Minister on the vesting contract between Verve Energy and Synergy</td>
<td>• Provided advice regarding the finalisation of the original vesting contract • Published the Replacement Vesting Contract 2010</td>
</tr>
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Table 6: Energy programs

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<thead>
<tr>
<th>Objectives</th>
<th>To deliver energy policy related programs, including programs that the Office of Energy shares responsibility for delivering with other agencies.</th>
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<tr>
<th>Community and residential programs</th>
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<tr>
<th>Project / activity</th>
<th>Purpose</th>
<th>Key achievements</th>
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<tr>
<td>Household Renewable Energy Scheme</td>
<td>Provide assistance to homeowners who installed renewable energy systems in anticipation of the proposed gross feed-in tariff (which did not proceed)</td>
<td>• The second round of three annual payments was completed in January 2011 • $3.1 million was distributed in the second round of payments</td>
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<tr>
<td>Project / activity</td>
<td>Purpose</td>
<td>Key achievements</td>
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</table>
| **Hardship Efficiency Program** | Provide households in hardship with education and energy efficiency products and solutions to help them save energy on an ongoing basis | • Delivered 1,045 home energy efficiency assessments  
• Delivered 458 fridges under the Fridge Replacement Scheme  
• Completed educational program and shade cloth installation in 5 remote communities under the Horizon Power Energy Efficiency Program  
• Completed installation of ceiling insulation in 332 public housing dwellings with tenants over 70 years of age |
| **Solar Water Heater Subsidy Scheme** | Provide rebates for the installation of gas-boosted solar water heaters with the aim of reducing household expenditure on energy, increasing accessibility to sustainable technology and assisting in the long-term development of the solar water heater industry | • Processed 2,787 pre-approval applications  
• Provided $1.49 million in rebates to 2,864 applicants  
• 96% of rebate applications were successful |
| **State Underground Power Program** | Improve security and reliability of power supply | • Completed two major residential projects (Wilson West, Maddington)  
• Commenced two major residential projects (Attadale South, Bentley East)  
• Completed one localised enhancement project (Cowaramup)  
• Announced Round Five Major Residential Projects short-list  
• Commenced review of the program |
| **Office of Energy Grants Program** | Provide 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 | • Completed 13 projects  
The program closed in January 2010 |
<table>
<thead>
<tr>
<th>Project / activity</th>
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| **Government Energy Reporting Program** | Manage the Online System for Comprehensive Activity Reporting (OSCAR) energy and emissions program for WA and encourage State Government agencies to reduce energy and emissions by implementing energy management plans | • Signed off on three energy management plans, a requirement of Premier's Circular 2008-11 Energy Smart Government  
• Supported agencies in reviewing their energy management plans  
• Promoted government agency participation in the CitySwitch Green Office program  
• Government Energy Intensity (MJ/FTE) fell for the third consecutive year to 6.8% below the 2006-07 baseline year  
• Improved the Energy Intensity (MJ/FTE) of 26 agencies by more than 5%  
• Reduced the Energy Intensity (MJ/FTE) of the five largest agencies representing 70.9% of government FTEs collectively by 20.7% |
| **Nationwide House Energy Rating Scheme (NatHERS) & 6 Star Energy Efficiency Standard** | Increase the energy efficiency of the home construction industry through the application of a consistent set of standards through the use of energy rating tools | • Supported WA NatHERS assessors through the renewal of a Service Agreement with the Association of Building Sustainability Assessors (ABSA)  
• Engaged ABSA to provide an additional 50 level 2 and 50 level 3 Quality Assurance Reviews and to provide 4 additional professional development workshops  
• Undertook three research projects investigating industry concerns regarding 6 star and NatHERS software  
• Supported the Building Commission to implement legislation that requires all new homes built in WA to achieve a minimum 6 star standard for energy efficiency under the Building Code of Australia (the current minimum standard is at 5 stars) from May 2012 |
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<tr>
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| **Residential Building Mandatory Disclosure (RBMD)** | Apply a consistent energy performance standard to the existing housing market | **•** Contributed to the development of a national Consultation Regulation Impact Statement (RIS), released in July 2011  
**•** Represented WA on national committee responsible for RBMD policy development  
**•** Commissioned research project to obtain data for use in RBMD policy development and RIS modelling  
**•** Conducted consultation with approximately 500 real estate agents, 100 energy assessors and various industry associations on RBMD policy  
**•** Contributed to the development of a nationally accredited training package for RBMD assessors |
| **National Australian Built Environment Rating System (NABERS)** | Facilitate and promote the NABERS program in WA  
NABERS benchmarks the operational performance of existing buildings using a star rating system, allowing building owners to compare their performance with their peers | **•** Certified over 50 NABERS Energy ratings  
**•** Signed two new NABERS Energy commitment agreements with owners constructing new office buildings  
**•** Participated in the NABERS National Steering committee, supporting ongoing developments in the program and providing representation on behalf of WA stakeholders  
**•** Assisted in the delivery of the CitySwitch Green Office program through a Memorandum of Understanding with the City of Perth  
**•** Delivered training to accredit NABERS assessors  
**•** Facilitated around 15 information forums for NABERS assessors  
**•** Promoted increased uptake of the NABERS program in the commercial property sector through a Memorandum of Understanding with the Property Council of Australia, WA Division  
**•** Facilitated the introduction of the Commercial Building Disclosure program in WA |
| **Western Australian Solar Schools Program (WASSP)** | Assist in educating children on renewable energy through the installation of solar PV power systems in WA schools | **•** Around $1 million in funding paid to 91 schools to assist with the installation of solar PV systems  
**•** Installed 144 kW of PV generation displacing over 250,000 kWh per year of fossil fuel power generation |
**Energy Smart Directory**

Facilitate best practice energy management in the business sector by bringing together organisations and individuals seeking sustainable energy solutions with suppliers of sustainable energy products and services.

- Ongoing administration and promotion of the Energy Smart Directory website

**Regional and Remote Programs**

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<th>Project / activity</th>
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<th>Key achievements</th>
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</table>
| **Aboriginal and Remote Communities Power Supply Project (ARCPSP)** | Upgrade power supplies in large permanent Aboriginal communities in remote WA to regulated state utility standard | • Continued to administer and chair the ARCPSP Steering Committee  
• Continued to monitor the delivery of regulated electricity supply to the six communities funded under phase 1 of this project  
• Commenced the expansion of the program to Kalumburu and Yungngora (Phase 2.1) |
| **Renewable Remote Power Generation Program (RRPGP)** (Funded by Cth Government) | Provide rebates for renewable energy systems in ‘fringe of grid’ and ‘off-grid’ areas and energy efficiency projects in ‘off-grid’ areas to increase the uptake of renewable energy technology in remote areas of Australia | • Completed three RRPGP sub-programs as funding had been fully committed  
• Details of specific sub-programs is outlined below |
| **Large Projects** (RRPGP sub-program) | Provide rebates for large scale renewable energy based power systems in ‘off-grid’ areas which cost over $1 million | • Paid around $4.9 million in funding  
• Supported the construction of the Marble Bar and Nullagine solar/diesel power stations, supplying power to the local community (500 kW of solar power in total) |
| **Regional Energy Efficiency Program** (RRPGP sub-program) | Provide incentives to encourage energy efficiency in areas outside the South West electricity grid | • Paid $17,400 toward 143 energy efficiency rebates  
• Paid $9,856 toward energy audits  
• Successfully closed sub-program |
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<th>Project / activity</th>
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<tr>
<td><strong>Remote Area Power Supply Program</strong>&lt;br&gt;(RRPGP sub-program)</td>
<td>Provide rebates of up to $500,000 for renewable energy power systems installed in ‘off-grid’ areas</td>
<td>• Paid about $5.6 million in rebates toward 105 projects&lt;br&gt;• Supported the installation of renewable energy power systems totalling approximately 790 kW (777 kW solar, 13 kW wind)&lt;br&gt;Closed to new applications in December 2009 due to full allocation of funding</td>
</tr>
<tr>
<td><strong>Renewable Energy Water Pumping Program</strong>&lt;br&gt;(RRPGP sub-program)</td>
<td>Provide rebates of up to $30,000 for renewable energy based pumps supplying water in regional areas</td>
<td>• Paid $40,065 toward 13 projects&lt;br&gt;• Successfully closed sub-program&lt;br&gt;Closed to new applications in December 2009 due to full allocation of funding</td>
</tr>
<tr>
<td><strong>Rural Renewable Energy Program - Small Projects</strong>&lt;br&gt;(RRPGP sub-program)</td>
<td>Provide 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</td>
<td>• Paid $31,916 toward two projects&lt;br&gt;• Successfully closed sub-program&lt;br&gt;Closed to new applications in December 2009 due to full allocation of funding</td>
</tr>
<tr>
<td><strong>Rural Renewable Energy Program - Medium Projects</strong>&lt;br&gt;(RRPGP sub-program)</td>
<td>Provide rebates for medium scale grid-connected renewable energy power systems in specific ‘fringe of grid’ areas of the South West electricity grid</td>
<td>• Paid $3,505,038 in funding&lt;br&gt;• Supported the Mt Barker Windfarm (a 3 turbine, 2.7 MW project)&lt;br&gt;• Supported the Denmark Community Windfarm project</td>
</tr>
<tr>
<td><strong>Renewable Energy Industry Support</strong>&lt;br&gt;(RRPGP sub-program)</td>
<td>Provide funding to the Research Institute for Sustainable Energy, Murdoch University to support renewable energy industry training, standards development and equipment testing</td>
<td>• Engaged Murdoch University to prepare a research project regarding PV panel degradation in older systems</td>
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Table 7: Communications

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<th>Objectives</th>
<th>Community and residential programs</th>
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<tr>
<td>To inform and engage with the WA community on the Office of Energy’s major projects and policy initiatives.</td>
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**Community and residential programs**

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<tr>
<td><strong>Energy Smart Line</strong></td>
<td>Provide information and advice about energy efficiency and sustainable energy to households and small businesses through a telephone advisory service</td>
<td>• Responded to approximately 400 calls per month</td>
</tr>
<tr>
<td><strong>Reach for the Stars</strong></td>
<td>Promote the use of energy star ratings for appliances to increase the uptake of energy efficient products within WA households</td>
<td>• Conducted 173 visits to the 123 partner retail stores and trained 164 retail staff&lt;br&gt;• Provided promotional media to the 123 partner retail stores for distribution to customers</td>
</tr>
<tr>
<td><strong>Corporate communications and publications</strong></td>
<td>Publish a range of publications and discussion papers to inform the WA community and coordinate engagement on the agency’s major initiatives</td>
<td>• Released 7 consultation papers&lt;br&gt;• Distributed 24 kinds of promotional brochures&lt;br&gt;• Published the Renewable Energy Handbook Western Australia 2010&lt;br&gt;• Published and distributed the WA Energy Resources and Infrastructure Map to high schools and other stakeholders&lt;br&gt;See Appendix for a full list of publications</td>
</tr>
<tr>
<td><strong>Website energy.wa.gov.au</strong></td>
<td>Provide a key portal for energy information to meet the information needs of stakeholders</td>
<td>• Commenced a revision of the Office of Energy website&lt;br&gt;• Maintained and developed a micro site for the Government’s Strategic Energy Initiative, <em>Energy2031</em>&lt;br&gt;• Developed and maintained a micro site for the 2011 Energy in WA Conference</td>
</tr>
<tr>
<td><strong>Intranet</strong></td>
<td>Enhance staff communication and collaboration and improve business efficiency and knowledge management internally</td>
<td>• Commenced a revision of the Office of Energy’s intranet</td>
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| Events and sponsorships | Provide industry and stakeholders with an open forum to foster the discussion on current and future energy issues which affect and shape the WA energy industry  
Recognise, promote and support WA initiatives and achievements in energy efficiency and sustainable energy use to encourage adoption by the broader community | • Co-organised the 2010 Energy in WA Conference in conjunction with the Australian Institute of Energy  
• Sponsored the 2010 WA Environment Awards  
• Sponsored the 2011 Sustainable Energy Association (SEA) South East Asia Conference and Expo  
• Sponsored the 2011 WA Geothermal Energy Symposium  
• Sponsored the 2011 Master Builders-BankWest Excellence in Construction Award  
• Sponsored the Housing Industry Association (HIA) GreenSmart Awards  
• Sponsored the Building Designers Association WA Design Awards |
| Research                | Understand energy consumption in WA and explore the enhancement of energy saving behavior through communication                                                                                     | • Partnered with the University of WA, Synergy and Bang the Table in the two-year research project Enhancing Sustainable Energy Energy Saving Behaviour                                                                       |
Key achievements

This section provides a detailed overview of the agency’s performance and achievements against 2010-11 goals.

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 for WA.

The 2010-11 year was significant for the agency, with a number of major policy and planning initiatives announced or introduced by the Government.

Strategic Energy Initiative, Energy2031

The State Government’s Strategic Energy Initiative, Energy2031, is working with industry, other portfolios of Government, and the community to develop an ambitious and practical plan (short- and medium-term strategies) that aims to meet our energy needs over the next 20 years.

Energy2031 has four strategic goals:

- Secure energy
- Reliable energy
- Competitive energy
- Cleaner energy

The two phases of public consultation have involved the development of issues during 2009-10 and testing of directions in 2010-11.

During 2010-11, the Office of Energy completed an analysis of issues from the first phase of consultation and released a Directions Paper in March 2011. A total of 136 substantive and 1,839 pro-forma submissions were received and analysed to inform the final advice to Government.

Economic modelling was commissioned which will provide a more substantial base for decision-making during development of the Strategic Energy Initiative and the subsequent implementation phase to commence in 2011-12.
Clean Energy Initiative

The Clean Energy Initiative is a component of the Strategic Energy Initiative, *Energy2031*. The aim of the Initiative is to develop a strategic framework for driving greater use of energy efficiency and renewable energy in WA.

During 2010-11, the Office of Energy commissioned a consultancy to examine the energy and cost savings available from a range of measures targeted at the residential, commercial and industrial sectors and preliminary impact assessments were completed for a number of measures.

The Office consulted with a range of stakeholders on potential measures for inclusion in the strategy.

Tariff and Concession Framework Review

Electricity price increases since April 2009 have resulted in some households experiencing payment difficulty. The Tariff and Concession Framework (TCF) Review was established to investigate ways to improve the affordability of essential electricity use through the structure of electricity tariffs and energy concessions.

The TCF Review is an Office of Energy project, conducted in partnership with the Western Australian Council of Social Service (WACOSS).

The Review considers alternative ways of charging for electricity and providing concessions in order to:

- improve the affordability of essential electricity use
- facilitate the equitable, efficient and full recovery of the cost of supplying electricity
- provide clear information to consumers regarding the impact of their electricity use
- provide targeted assistance for those who most require it.

During 2010-11, the TCF Review carried out a series of nine public consultation forums throughout the State. An Issues Paper was released for consultation in June 2011, with over 80 submissions received from non-government organisations, members of the general public and the electricity sector.

During 2010-11, the TCF review also initiated a large household survey which will investigate the relationship between electricity use and specific household circumstances and initiated modelling to examine the impact of alternative tariff and concession frameworks.

The TCF Review is due to report to the Minister for Energy in September 2011.

Residential Net Feed-in Tariff

The residential net feed-in tariff scheme 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). An implementation working group chaired by the Office of Energy was created to lead the implementation of the scheme.

The scheme commenced receiving applications on 1 July 2010 with payments commencing from 1 August 2010. The Office of Energy established reporting mechanisms to monitor the performance of the scheme against the review triggers.

A review of the scheme was triggered in October 2010 when new capacity on the scheme reached 10 megawatts (MW). The Office of Energy provided its review of the scheme, including findings and recommendations, to Government in February 2011. Government announced changes to the scheme on 19 May 2011 applicable to applications received from 1 July 2011. A working group comprising Office of Energy, Synergy, Horizon Power and Western Power representatives was convened to manage implementation of the changes to the scheme.
Gas Supply and Emergency Management

In response to the Karratha Gas Plant shutdown and Varanus Island incident in 2008, the Government established the Gas Supply and Emergency Management Committee (GSEMC) to review the security of gas supplies. The Committee’s recommendations were later endorsed by Cabinet.

The Office of Energy was prescribed as a Hazard Management Agency for energy supply disruptions (gas and liquid fuels) in December 2010. As part of this role, the Office of Energy developed strategic and operational plans for managing gas supply disruptions in consultation with the GSEMC. On 14 June 2011, the gas plans were officially endorsed by the State Emergency Management Committee. The draft gas plans were activated during an actual gas supply disruption incident in late February 2011.

Work continues on developing strategic and operational plans for the management of liquid fuel supply emergencies in consultation with the State Fuel Emergency Management Committee. On 20 May 2011, committee members participated in a live exercise to evaluate the effectiveness of the liquid fuel draft plans.

Clean Energy Transformation

During 2010-11, the Office of Energy worked on a range of initiatives to help diversify WA’s energy supplies and position WA for the introduction of carbon pricing. These initiatives included:

- a contribution to the Independent Market Operator’s Renewable Energy Working Group, which considered market rule changes to better manage intermittent renewable energy generation, such as wind and solar
- the securing of WA Government funding for Verve Energy so that it can develop the State’s first large-scale, grid-connected solar photovoltaic energy facility, the 10 MW Greenough River Solar Farm
- leading WA Government engagement with the Commonwealth Government in relation to the national Renewable Energy Target and the Australian Centre for Renewable Energy
- providing advice to the Commonwealth Government and facilitating support for WA proponents in Round 1 of the Solar Flagships Program
- consideration of large-scale renewable energy generation initiatives through the Cleaner Energy Initiative and the Strategic Energy Initiative.

Greenhouse and Energy Minimum Standards

Throughout 2010-11, the Office of Energy participated in the inter-jurisdictional working group, the Greenhouse and Energy Minimum Standards Taskforce, to help progress the development and introduction of national legislation for appliance energy standards and labeling to simplify enforcement and ensure consistency across all Australian jurisdictions.

The Office of Energy consulted with a range of government stakeholders in developing a whole of government position on the proposal, which was considered by Cabinet. The Minimum Energy Performance Standards Cabinet submission and the proposed method of pursuing national legislation were endorsed by Cabinet in June 2011.

Climate Change Policy Development

The Office of Energy aims to represent WA’s energy interests in state and national climate change policy development. In 2010-11, the Office of Energy participated in the development of WA’s Climate Change Adaptation and Mitigation Strategy. The Office of Energy coordinated energy portfolio input to whole of government responses and consulted with stakeholders on national climate change policy proposals, including carbon capture and storage and clean coal.
Mid West Energy Project (formerly North Country Reinforcement Project)

The Office of Energy is part of an interagency working group to help progress a large scale 330 kilovolt (kV) transmission line project in the Mid West of WA. Following a review by a team comprising the Department of State Development, the Department of Treasury and Finance and the Office of Energy, the Government made provision in the 2010-11 budget for conditional funding of Stage One of the project (a 330 kV line from Pinjar to Eneabba) and deferral of Stage Two of the project (a 330 kV extension to Geraldton).

One of the conditions of funding is that Western Power conclude satisfactory commercial arrangements with Gindalbie Metals on connection to, and provision of network services for, its Karara magnetite mine. Karara is approximately 180 km north east of Eneabba, the terminating point for phase one of the Mid-West Energy Project. Gindalbie has committed to constructing a 330 kV transmission line from the mine to hook up with Western Power’s network at Eneabba. These arrangements had not been concluded as of 30 June 2011.

The Office has assisted in facilitating the project by ensuring the regulatory arrangements do not pose a barrier to Western Power and Gindalbie reaching a commercial arrangement and by assisting Gindalbie to access the compulsory land acquisition powers under the Electricity Industry Act 2004 for construction of its 330 kV transmission line.

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 the provision of 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.

Gas Tariffs Review

The Office of Energy began a review of gas retail tariffs (prices) in 2008. After the review began, Alinta and North West Shelf Gas entered into an arbitration process on wholesale gas supply pricing. Due to potential impacts on the review, this project was put on hold until the arbitration process was completed and was recommenced from March 2010.

During 2010-11, the Office of Energy completed and published, for public comment, a draft Recommendations Report on gas tariff caps and a proposed methodology to determine gas prices in the future. Following receipt of submissions, a significant amount of new information was analysed. This information, along with input from independent advisers and the results of regulatory decisions affecting retailers, was used to develop revised recommendations. A final Recommendations Report was prepared for publication.
Adjustment of Electricity Retail Tariffs

During 2010-11, the Office of Energy completed detailed modelling of electricity tariffs and completed the regulatory processes required to give effect to Government decisions on tariff adjustments from 1 July 2011.

On 19 May 2011, the State Government announced the following increases to electricity prices:

- five per cent for households and small businesses
- 13 per cent to 29 per cent for large businesses (contestable).

This reflects a substantial move towards cost-reflectivity for all businesses subject to contestability. Despite these increases, electricity costs for most customers will continue to be subsidised by Government. In 2011-12, this subsidy is estimated to amount to $367 million.

Electricity Retail Tariffs – Review of Costs of Supply

In 2010-11, the Office of Energy, in conjunction with the Department of Treasury and Finance, conducted a review of costs of supplying electricity to ensure that the Customer Service Obligation (CSO) payment made to Synergy by the Government was assessed correctly. The CSO payment compensates Synergy for the difference between cost reflective tariffs and the uniform tariff for electricity.

Gas Supply (Gas Quality Specifications) Act 2009

The Gas Supply (Gas Quality Specifications) Act 2009 broadens the gas quality specification under which producers are able to supply gas through transmission pipelines in WA. Allowing the transportation of this broader specification gas aims to increase security of supply of gas in WA and increase competition in the price of gas.

To facilitate operation of the scheme, Phase one of the Gas Supply (Gas Quality Specifications) Regulations 2010 was promulgated in March 2010. These regulations are the minimum necessary for gas producers to make investment decisions for the development of broad quality gas fields. Phase two of the regulations (the Amendment Regulations) is required to enable the scheme to operate effectively. This includes the establishment of the rules for dispute resolution, the provision of information and how to deal with gas quality excursions.

The Office of Energy is consulting with stakeholders to develop the drafting instructions for the Amendment Regulations which will be finalised in late 2011.

Review of Electricity Networks Access Code 2004

Part 8 of the Electricity Industry Act 2004 (the Act) provides for the WA electricity access regime and the Electricity Networks Access Code 2004 (the Access Code). The Access Code provides the framework for third-party access to electricity transmission and distribution networks in WA.

Under section 111(1) of the Electricity Industry Act 2004 (the Act), a review of the Access Code is to be conducted on behalf of the Minister for Energy as soon as practicable after the fifth anniversary of its commencement.

Providing for efficient third-party access to electricity transmission and distribution networks in WA is one of the goals of the State Government's Strategic Energy Initiative. Improvements to the way in which energy market participants access energy infrastructure have the potential to improve overall economic efficiency as well as to remove barriers to market entry.

The Office of Energy intends to commence the review early in 2011-12. During 2010-11, to facilitate this process, the agency has:

- advertised for and made a recommendation on a project manager
• called tenders for and selected an economic consultant to assist the agency in carrying out the review.

Amendments to the Electricity Networks Access Code

Under section 110(2) of the Electricity Industry Act 2004, Western Power has proposed two amendments to the Access Code. The two amendments relate to:

• the recovery of deferred approved revenue
• an increase in the percentage of distribution system target revenue that can be recovered under the headwork provisions of the Access Code.

In 2010-11, the Office of Energy prepared an Issues Paper describing these two amendments and the respective views of Western Power and the Office of Energy. The Issues Paper will be released for public consultation in July 2011.

The Office of Energy is conducting this consultation process on behalf of the Minister and will recommend the final draft form of these amendments to the Minister based on submissions received and its own findings.

Review of the Electricity Industry Metering Code

The Electricity Industry Metering Code has not been reviewed since its inception in 2005. In this time, Code participants have raised concerns with the Office of Energy that there are potential regulatory gaps and inconsistencies between the Code and other instruments. Code participants have identified potential amendments that they believe will allow the code to operate more effectively.

The Office of Energy is undertaking a review on behalf of the Minister for Energy to ensure the Code is meeting its objectives. An Issues Paper was released for public consultation in June 2010. Submissions received informed the Recommendations Report that the Office of Energy published in April 2011.

The Office of Energy will publish a final recommendations report in 2011-12 detailing the recommendations that will be sent to the Minister for approval.

Energy Legislation Amendment Bill

As a result of monitoring the effectiveness of legislation and reviewing issues raised by stakeholders, a range of amendments (of a minor nature) to legislation have been proposed. The proposed amendments were consolidated into the Energy Legislation Amendments Bill (ELAB). Amendments proposed in ELAB relate to electricity network access arrangements, energy licensing, the operations of the Government-owned Electricity Corporations, processes for the review of regulatory decisions and the protection of critical energy infrastructure.

The Office of Energy provided a penultimate draft of the cabinet submission seeking permission to draft the Bill in 2010-11, and a final draft was provided in 2011-12.

Regulatory determinations by the Economic Regulation Authority

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.

In 2010-11, the Office of Energy:

• provided submissions on decisions relating to the access arrangements for WA Gas Network’s gas distribution network
• provided submissions for the Inquiry into
Horizon Power's Funding Arrangements
- contributed to the Terms of Reference for an Inquiry into regulated retail electricity tariffs
- formed part of an interagency group facilitating the progression of Western Power’s third Access Arrangements due to be submitted to the Economic Regulation Authority in 2011.

Electricity Market Regulatory Instruments

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.

In 2010-11, minor amendments were made to facilitate a range of license exemptions regarding distribution and retail licenses for gas and electricity suppliers.

Electricity Supplier of Last Resort Regulations

The Office of Energy is responsible for the development of regulations to provide for the establishment and operation of supplier of last resort arrangements for electricity.

In 2010-11, the Office of Energy developed a fourth draft of regulations in consultation with electricity retailers, the Independent Market Operator and the Economic Regulation Authority.

Gas Bulletin Board and Gas Statement of Opportunities

In 2009-10, the Gas Market Development Working Group of the Gas Supply and Emergency Management Committee (chaired by the Office of Energy) evaluated the development of a permanent Gas Bulletin Board (GBB) and Gas Statement of Opportunities (GSOO) in WA. The aim of a GBB and GSOO is to encourage suppliers to meet predicted future demand, improve transparency and promote gas market competition through the coordination and publication of near and long-term information on the gas supply/demand balance.

During 2010-11, the Office of Energy further developed the GBB and GSOO concepts. This included:
- consulting with industry over aspects of the GBB and GSOO
- preparing a draft recommendations report
- completing a competitive selection process and announcing an operator of the GBB and GSOO.

Gas Contingency Services

As a result of two gas supply disruption incidents in 2008, the WA Government established the Gas Supply and Emergency Management Committee (GSEMC) to review and provide advice to Government on the State’s gas security, gas supply disruption management and mitigation options for gas supply disruptions.

The GSEMC recommended the Government implement regulatory frameworks that provide for the development of gas disruption contingency services in the electricity and gas markets. The regulatory frameworks would:
- provide an incentive for electricity generators to install or retrofit dual-fuel generation capacity and maintain an adequate strategic stock of diesel to meet abnormal fuel requirements associated with a gas supply disruption and
- require gas retailers to have adequate back-up supply arrangements to ensure continuity of supply for small use customers on standard contracts with standard tariffs (such as residential and small business customers) and offer these back-up supply arrangements as an opt-in service for other gas distribution system retail customers.

In 2009, the Government endorsed the recommendations of the GSEMC, noting that while it is not possible to prevent all gas supply disruptions, putting in place regulatory frameworks for Gas Contingency Services will help to mitigate the potential impacts of such an event.
In 2010-11, the Office of Energy began a review and assessment of technical and regulatory requirements to implement the gas and electricity contingency recommendations of the GSEMC for the WA market. The agency prepared a draft Recommendations Report in response to the GSEMC recommendations for public comment.

**Introduction of further Electricity Retail Contestability**

Section 55 of the *Electricity Corporations Act 2005* (ECA) requires the Minister of Energy to commence a review (as soon as practicable after April 2009) on whether or not further (including full) competition should be introduced in the electricity retail market. A review will be carried out on the operation of the electricity contestability arrangements under section 54 of the ECA.

Under section 54 of the ECA, the Minister has prescribed a contestability threshold of 50 megawatt hours (MWh) per annum. As a result, consumers who use more than 50 MWh per annum can choose their electricity retailer. Such customers are contestable. Synergy is the only electricity retailer that may supply customers (residential and small business) who use 50 MWh or less on an annual basis. Such customers are not contestable.

The review will consider whether further retail competition is to be introduced in areas of WA served by the South West Interconnected System. At present there is no contestability threshold prescribed for Horizon Power.

This review will be conducted jointly with the review of the Prohibition on Synergy and Restriction on Verve Energy due to their common theme of competitive energy.

**Prohibition and Restriction Placed on the Operations of Synergy and Verve Energy**

Under the ECA, Synergy is prohibited from generating electricity (the Prohibition) and Verve Energy is restricted from retailing electricity (the Restriction) for a designated period. This period extends to:

- seven years (up to 31 March 2013)
- 10 years (up to 31 March 2016), if the Minister makes a declaration to extend the period, following a review of the respective Prohibition and Restriction under the ECA.

The Prohibition and Restriction were put in place to support the development of competition in the electricity market. In 2010-11, the Office of Energy engaged an economic consultant to assist in carrying out reviews of the Prohibition and Restriction on behalf of the Minister. The purpose of the reviews are to determine the effect that these policies have had, and are likely to have, on the encouragement of competition in the generation, wholesale and retail electricity markets. The findings of the reviews will inform the Minister’s decision in relation to the potential extension of the designated period to 31 March 2016.

The reviews of the Prohibition and Restriction will be conducted jointly with the review of further electricity retail contestability due to their common theme of competitive energy.
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.

Financial and operating performance

The agency reviews and analyses the financial and operating performance of the Corporations to ensure that they are operating efficiently and effectively.

During 2010-11, the Office of Energy:

• reviewed, analysed and provided comment and advice on the Electricity Corporations’ Strategic Development Plans and Statements of Corporate Intent
• reviewed, analysed and provided advice on the Electricity Corporations’ annual reports, quarterly reports, mid-year review submissions and budget submissions
• collaborated with the Department of Treasury and Finance to submit the terms of reference for the Economic Regulation Authority’s inquiry into Synergy.

Major Contracts

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 ECA. 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.

In 2010-11, the Office of Energy reviewed, analysed and provided advice to the Minister on a number of section 68 and section 70 applications from the Electricity Corporations.

Vesting Contract

The Vesting Contract began at the disaggregation of Western Power Corporation and was a transitional mechanism supporting the development of competition in the electricity market. The Office of 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.

Under section 84(1) of the ECA, the original Vesting Contract has been cancelled and replaced with a new vesting contract. In 2010-11, the Office of Energy provided advice regarding the finalisation of the original vesting contract and published the Replacement Vesting Contract 2010.
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)
- facilitating the implementation in WA of national energy efficiency policies and programs.

Community and Residential Programs:

Hardship Efficiency Program

The Hardship Efficiency Program (HEP) was announced by the State Government in 2008 as part of a Utilities Hardship Package. The program aims to assist customers in hardship to increase energy efficiency within their home through a combination of energy smart advice, education and appliance upgrades. It forms part of a package which includes a grant scheme for customers experiencing financial hardship and funding for independent financial counselling services.

Under the HEP, eligible customers receive a free home energy assessment, with energy saving advice and energy efficient products including low-flow showerheads, compact fluorescent light bulbs and weather-proofing. In 2010-11, 1,045 customers across WA received a home energy assessment.

The program also provides for the free replacement of inefficient refrigerators with new efficient appliances for eligible customers. In 2010-11, 458 customers received a new refrigerator under the HEP.

Household Renewable Energy Scheme

The State Government committed to a gross feed-in tariff as part of the Liberal Plan for Environmental Sustainability and Water Management. A budget of $13.5 million over four years was set aside to fund its implementation. On 2 June 2009 it was announced that the gross feed-in tariff would not proceed and that the funding would be divided equitably amongst homeowners who installed PV systems in the expectation of a gross feed-in tariff.

The Office of Energy developed the Household Renewable Energy Scheme to distribute the $13.5 million, providing financial assistance to homeowners who installed renewable energy systems. The application period commenced on 1 July 2009 and closed on 18 September 2009. The Scheme received 4,774 applications and 4,518 of these were approved for payment. Successful applicants are to receive funding in three annual instalments from 2009-10.

The second round of instalments commenced in October 2010 and was completed by 1 January 2011. The scheme distributed $3.1 million in second round payments.

Solar Water Heater Subsidy Scheme

The Solar Water Heater Subsidy (SHWS) Scheme has been operating since 2001 and has provided rebates in three distinct phases:

- Phase One: November 2001 – January 2003, rebates for gas and electric boosted systems
- Phase Two (Re-launch): February 2003 – June 2005, modified program guidelines and rebates for gas and electric boosted systems extended to builders for new homes
- Phase Three: July 2005 onwards, rebates for gas-boosted systems only.
Rebates are currently only available for gas boosted solar water heater systems, namely:

- $500 for gas-boosted solar water heaters connected to a reticulated gas network
- $700 for bottled LP gas-boosted solar water heaters where reticulated gas is not available.

The SWHS Scheme provides rebates for both replacement systems and those installed in new homes. Gas-boosted solar water heaters have the lowest greenhouse gas emissions and running costs of all common residential hot water systems. The Scheme aims to:

- increase public awareness about renewable energy
- reduce household expenditure on energy and increase access to sustainable energy technology
- reduce greenhouse gas emissions
- replace the use of fossil fuels with renewable energy
- assist in the long-term development of the solar water heating industry.

In 2010-11, the Office of Energy processed 2,787 pre-approval SWHS Scheme applications, provided $1.49 million in rebates to 2,864 applicants and approved rebates for 96 per cent of applicants.

State Underground Power Program

The State Underground Power Program was established in 1996 to contribute to the Government of WA’s long-term goal of improving the performance of the electricity distribution network. The program aims to improve the energy security of WA’s electricity distribution system and to raise the standard of electricity supply to consumers by addressing reliability issues in areas with existing overhead power lines.

In 2010-11, two major residential projects were completed (Wilson West, Maddington), two major residential projects were commenced (Attadale South, Bentley East) and a Localised Enhancement Project (Cowaramup) was completed.

In December 2010, the Round 5 Major Residential Projects short-list was announced. The first successful Round 5 projects are expected to commence in mid 2011. All projects in this round are scheduled to be completed by late 2014.

Office of Energy Grants Program

The Office of Energy Grants Program was established in January 2006 to provide grants ranging from $5,000 to $50,000 to community and research and development projects that:

- help householders to reduce fossil fuel energy use
- raise community awareness of ways to reduce energy use and increase the use of renewable energy
- reduce the level of greenhouse gas emissions in WA
- assist the research and development of innovative sustainable energy technologies and installations
- support the development of the WA sustainable energy industry
- reduce the level of greenhouse gas emissions in WA.

2010-11 saw the completion of the Office of Energy Grants Program, with 13 projects being finalised. The program has now closed.

Business and Government Programs:

Government Energy Reporting Program

The Government Energy Reporting Program encouraged government agencies to reduce their energy consumption and, more particularly, their energy intensity by implementing energy management plans.

The Office of Energy maintained the Online System for Comprehensive Activity Reporting...
OSCAR energy and emissions program to encourage agencies to continuously report site level data throughout the year. OSCAR is a national, centralised web based reporting and benchmarking tool that enables agencies to enter and submit data online to meet the government energy reporting requirements.

In 2010-11, the Office of Energy reviewed and implemented a number of agencies’ Energy Management Plans. Assistance for this was previously provided via facilitation grants through the Energy Smart Government Program, however, this program ended in October 2009. Under the 2008-11 Premier’s Circular, ‘Energy Smart Government’, the reporting requirements remain in effect.

Nationwide House Energy Rating Scheme (NatHERS)

The Office of Energy is responsible for administering NatHERS in WA. The agency sits on the National Framework for Energy Efficiency Building Implementation Committee which is responsible for the development and administration of NatHERS nationally.

NatHERS software tools rate the thermal performance of new homes and generate a star rating from zero (poor performing) to ten (minimal or no artificial heating or cooling required to maintain comfortable indoor temperatures throughout the year).

During 2010-11, the Office of Energy worked closely with the Building Commission and industry to facilitate the WA adoption of the minimum 6 star energy efficiency requirements in the Building Code of Australia. WA will be increasing the minimum standard from the current 5 star level, to 6 stars, from May 2012.

The Office of Energy also worked closely with the Association of Building Sustainability Assessors, who act as the accreditation body for NatHERS assessors throughout Australia.

National Australian Built Environment Rating System

The Office of Energy is regional administrator for the National Australian Built Environment Rating System (NABERS) program in WA. NABERS benchmarks the operational performance of existing buildings using a star rating system, allowing building owners to compare their performance to their peers.

In 2010-11, the following key achievements were delivered:

- over 50 NABERS Energy ratings were carried out in WA and published on the NABERS website
- two new NABERS Energy commitment agreements were signed between Building Owners and the Office of Energy
- the CitySwitch Green Office program was promoted through a Memorandum of Understanding with the City of Perth
- training of accredited NABERS assessors was facilitated
- information forums for NABERS assessors and key industry stakeholders were facilitated
- increased uptake of the NABERS program in the commercial property sector was promoted through a Memorandum of Understanding with the Property Council of Australia, WA Division
- extensive engagement with WA stakeholders on the introduction of the Commercial Building Disclosure (CBD) program.

In 2010-11, the Office of Energy also assisted in the delivery of two programs which make use of the NABERS program.

The CitySwitch Green Office tenant energy management program uses NABERS Energy ratings for benchmarking and managing tenancy energy use. The program has nearly 200,000 square metres of office space committed to the program in Perth.

The Commercial Building Disclosure program is implemented under Commonwealth legislation.
The program requires most commercial office building owners and tenants who are selling, leasing or sub-leasing space greater than 2,000 square metres to disclose up-to-date energy efficiency information.

WA Solar Schools Program

The WA Solar Schools Program supports the installation of solar photovoltaic (PV) power systems in WA schools.

The program aims to:

- enable students to learn about renewable energy and ways to save energy
- raise community awareness of sustainable energy
- increase the uptake of renewable energy
- facilitate the long term reduction of greenhouse gas emissions.

Under the program contributions of up to $12,500 (ex GST) for metropolitan schools and up to $13,000 (ex GST) for regional schools are available to eligible private and government schools.

2010-11 saw 156 schools register for the Program, with just over $1 million in funding paid to 91 schools. This provided 144 kW of new PV generation capacity, nearly three times the amount installed in any previous year. The new generation is expected to displace just over 250,000 kWh per year of fossil fuel generated power demand and assist schools in reducing their power costs.

The number of payments made in the 2010-11 was more than double the previous year and represents a strong increase in the take up of the program by WA schools.

The WA Solar Schools Program is expected to run until June 2012.

Energy Smart Directory

In 2010-11, the Office of Energy continued to administer and maintain the Energy Smart Directory, an online listing of around 400 suppliers of energy efficient and renewable energy products and services.

The Directory brings together organisations and individuals seeking sustainable energy solutions with suppliers of sustainable energy products and services with the aim of facilitating best practice energy management in the business sector.

Regional and Remote Programs:

Aboriginal and Remote Communities Power Supply Project

The Aboriginal and Remote Communities Power Supply Project is a joint initiative of the State and Commonwealth Governments to upgrade electricity services to regulated utility standards in large permanent Aboriginal communities in remote WA.

Phase 1 of the program was completed in 2007 and resulted in the regularisation of electricity supplies at Bidyadanga, Beagle Bay, Djarindjin, Lombadina, Ardyaloon and Warmun. In 2010-11, the services provided under Phase 1 continued to be maintained by Horizon Power.

In 2010-11, Phase 2 was commenced, seeking to expand the program to Kalumburu and Yungngora (Phase 2.1). Progress is also being made towards the finalisation of a Memorandum of Understanding with Horizon Power. Phase 2.1 is due to be completed in 2012.

In 2010-11, progress was also made in reviewing the Customer Service Obligation (CSO) requirements for Phase 1 and Phase 2.1.
Renewable Remote Power Generation Program

The Renewable Remote Power Generation Program (RRPGP) provides rebates for renewable energy systems and energy efficiency projects in off grid and fringe of grid areas. The program aims to increase the uptake of renewable energy technology in remote areas of Australia by:

• helping to provide an effective electricity supply to remote users
• assisting the development of the Australian renewable energy industry
• helping meet the energy infrastructure needs of indigenous communities
• assisting in long-term greenhouse gas reductions.

The RRPGP is funded by the Commonwealth Government and implemented in WA by the Office of Energy. All funding is sourced from diesel fuel excise paid in WA from 2001 to 2004. WA has benefited from approximately $90 million in funding since the program commenced in 2001. The funding agreement between the Commonwealth and the WA Government stipulates that all spending needs to be completed by 30 June 2012.

Funding under the RRPGP has been distributed through a number of specified sub-programs. Many of these have now closed and spending associated with them finalised. The closure of the remaining programs is being actively managed to meet planned timeframes.

Some key achievements of the RRPGP program since its inception include:

• the provision of approximately $90 million in funding toward renewable energy, energy efficiency or industry support activities
• the completion of 11 off-grid and fringe of grid larger power generation projects, including world first technology deployments at solar-diesel power stations in Marble Bar and Nullagine, as well as WA’s first community windfarm at Mt Barker
• the provision of support for over 2,500 small scale household, rural business, tourism and water pumping projects that would otherwise not have been able to proceed
• the installation of around 5.7 MW of solar PV and 11.3 MW of wind power in WA.

In 2010-11, over $14 million was paid in funding across seven RRPGP sub-programs. The program saw the installation of renewable energy power systems with a capacity of approximately 3,696 kW (1,283 kW solar and 2,413 kW wind). Three RRPGP sub-programs were completed.

More details regarding each of the RRPGP sub-programs is outlined below.

Large Projects and Industry Support (RRPGP sub-program)

The Large Projects and Industry Support sub-program of the RRPGP is focused on projects with a rebate value in excess of $500,000. Approved projects can receive a 50 per cent rebate toward eligible costs.

2010-11 saw the completion of the Marble Bar (300 kW) Solar PV and Nullagine (200 kW) Solar PV projects. Close to $4.9 million in funding was provided toward these power stations. These two projects are notable for their use of tracking solar panel arrays in conjunction with new diesel generators and a spinning flywheel short term energy storage component. The combination of technology used was a world first and has allowed extremely high renewable energy penetration in these towns, providing an estimated 65 per cent of the day time energy demand. It is expected that diesel consumption at the sites will be reduced by up to 40 per cent per annum.

2010-11 also saw the commencement of a 300 kW solar PV array project in the town of Carnarvon, which is expected to be completed by the end of 2011.
Regional Energy Efficiency Program (RRPGP sub-program)

The Regional Energy Efficiency Program provided various incentives, including energy audits, energy efficiency rebates and the distribution of compact fluorescent lamps, for households, businesses and other organisations to reduce their energy use. These incentives were gradually withdrawn, with the Program closing in September 2010.

A total of 134 payments totalling $17,400 were made during the 2010-11 period. In addition, close to $10,000 was paid toward energy audits for remote power users.

Remote Area Power Supply Program (RRPGP sub-program)

The Remote Area Power Supply (RAPS) sub-program provided rebates of up to $500,000 for eligible applications in off-grid areas of WA to install renewable energy power systems to replace fossil fuel electricity generation. Rebates of up to 50 per cent of the capital cost of renewable energy power systems are available.

In 2010-11, the following were achieved:

- over $5.6 million was paid to around 260 projects including several large high profile installations at the Galaxy Resources Mt Cattlin Mine site, Broome Turf Club, Shire of Esperance Bay of Isles Leisure Centre and Ocean Park Aquarium in Shark Bay
- approximately 790 kW (777 kW solar, 13 kW wind) of new power generation installed.

The RAPS program closed to new applications in late 2009 and in 2010-11 continued the process of finalising existing applications and maximising the use of remaining funding. Successful management of this process has resulted in less than ten applications being carried forward for completion in 2011-12.

Renewable Energy Water Pumping Program (RRPGP sub-program)

The Renewable Energy Water Pumping (REWP) sub-program provided rebates for renewable energy based pumps displacing diesel based pumps in off-grid applications in WA.

The REWP program closed in June 2010 and only one application remained open in the 2010-2011 period. The sub-program is now fully closed.

Rural Renewable Energy Program - Small projects (RRPGP sub-program)

The Rural Renewable Energy Program – Small projects sub-program provided rebates for grid-connect renewable energy power systems in specific rural or ‘fringe of grid’ areas of the South West Interconnected System in WA. Rebates were available for 50 per cent of the capital cost of small renewable energy power systems, up to a maximum of $150,000, for eligible applicants and systems.

The sub-program closed to new applications in October 2008, with existing applications being processed after this time. Issues associated with the processing of the last of the applications meant that final closure of the sub-program was not achieved until 2010-2011.

Rural Renewable Energy Program - Medium projects (RRPGP sub-program)

The Rural Renewable Energy Program – Medium projects sub program provided rebates for grid-connected renewable energy power systems in specific rural or ‘fringe of grid’ areas of the South West Interconnected System in WA. Rebates were available for 50 per cent of the capital cost of eligible renewable energy power systems from 30 kW to 2 MW in size. All applications for medium projects were made through competitive funding rounds.

2010-11 saw the completion of the Mt Barker Community Windfarm project. The 2 MW, three
A turbine power station is expected to generate around 8,400 MW hours of electricity each year, enough to power about 1500 homes in the local area. Around $3.5 million in funding was provided toward this project which was completed under budget with a public launch in April 2011.

A funding agreement for the Denmark Community Windfarm was entered into in December 2010. This is a 1.6 MW, two turbine power station scheduled to be completed in 2012. The station will supplement power supply to the Denmark area.

Renewable Energy Industry Support (RRPGP sub-program)

The Renewable Energy Industry Support program was completed in 2009-10. However, a separate research project managed by Murdoch University was authorised in late 2010 to make best use of funding remaining in this program stream.

The aim of the research project is to evaluate the degradation of PV power output over time under remote WA conditions. Sites chosen for this research were drawn from projects funded under other RRPGP sub-programs. The findings are expected to be submitted to the Office of Energy in late 2011 when funding associated with this sub-program will be finalised.

Communications

The Office of Energy informs and engages with the WA community on its major projects and policy initiatives.

Energy Smart Line

The Energy Smart Line is an independent service provided by the Office of Energy offering free advice and information on becoming more energy efficient and using renewable energy to households and small businesses. The Energy Smart Line has been in operation since October 1997. During 2010-11, the Energy Smart Line responded to approximately 400 calls per month.

Reach for the Stars

The Reach for the Stars program facilitates increased awareness and use of appliance and equipment energy rating labelling. The program was launched by the Office of Energy in 2003.

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.

In 2010-11, the Office of Energy continued its promotion of the Reach for the Stars campaign in the stores of its 123 partner retailers and provided training to retail owners, managers and sales staff. A range of promotional media was provided to retail stores for distribution to customers.

Corporate communications and publications

The Office of Energy published a range of publications and discussion papers to promote initiatives and seek engagement from the public. In 2010-11, the Office of Energy:

- released seven consultation papers
- distributed 24 kinds of promotional brochures
- published the Renewable Energy Handbook WA 2010
• published and distributed the WA Energy Resources and Infrastructure Map to high schools and other stakeholders.

See the Appendix for a full list of publications.

Events and sponsorships

In 2010-11, the Office of Energy organised the 2010 Energy in WA Conference in conjunction with the Australian Institute of Energy. The annual Energy in WA Conference, now in its eleventh year, is an open forum that considers and debates issues affecting WA’s energy industry. High-level state, national and international speakers were chosen to provide new perspectives on issues that are both current and on the horizon. More than 200 participants attended the 2010 event.

The Office of Energy also recognises, promotes and supports WA initiatives and achievements in energy efficiency and sustainable energy use to encourage adoption by the broader community.

In 2010-11, the Office of Energy sponsored the following events:

• 2010 WA Environment Awards
• 2011 Sustainable Energy Association of Australia (SEA) South East Asia Conference & Expo
• 2011 WA Geothermal Energy Symposium and
• 2011 Master Builders-BankWest Excellence in Construction Awards
• Housing Industry Association - HIA GreenSmart Awards
• Building Designers Association - WA Design Awards

Research

The Office of Energy strives to understand energy consumption in WA. In 2010-11, the agency partnered with the University of Western Australia, Synergy and Bang the Table in a research project entitled Enhancing Sustainable Energy Energy Saving Behaviour.

The research project has been designed to understand the factors motivating long term consumer energy saving behaviour and the effectiveness of different forms of marketing communications on such behaviour. The two-year project commenced in early 2011.

Website

energy.wa.gov.au

The Office of Energy website provides a key portal for energy information to meet the information needs of stakeholders. In 2010-11, the Office of Energy:

• commenced a review and revision of the website in order to establish and maintain the agency’s website as best practice (and primary) communication medium
• maintained and developed a micro site for the Government’s Strategic Energy Initiative, Energy2031
• developed and maintained a micro site for the 2011 Energy in WA Conference.

Intranet

In 2010-11, the Office of Energy commenced a revision of its intranet in order to enhance staff communication and collaboration and improve business efficiency and knowledge management internally.
Committees and groups

Table 8: National committees and groups

<table>
<thead>
<tr>
<th>National committees and groups</th>
</tr>
</thead>
</table>
| **Ministerial Council on Energy**  
 *(Chair: Minister for Resources and Energy(Cth))*  
 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:  
 1. provide national oversight and coordination of policy development to address the opportunities and challenges facing Australia’s energy sector into the future and  
 2. provide national leadership so that consideration of broader convergence issues and environmental impacts are effectively integrated into energy sector decision-making.  
 The WA Minister for Energy is a member of the Council and is supported in this role by the Office of Energy.  
 The Ministerial Council on Energy consists of a Standing Committee of Officials as well as a range of Working and Implementation Groups. In 2010-11, Office of Energy staff were either active participants on, or held observer roles, on 21 Ministerial Council on Energy Working Groups primarily in the areas of energy market reform, energy security and energy efficiency. A summary of these groups is outlined below:  
 1. **Energy Market Reform Working Group**  
   - Smart Meters Working Group  
   - National Stakeholder Steering Committee for Smart Metering  
   - Network Policy Working Group  
   - Retail Policy Working Group and Joint Implementation Group  
   - Technical Safety Working Group  
   - Legal Working Group  
   - Board Appointments  
 2. **Energy Security Working Group**  
   - National Oil Supply Emergency Committee Oil Security  
   - National Gas Emergency Response Advisory Committee  
 3. **Energy Efficiency Working Group**  
   - Commercial and Industrial Working Group  
   - Energy Efficiency Data Gathering  
   - National Hot Water Implementation Group  
   - Trades and Professional Training and Accreditation Working Group  
   - Commercial Buildings Committee  
   - Building Implementation Committee  
   - National House Energy Rating System Steering Committee  
 4. **Demand Side Response Working Group** |
## National committees and groups

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Chair</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy Sector Group</strong></td>
<td>(Chair: Department of Resources, Energy and Tourism (Cth))</td>
<td>A sub-group of the Commonwealth Government’s Trusted Information Sharing Network for Critical Infrastructure Resilience which shares information and best practice on generic threats and vulnerabilities in the energy sector.</td>
</tr>
<tr>
<td><strong>Experts Group on Streamlining Greenhouse and Energy Reporting</strong></td>
<td>(Chair: Department of Climate Change and Energy Efficiency (Cth))</td>
<td>Responsible for implementing the Council of Australian Governments’ (COAG) commitment to streamline State, Territory and Australian Government greenhouse and energy reporting.</td>
</tr>
<tr>
<td><strong>Greenhouse Energy Minimum Standards Legislation Taskforce</strong></td>
<td>(Chair: Department of Climate Change and Energy Efficiency (Cth))</td>
<td>Established to progress national legislation for appliance energy standards and labelling to simplify enforcement and ensure consistency across all Australian jurisdictions.</td>
</tr>
<tr>
<td><strong>Council of Australian Governments (COAG) Renewable Energy Target Sub-group</strong></td>
<td>(Chair: Department of Climate Change and Energy Efficiency (Cth))</td>
<td>Established under the Council of Australian Governments’ (COAG) to agree upon the scheme design to achieve the Commonwealth Government’s target of 20 per cent renewable energy generation by 2020.</td>
</tr>
<tr>
<td><strong>Senior Officials Group on Energy Efficiency</strong></td>
<td>(Chair: Department of Climate Change and Energy Efficiency (Cth))</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Australian Centre for Renewable Energy (ACRE) State and Territory Network Group</strong></td>
<td>(Secretariat: Department Resources Energy and Tourism (Cth))</td>
<td>Established under ACRE to facilitate discussion on current emerging renewables priorities and initiatives across government, including provision of information on funding decisions and priority setting at Commonwealth, state and territory level.</td>
</tr>
<tr>
<td><strong>National Australian Built Environment Rating System (NABERS) Steering Committee</strong></td>
<td>(Chair: Department for Climate Change and Energy Efficiency (Cth))</td>
<td>Ensures the efficient and effective administration of the NABERS program. It consists of State and Commonwealth government representatives with extensive experience in energy efficiency policy and programs within the built environment and associated technology fields. The committee drives ongoing development of the program and ensures it maintains relevance over time within industry.</td>
</tr>
</tbody>
</table>
| **Business Regulation and Competition Working Group (BRCWG)**                  | (Chair: Minister Assisting the Minister for Finance and Deregulation, the Hon Dr Craig Emerson MP (Cth)) | The objectives of the BRCWG are:  
  - to accelerate and broaden the regulation reduction agenda to reduce the regulatory burden on business  
  - to accelerate and deliver the agreed COAG regulatory hot spots agenda  
  - to further improve processes for regulation making and review, including exploring a national approach to processes to ensure no net increase in the regulatory burden, and common start dates for legislation and  
  - to deliver significant improvements in Australia’s competition, productivity and international competitiveness. |
### National committees and groups

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Chair/Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Building Energy Standards Setting, Assessment and Rating Framework Group (Building Framework)</strong></td>
<td><em>Chair: Department of Climate Change and Energy Efficiency (Cth)</em>&lt;br&gt;Under the National Strategy on Energy Efficiency, the Australian, state and territory governments have committed to develop a National Building Energy Standard-Setting, Assessment and Rating Framework which will aim for consistency on how buildings are assessed and rated for energy efficiency and set out a pathway for increasing minimum performance standards over time.</td>
</tr>
<tr>
<td><strong>Technical Advisory Committee on Nationwide House Energy Rating Scheme (NatHERS)</strong></td>
<td><em>Chair: Energy Efficiency Working Group (Cth)</em>&lt;br&gt;Reviews and improves upon the Nationwide House Energy Rating Scheme (NatHERS) software.</td>
</tr>
</tbody>
</table>

### Table 9: State committee and groups

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Chair/Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change Policy Interdepartmental Steering Group</strong></td>
<td><em>Chair: Department of Environment and Conservation, WA</em>&lt;br&gt;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.</td>
</tr>
<tr>
<td><strong>Electricity Code Consultative Committee</strong></td>
<td><em>Chair: Economic Regulation Authority, WA</em>&lt;br&gt;Established under the Electricity Industry Act 2004 to advise the Economic Regulation Authority on amendments to the Code of Conduct for the Supply of Electricity to Small Use Customers.</td>
</tr>
<tr>
<td><strong>Feed-in Tariff Strategic Implementation Committee</strong></td>
<td><em>Chair: Office of Energy, WA</em>&lt;br&gt;Established to streamline the development and implementation of the WA residential net feed-in tariff scheme.</td>
</tr>
<tr>
<td><strong>Feed-in Tariff Review Implementation Group</strong></td>
<td><em>Chair: Office of Energy, WA</em>&lt;br&gt;Established to implement the review of the WA residential net feed-in tariff scheme.</td>
</tr>
<tr>
<td><strong>Gas Marketing Code Consultative Committee</strong></td>
<td><em>Chair: Economic Regulation Authority, WA</em>&lt;br&gt;Established under the Energy Coordination Act 1994 to advise the Economic Regulation Authority on amendments to the Gas Marketing Code of Conduct.</td>
</tr>
<tr>
<td><strong>Gas Emergency Management Planning Committee</strong></td>
<td><em>Chair: Office of Energy, WA</em>&lt;br&gt;Assists the Coordinator of Energy in undertaking operational planning and the implementation of ‘preparedness’ activities that enables effective responses to gas supply disruption incidents.</td>
</tr>
<tr>
<td><strong>Hardship Efficiency Program Steering Committee</strong></td>
<td><em>Chair: Office of Energy, WA</em>&lt;br&gt;Provides oversight and advice with respect to the Hardship Efficiency Program.</td>
</tr>
</tbody>
</table>
### State committees and groups

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Chair</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Infrastructure Coordinating Committee**  
(Chair: Western Australian Planning Commission) | | A statutory committee of the Western Australian Planning Commission. It advises the Commission on planning for the provision of physical and community infrastructure. |
| **Low Emission Energy Development Fund Executive Group**  
(Chair: Department of Environment and Conservation, WA) | | Assesses applications to the Low Emission Energy Development Fund and provides recommendations to the Minister for Environment. |
| **Market Advisory Committee**  
(Chair: Independent Market Operator, WA) | | Advises the Independent Market Operator in regard to rule and procedure changes and electricity market operation matters in general. |
| **Network Control Services Working Group**  
| **State Fuel Emergency Management Committee**  
(Chair: Office of Energy, WA) | | The advisory body that assists the Coordinator of Energy in undertaking operational planning and the implementation of 'preparedness' activities that enables effective responses to liquid fuel supply disruption incidents. |
| **Australian Sustainable Schools Initiative – WA (AuSSI-WA)**  
(Chair: Department of Education, WA) | | AuSSI-WA is a whole-school planning framework that promotes and supports the use of 'sustainability' as a key context for teaching and learning, and school organisation. |
| **Gas Appliance Rectification Steering Committee**  
(Chair: EnergySafety, Department of Commerce, WA) | | Provides strategic oversight and takes responsibility for major issues associated with the Gas Appliance Rectification Project. |
| **Aboriginal and Remote Community Power Supply Program Steering Committee**  
(Chair: Office of Energy, WA) | | Provides policy oversight to the Aboriginal and Remote Community Power Supply Program. |
| **Climate Change Policy Interdepartmental Steering Group (CCPISG) Adaptation Sub-Committee**  
(Chair: Department of Environment and Conservation, WA) | | Established to look at state adaption issues affecting climate change policies and measures. |
State committees and groups

**Directors General Group on Climate Change and Energy Policy**  
*(Chair: Department of Premier and Cabinet, WA)*  
The Directors General Group on Climate Change and Energy Policy has been established to:  
- provide a high level forum for cross agency decision making  
- provide high level direction and cross agency co-ordination over the process of development and implementation of climate change and energy related policy initiatives by government agencies  
- make decision on processes for developing new policies  
- guide state government resources devoted to climate change and energy matters in a manner that is prioritised and aligned with state government stated objectives  
- improve the coordination on climate change and energy issues and the effectiveness of the states engagement with COAG issues and  
- maximise opportunities from Commonwealth government and other funding and resources for climate change initiatives through effective coordination and facilitation.

**Rules Development Implementation Working Group**  
*(Chair: Independent Market Operator, WA)*  
Assist in the improvement of market design and the incorporation of some elements of the recommendations of the Oates Review.

**Small Renewable Energy Generator Working Group**  
*(Chair: Office of Energy, WA)*  
Established to review the inspection and approval of small generators, especially solar photovoltaic systems. The group aims to identify gaps in the existing processes and propose suitable responses to these issues.

**State Underground Power Program Steering Committee (SUPP)**  
*(Chair: Office of Energy, WA)*  
Evaluates underground power proposals from local governments and provides recommended shortlists to the Minister for Energy for each funding round based on budget considerations.

**Pilbara Underground Power Project Steering Committee (PUPP)**  
*(Chair: Department of Regional Development and Lands, WA)*  
Ensures transparency, accountability, effectiveness and efficiency in the delivery of the Pilbara Underground Power Project.

**Technical Rules Committee**  
*(Chair: Office of Energy, WA)*  
Established for the purpose of providing specialist knowledge and advising the Economic Regulation Authority on the approval of proposed Technical Rules relating to the parts of the SWIS owned by Western Power.

**Hardship Utility Grants Scheme Committee (HUGS)**  
*(Chair: Department of Child Protection, WA)*  
Provides oversight of the implementation of the Hardship Utility Grants Scheme which provides utility grants and financial counselling services to those in need. At this stage, it only targets financial hardship relating to the payment of electricity and water bills.

**Energy in WA Organising Committee**  
*(Chair: Australian Institute of Energy - WA Branch)*  
Organisation and planning of the Energy in WA Conference.
### State committees and groups

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chair</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australian Institute of Energy – WA Branch Committee</strong></td>
<td><em>(Chair: Australian Institute of Energy – WA Branch)</em></td>
<td>Provides input into events organised by the WA branch of the Australian Institute of Energy.</td>
</tr>
<tr>
<td><strong>Tariff and Concession Framework (TCF) Project Reference Group</strong></td>
<td><em>(Chair: Office of Energy, WA)</em></td>
<td>Provides data and advice to the TCF Project regarding the impact of possible tariff and concession changes on residential electricity consumers.</td>
</tr>
<tr>
<td><strong>Tariff and Concession Framework (TCF) Project Working Group</strong></td>
<td><em>(Chair: Office of Energy, WA)</em></td>
<td>Provides data and advice to the TCF Project regarding the impact of possible tariff and concession changes on residential electricity consumers. Also carries out research and facilitates modelling activities.</td>
</tr>
<tr>
<td><strong>Regulatory Impact Assessment Working Group</strong></td>
<td><em>(Chair: The Treasurer, WA)</em></td>
<td>Provides assistance to agencies in completing the Regulatory Impact Assessment process and advises on process reviews.</td>
</tr>
<tr>
<td><strong>6 Star Committee</strong></td>
<td><em>(Chair: The Building Commission, WA)</em></td>
<td>Identifies issues and assists industry transition to the 6 star minimum standard for new buildings.</td>
</tr>
<tr>
<td><strong>WA Technical Advisory Committee on Nationwide House Energy Rating Scheme (NatHERS)</strong></td>
<td><em>(Chair: Office of Energy, WA)</em></td>
<td>Identifies WA issues relating to the use of ratings software and assists industry transition to the 6 star minimum standard for new buildings.</td>
</tr>
</tbody>
</table>
Disclosures and legal compliance
INDEPENDENT AUDITOR’S REPORT

To the Parliament of Western Australia

OFFICE OF ENERGY

Report on the Financial Statements:
I have audited the accounts and financial statements of the Office of Energy.


Coordinator of Energy’s Responsibility for the Financial Statements
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 for such internal control as the Coordinator of Energy determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Coordinator of Energy, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Office of Energy at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer’s Instructions.
Office of Energy

Report on Controls
I have audited the controls exercised by the Office of Energy. The Coordinator of Energy is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer’s Instructions and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Coordinator of Energy based on my audit conducted in accordance with Australian Auditing Standards.

Opinion
In my opinion, the controls exercised by the Office of Energy are sufficiently adequate to 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.

Report on the Key Performance Indicators
I have audited the key performance indicators of the Office of Energy. The Coordinator of Energy is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer’s instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion
In my opinion, the key performance indicators of the Office of Energy are relevant and appropriate to assist users to assess the Office’s performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence
In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards and other relevant ethical requirements.

COLIN MURPHY
AUDITOR GENERAL
13 September 2011
Certification of financial statements for the year ended 30 June 2011

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 ended 30 June 2011 and the financial position as at 30 June 2011.

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.

___________________  ___________________
George Kessaris  Michael Kerr
Chief Finance Officer  A/Coordinator of Energy

8 September 2011  8 September 2011
### OFFICE OF ENERGY
### STATEMENT OF COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 $000</th>
<th>2010 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COST OF SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>4</td>
<td>8,557</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>5</td>
<td>4,388</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>6</td>
<td>111</td>
</tr>
<tr>
<td>Accommodation expenses</td>
<td>7</td>
<td>578</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>8</td>
<td>29,636</td>
</tr>
<tr>
<td>Other expenses</td>
<td>9</td>
<td>104</td>
</tr>
<tr>
<td><strong>Total cost of services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commonwealth grants and contributions</td>
<td>10</td>
<td>12,665</td>
</tr>
<tr>
<td>Other revenue</td>
<td>11</td>
<td>373</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total income other than income from State Government</strong></td>
<td></td>
<td>13,038</td>
</tr>
<tr>
<td><strong>NET COST OF SERVICES</strong></td>
<td></td>
<td>30,636</td>
</tr>
<tr>
<td><strong>INCOME FROM STATE GOVERNMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service appropriation</td>
<td>12</td>
<td>32,740</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td></td>
<td>146</td>
</tr>
<tr>
<td>Total income from State Government</td>
<td></td>
<td>32,886</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) FOR THE PERIOD</strong></td>
<td></td>
<td>2,312</td>
</tr>
</tbody>
</table>

**OTHER COMPREHENSIVE INCOME**
- Changes in asset revaluation surplus
- Gains/losses recognised directly in equity
- **Total other comprehensive income**

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**: 2,312 7,592

*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 2011**

<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

#### ASSETS

**Current Assets**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>11,840</td>
<td>13,050</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>3,149</td>
<td>388</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,751</td>
<td>6,133</td>
</tr>
<tr>
<td>Amounts receivable for services</td>
<td>250</td>
<td>302</td>
</tr>
</tbody>
</table>

Total Current Assets: 16,990 $000

**Non-Current Assets**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>180</td>
<td>144</td>
</tr>
<tr>
<td>Receivables</td>
<td>224</td>
<td>362</td>
</tr>
<tr>
<td>Amounts receivable for services</td>
<td>849</td>
<td>708</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>273</td>
<td>232</td>
</tr>
</tbody>
</table>

Total Non-Current Assets: 1,526 $000

**TOTAL ASSETS**

18,516 $000

#### LIABILITIES

**Current Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>4,645</td>
<td>9,888</td>
</tr>
<tr>
<td>Amounts due to the Treasurer</td>
<td>389</td>
<td>519</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,391</td>
<td>1,228</td>
</tr>
</tbody>
</table>

Total Current Liabilities: 6,425 $000

**Non-Current Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>533</td>
<td>446</td>
</tr>
</tbody>
</table>

Total Non-Current Liabilities: 533 $000

**TOTAL LIABILITIES**

6,958 $000

#### NET ASSETS

11,558 $000

#### EQUITY

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td>11,558</td>
<td>9,246</td>
</tr>
</tbody>
</table>

**TOTAL EQUITY**

11,558 $000

---

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 2011**

<table>
<thead>
<tr>
<th>Note</th>
<th>Contributed equity</th>
<th>Accumulated surplus/(deficit)</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td><strong>Balance at 1 July 2009</strong></td>
<td>21</td>
<td>1,306</td>
<td>3,349</td>
</tr>
<tr>
<td>Changes in accounting policy or correction of prior period errors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restated balance at 1 July 2009</strong></td>
<td></td>
<td>1,306</td>
<td>3,349</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td></td>
<td>7,591</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other contributions by owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to owners</td>
<td>(3,000)</td>
<td></td>
<td>(3,000)</td>
</tr>
<tr>
<td>Transfer from accumulated surplus</td>
<td>1,694</td>
<td>(1,694)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1,306</td>
<td>5,897</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2010</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as at 1 July 2010</strong></td>
<td></td>
<td></td>
<td>9,246</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td></td>
<td>2,312</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other contributions by owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from accumulated surplus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>11,558</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td></td>
<td></td>
<td>11,558</td>
</tr>
</tbody>
</table>

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 2011**

<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM STATE GOVERNMENT

- Service appropriation: 32,549
- Holding account drawdowns: 100
- Royalties for Regions Fund: 60
- Distribution to owners: (3,000)
- **Net cash provided by State Government**: 32,709

**Utilised as follows:**

### CASH FLOWS FROM OPERATING ACTIVITIES

**Payments**

- Employee benefits: (7,775)
- Supplies and services: (7,734)
- Accommodation: (917)
- Grants and subsidies: (20,808)
- GST payments on purchases: (804)
- Other payments: (92)

**Receipts**

- Commonwealth grants and contributions: 16,779
- GST receipts on sales: 61
- GST receipts from taxation authority: 1,521
- Other receipts: 191
- **Net cash provided by/(used in) operating activities**: (30,980)

### CASH FLOWS FROM INVESTING ACTIVITIES

**Payments**

- Purchase of non-current physical assets: (16)
- **Net cash provided by/(used in) investing activities**: (16)

### CASH FLOWS FROM FINANCING ACTIVITIES

**Payments**

- Other Repayments – Energy Smart Government Program: (129)

**Receipts**

- Proceeds from Treasurer’s Advance – Energy Smart Government Program: 129
- **Net cash provided by/(used in) financing activities**: 541

**Net increase/(decrease) in cash and cash equivalents**: 1,577

**Cash and cash equivalents at the beginning of period**: 13,592

**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**: 15,169

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 2011

<table>
<thead>
<tr>
<th></th>
<th>2011 Estimate</th>
<th>2011 Actual</th>
<th>Variation</th>
<th>2011 Actual</th>
<th>2010 Actual</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delivery of Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 82 Net amount appropriated to deliver services</td>
<td>53,232</td>
<td>32,461</td>
<td>(20,771)</td>
<td>32,461</td>
<td>34,196</td>
<td>(1,735)</td>
</tr>
<tr>
<td>Amount Authorised by Other Statutes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Salaries and Allowances Act 1975</td>
<td>279</td>
<td>279</td>
<td>-</td>
<td>279</td>
<td>270</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total appropriations provided to deliver services</strong></td>
<td>53,511</td>
<td>32,740</td>
<td>(20,771)</td>
<td>32,740</td>
<td>34,466</td>
<td>(1,726)</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>53,511</td>
<td>32,740</td>
<td>(20,771)</td>
<td>32,740</td>
<td>34,466</td>
<td>(1,726)</td>
</tr>
</tbody>
</table>

Details of Expenses by Service:

| Development and Implementation of Energy Policy and Programs | 71,281 | 43,674 | (27,607) | 43,674 | 43,634 | 40 |
| Total cost of services | 71,281 | 43,674 | (27,607) | 43,674 | 43,634 | 40 |
| Less total income | (17,266) | (13,038) | 4,228 | (13,038) | (16,494) | 3,456 |
| Net Cost of Services | 54,015 | 30,636 | (23,379) | 30,636 | 27,140 | 3,496 |
| Adjustments (a) | (504) | 2,104 | 2,607 | 2,104 | 7,326 | (5,222) |
| **Total appropriations provided to deliver services** | 53,511 | 32,740 | (20,771) | 32,740 | 34,466 | (1,726) |

Capital Expenditure

| Purchase of non-current physical assets | 310 | 152 | (158) | 152 | 16 | 136 |
| Adjustments for other funding sources | (310) | (152) | (158) | (152) | (16) | (136) |
| **Capital appropriations** | - | - | - | - | - | - |

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

Note 26 ‘Explanatory Statement’ provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011.
1. Australian Accounting Standards

General

The office's financial statements for the year ended 30 June 2011 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 Pronouncements. 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 2011.

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 Treasurer’s instructions. Several of these are modified by the Treasurer’s instructions 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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, except for 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 2011

(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 appropriations. Revenues controlled by the Office of Energy are not 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 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 in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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 T1 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 recognised and 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 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
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Service Appropriations are recognised as revenues at fair value in the period in which the office
gains control of the appropriated funds. The office gains control of appropriated funds at the
time these funds are deposited into the office’s bank account or credited to the ‘Amounts
receivable for services’ (holding account) held at Treasury.

See note 12 ‘Income from State Government’ for further detail

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
2010-11 Budget Statements, the office retained $13.04 million in 2011 ($16.49 million in 2010)
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

Realised or unrealised gains 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 historical 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.

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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>5 years</td>
</tr>
</tbody>
</table>

(g) Impairment of Assets

Property, plant and equipment are tested for any indication of impairment at the end of 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.
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 17 ‘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 Statement of Comprehensive Income over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(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
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 18 '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.

(I) Amount Receivable for Services (Hearing Account)

The office receives funding on an accrual basis. The appropriations are partly paid in cash and partly as an (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 12 'Income from Statement Government' and note 15 'Amounts receivable for services'.

(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 14 'Receivables'.

(n) Payables

Payables are recognised at the amounts payable 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 18 '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
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 19 ‘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 the end of each reporting
period. See also note 20 ‘Provisions’.

(i) Provisions – Employee Benefits

Annual Leave and Long Service Leave

All annual leave and long service leave provisions are in respect of employees’ services
up to the end of the reporting period.

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 not expected to be settled within 12 months after the
reporting period is recognised and measured at the present value of amounts expected
to be paid when the liabilities are settled using the remuneration rate expected to apply
at the time of settlement.

When assessing expected future payments consideration is given to expected future
wage and salary levels including non-salary components such as employer
superannuation contributions, as well as the experience of employee departures and
period 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 period. Conditional long service leave
provisions are classified as non-current liabilities because the office has an unconditional
right to defer the settlement of the liability until the employee has completed the requisite
years of service.
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Superannuation

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

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1997, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution 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.

The office has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the office to the GESB.

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.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, 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 9 ‘Other Expenses’ and note 20 ‘Provisions’.

(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 employer
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Contributions paid to the GESB in respect of the GSS is paid back to the Consolidated Account by the GESB.

(i) 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 at fair value. Where the resource received represents a service that the office would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

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.

(ii) 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 2011

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 2010 that impacted on the office.

2009-10

Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the department to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the office’s Statement of Cash Flows relate to increases in recognised assets.

Future impact of Australian Accounting Standards not yet operative

The office cannot early adopt an Australian Accounting Standard unless specifically permitted by T1 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.

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 Jan 2013

The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Department does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.
4. Disclosures and legal compliance

OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

AASB 2009-12
Amendments to Australian Accounting Standards (AASBs 5, 6, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052)

This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.

Operative for reporting periods beginning on or after
1 Jan 2011

AASB 1052
Application of Tiers of Australian Accounting Standards

This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.

The Standard does not have any financial impact on the Department. However it may affect disclosures in the financial statements of the Department if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.

1 July 2013

AASB 2010-2
Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.

The Standard is not expected to have any financial impact on the Department. However this Standard may reduce some note disclosures in financial statements of the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

1 July 2013

AASB 2011-2
Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project — Reduced Disclosure Requirements [AASB 101 & AASB 1054]

This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

1 July 2011

AASB 2010-5
Amendments to Australian Accounting Standards (AASB 1, 3, 4, 5, 101, 107, 112, 116, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1036 and Interpretations 112, 115, 127, 132 & 1042) (October 2010)

This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.

1 Jan 2011
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

AASB 2010-6
Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7)
This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.
The Standard is not expected to have any financial impact on the Department. DTF has not yet determined the application of the potential impact of the amendments to these Standards for agencies.

AASB 9
Financial Instruments
This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.
The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard. DTF has not yet determined the application of the potential impact of the Standard for agencies.

AASB 2010-7
Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 126, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]
This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.

AASB 1054
Australian Additional Disclosures
This Standard in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.

AASB 2011-1
Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project (AASB 1, 5, 101, 107, 108, 121, 126, 132 & 134 and Interpretations 2, 112 & 113)
This Amending Standard, in conjunction with AASB 1054 Australian Additional Disclosures, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.
4. Disclosures and legal compliance

<table>
<thead>
<tr>
<th>Office of Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOTES TO THE FINANCIAL STATEMENTS</td>
</tr>
<tr>
<td>FOR THE YEAR ENDED 30 JUNE 2011</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>4. Employee benefits expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries (a)</td>
<td>6,743</td>
<td>6,268</td>
</tr>
<tr>
<td>Superannuation – defined contribution plans (b)</td>
<td>508</td>
<td>460</td>
</tr>
<tr>
<td>Superannuation – defined benefit plans (c)</td>
<td>155</td>
<td>145</td>
</tr>
<tr>
<td>Annual Leave (d)</td>
<td>570</td>
<td>599</td>
</tr>
<tr>
<td>Other Leave (d)</td>
<td>317</td>
<td>303</td>
</tr>
<tr>
<td>Long Service Leave (d)</td>
<td>264</td>
<td>303</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,557</strong></td>
<td><strong>8,076</strong></td>
</tr>
</tbody>
</table>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESS 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 9 ‘Other Expenses’. The employment on-costs liability is included at note 20 ‘Provisions’.

5. Supplies and services.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>85</td>
<td>146</td>
</tr>
<tr>
<td>Communications</td>
<td>78</td>
<td>105</td>
</tr>
<tr>
<td>Consultants and contractors</td>
<td>3,586</td>
<td>9,638</td>
</tr>
<tr>
<td>Consumables</td>
<td>64</td>
<td>65</td>
</tr>
<tr>
<td>Travel</td>
<td>65</td>
<td>87</td>
</tr>
<tr>
<td>Other</td>
<td>510</td>
<td>304</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,388</strong></td>
<td><strong>10,345</strong></td>
</tr>
</tbody>
</table>

5. Depreciation and amortisation expense:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant, equipment and vehicles</td>
<td>111</td>
<td>74</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>111</strong></td>
<td><strong>74</strong></td>
</tr>
</tbody>
</table>
## OFFICE OF ENERGY

### NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Accommodation expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease rentals</td>
<td>828</td>
<td>799</td>
</tr>
<tr>
<td>Cleaning</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>Building improvement</td>
<td>10</td>
<td>38</td>
</tr>
<tr>
<td>Security</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Utilities</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>878</td>
<td>872</td>
</tr>
<tr>
<td>8. Grants and subsidies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Energy Development Office (SEDO) Grants Committee grants</td>
<td>238</td>
<td>314</td>
</tr>
<tr>
<td>Ministerial Council of Energy</td>
<td>345</td>
<td>528</td>
</tr>
<tr>
<td>Contributions to the Energy Efficiency Working Group</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Renewable Remote Power Generation Program (RRPGP) grants</td>
<td>11,311</td>
<td>13,623</td>
</tr>
<tr>
<td>Solar Water Heater Subsidy Scheme</td>
<td>1,384</td>
<td>1,698</td>
</tr>
<tr>
<td>Underground Power Project transfer payments (State's contributions)</td>
<td>4,820</td>
<td>4,820</td>
</tr>
<tr>
<td>Solar Schools Program</td>
<td>1,614</td>
<td>511</td>
</tr>
<tr>
<td>Hardship Efficiency Package</td>
<td>8,652</td>
<td>500</td>
</tr>
<tr>
<td>Household Renewable Energy Scheme</td>
<td>3,088</td>
<td>1,351</td>
</tr>
<tr>
<td>Renewable Energy Production Subsidy</td>
<td>-</td>
<td>486</td>
</tr>
<tr>
<td>Energy Smart Government Facilitation grants</td>
<td>-</td>
<td>126</td>
</tr>
<tr>
<td>Contributions to the Australian Energy Markets Commission</td>
<td>75</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to the National Australian Built Environment Rating System (NABERS) Program</td>
<td>36</td>
<td>-</td>
</tr>
<tr>
<td>Donations &amp; Sponsorships</td>
<td>49</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>29,636</td>
<td>24,139</td>
</tr>
<tr>
<td>9. Other expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment on-costs (a)</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Other (b)</td>
<td>35</td>
<td>60</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>57</td>
<td>59</td>
</tr>
<tr>
<td>Bad debts expense</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>104</td>
<td>126</td>
</tr>
</tbody>
</table>

(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 20 "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 29 "Remuneration of auditor."
### 10. Commonwealth grants and contributions

- **Recurrent contributions**
  - 2011: $12,665
  - 2010: $16,266

### 11. Other revenue

- **Salary and Wage Recoups**
  - 2011: $83
  - 2010: $202
- **Other**
  - 2011: $290
  - 2010: $26

### 12. Income from State Government

- **Appropriation received during the year**
  - **Service appropriations (a)**
    - 2011: $32,740
    - 2010: $34,486

**Resources received free of charge**

Determined on the basis of the following estimates provided by agencies:

- **State Solicitor’s Office (b)**
  - 2011: $142
  - 2010: $136
- **Department of Treasury & Finance – Building Management & Works (b)**
  - 2011: $5
  - 2010: $5

**Royalties for Regions Fund**

- **Regional Infrastructure and Headworks Account (c)**
  - 2011: $60
  - 2010: $125

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32,948</td>
<td>34,732</td>
</tr>
</tbody>
</table>

(a) Service appropriations fund the net cost of services delivered. 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) Assets or services received free of charge or for nominal cost are recognised as revenue at value of the assets and/or services that can be reliably measured and which would have been purchased if not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

(c) This is a sub-fund within the overarching ‘Royalties for Regions Fund’. The recurrent funds are provided for the Pillara Underground Power Project.
OFFICE OF ENERGY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th>13. Restricted cash and cash equivalents</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties or Regions Fund (a)</td>
<td>180</td>
<td>115</td>
</tr>
<tr>
<td>Trust Fund balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commonwealth Programs Trust Account (b)</td>
<td>2,989</td>
<td>273</td>
</tr>
<tr>
<td></td>
<td>3,149</td>
<td>386</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued salaries suspense account (c)</td>
<td>180</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td>3,329</td>
<td>532</td>
</tr>
</tbody>
</table>

(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) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

<table>
<thead>
<tr>
<th>14. Receivables</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GST receivable</td>
<td>453</td>
<td>1,003</td>
</tr>
<tr>
<td>Energy Smart Capital Grant</td>
<td>166</td>
<td>157</td>
</tr>
<tr>
<td>Accrued Revenue</td>
<td>77</td>
<td>-</td>
</tr>
<tr>
<td>Other debtors</td>
<td>1,056</td>
<td>4,973</td>
</tr>
<tr>
<td>Total Current</td>
<td>1,751</td>
<td>6,133</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Smart Government Returns from Agencies</td>
<td>224</td>
<td>362</td>
</tr>
<tr>
<td>Total non-current</td>
<td>224</td>
<td>362</td>
</tr>
</tbody>
</table>

See also note 2(m) ‘Receivables’ and note 27 ‘Financial Instruments’.

<table>
<thead>
<tr>
<th>15. Amounts receivable for services</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>250</td>
<td>302</td>
</tr>
<tr>
<td>Non-current</td>
<td>849</td>
<td>706</td>
</tr>
<tr>
<td>Total</td>
<td>1,099</td>
<td>1,008</td>
</tr>
</tbody>
</table>

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 2011**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Computer equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>106</td>
<td>31</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(55)</td>
<td>(31)</td>
</tr>
<tr>
<td></td>
<td>51</td>
<td>-</td>
</tr>
<tr>
<td><strong>Office Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>104</td>
<td>53</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(50)</td>
<td>(33)</td>
</tr>
<tr>
<td></td>
<td>54</td>
<td>20</td>
</tr>
<tr>
<td><strong>Furniture and Fittings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>738</td>
<td>710</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(568)</td>
<td>(488)</td>
</tr>
<tr>
<td></td>
<td>168</td>
<td>212</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>946</td>
<td>794</td>
</tr>
<tr>
<td>At cost</td>
<td>(673)</td>
<td>(562)</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>273</td>
<td>232</td>
</tr>
</tbody>
</table>
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

<table>
<thead>
<tr>
<th></th>
<th>Computer Equipment $000</th>
<th>Office Equipment $000</th>
<th>Plant and Equipment $000</th>
<th>Furniture and Fittings $000</th>
<th>Total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at start of year</td>
<td>-</td>
<td>21</td>
<td>-</td>
<td>211</td>
<td>232</td>
</tr>
<tr>
<td>Additions</td>
<td>75</td>
<td>51</td>
<td>-</td>
<td>27</td>
<td>152</td>
</tr>
<tr>
<td>Disposal</td>
<td></td>
<td></td>
<td></td>
<td>(70)</td>
<td>(111)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(24)</td>
<td>(18)</td>
<td>-</td>
<td>(70)</td>
<td>(111)</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>51</td>
<td>54</td>
<td>-</td>
<td>168</td>
<td>273</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Computer Equipment $000</th>
<th>Office Equipment $000</th>
<th>Plant and Equipment $000</th>
<th>Furniture &amp; Fittings $000</th>
<th>Total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at start of year</td>
<td>-</td>
<td>21</td>
<td>-</td>
<td>268</td>
<td>289</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Disposal</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>(9)</td>
<td>-</td>
<td>(64)</td>
<td>(74)</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>-</td>
<td>21</td>
<td>-</td>
<td>211</td>
<td>232</td>
</tr>
</tbody>
</table>

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.

17. Impairment of Assets

There were no indications of impairment of plant and equipment at 30 June 2011.

18. Payables

<table>
<thead>
<tr>
<th></th>
<th>2011 $000</th>
<th>2010 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payable</td>
<td>205</td>
<td>3,633</td>
</tr>
<tr>
<td>Tax payable</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Accrued salaries</td>
<td>185</td>
<td>104</td>
</tr>
<tr>
<td>Other accrued creditors</td>
<td>4,190</td>
<td>6,151</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,645</td>
<td>9,888</td>
</tr>
</tbody>
</table>

See also note 2(n) ‘Payables’ and note 27 ‘Financial instruments’.
OFFICE OF ENERGY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>19. Amounts due to the Treasurer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer’s advance</td>
<td>389</td>
<td>519</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>389</td>
<td>519</td>
</tr>
<tr>
<td>See also note 27 'Financial Instruments'</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>20. Provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual leave (a)</td>
<td>729</td>
<td>645</td>
</tr>
<tr>
<td>Long service leave (b)</td>
<td>546</td>
<td>474</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,275</td>
<td>1,119</td>
</tr>
<tr>
<td><strong>Other provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment on-costs (c)</td>
<td>116</td>
<td>109</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,391</td>
<td>1,228</td>
</tr>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long service leave (b)</td>
<td>486</td>
<td>412</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>486</td>
<td>412</td>
</tr>
<tr>
<td><strong>Other provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment on-costs (c)</td>
<td>47</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>533</td>
<td>446</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 12 months of the end of the reporting period</td>
<td>479</td>
<td>427</td>
</tr>
<tr>
<td>More than 12 months after the reporting period</td>
<td>250</td>
<td>218</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>729</td>
<td>645</td>
</tr>
</tbody>
</table>

(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 the reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 12 months of the end of the reporting period</td>
<td>163</td>
<td>210</td>
</tr>
<tr>
<td>More than 12 months after the reporting period</td>
<td>849</td>
<td>676</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,032</td>
<td>886</td>
</tr>
</tbody>
</table>
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th></th>
<th>2011 $000</th>
<th>2010 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Employment on-cost provision</th>
<th>143</th>
<th>104</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at start of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>20</td>
<td>39</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>163</td>
<td>143</td>
</tr>
</tbody>
</table>

21. Equity

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

Contributed Equity

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the start of the year</td>
<td>-</td>
</tr>
<tr>
<td>Distribution to owners</td>
<td></td>
</tr>
<tr>
<td>Transfer to Consolidated Account</td>
<td>(3,000)</td>
</tr>
<tr>
<td>Transfer from accumulated surplus</td>
<td>1,694</td>
</tr>
<tr>
<td>Total distributions to owners</td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>-</td>
</tr>
</tbody>
</table>

Accumulated surplus/(deficit)

<table>
<thead>
<tr>
<th></th>
<th>2011 $000</th>
<th>2010 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the start of the year</td>
<td>9,246</td>
<td>3,349</td>
</tr>
<tr>
<td>Correction of prior period error</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restated balance at start of period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Result for the period</td>
<td>2,312</td>
<td>7,591</td>
</tr>
<tr>
<td>Income and expense recognised directly in equity</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from accumulated surplus</td>
<td>(1,694)</td>
<td>-</td>
</tr>
<tr>
<td>Total Equity at the end of the year</td>
<td>11,668</td>
<td>9,245</td>
</tr>
</tbody>
</table>
22. 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:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>11,840</td>
<td>13,060</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>3,329</td>
<td>532</td>
</tr>
<tr>
<td></td>
<td>15,169</td>
<td>13,592</td>
</tr>
</tbody>
</table>

(b) Reconciliation of net cost of services to the net cash flows provided by/(used in) operating activities

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cost of services</td>
<td>(30,636)</td>
<td>(27,140)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>111</td>
<td>74</td>
</tr>
<tr>
<td>Resources received free of charge</td>
<td>148</td>
<td>141</td>
</tr>
<tr>
<td>(Gain)/loss on disposal of other assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bad debts expense</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>(Increase)/decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables/Accrued Income (a)</td>
<td>3,783</td>
<td>(4,373)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>52</td>
<td>(84)</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>(46)</td>
<td>190</td>
</tr>
<tr>
<td>Increase/(decrease) in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current payable (a)</td>
<td>(5,243)</td>
<td>4,283</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(130)</td>
<td>(543)</td>
</tr>
<tr>
<td>Provisions</td>
<td>250</td>
<td>452</td>
</tr>
<tr>
<td>Net GST receipts/(payments) (b)</td>
<td>776</td>
<td>(720)</td>
</tr>
<tr>
<td>Change in GST receivable/(payable) (c)</td>
<td>(60)</td>
<td>302</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(30,980)</td>
<td>(27,418)</td>
</tr>
</tbody>
</table>

(a) 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.

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

(c) This is the net GST paid/received, i.e. cash transactions.
OFFICE OF ENERGY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

23. 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:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Within one year</td>
<td>611</td>
<td>605</td>
</tr>
<tr>
<td>- Later than one year and not later than five years</td>
<td>19</td>
<td>594</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>630</td>
<td>1,199</td>
</tr>
</tbody>
</table>

Representing:
- Cancellable operating leases: 50 39
- Non-cancellable operating leases: 580 1,160

**Non-cancellable operating lease commitments**
Commitments for minimum lease payments are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Within one year</td>
<td>580</td>
<td>580</td>
</tr>
<tr>
<td>- Later than one year and not later than five years</td>
<td>-</td>
<td>580</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>580</td>
<td>1,160</td>
</tr>
</tbody>
</table>

The property lease is a non-cancellable lease with a 5 year term expiring on 30 June 2012, with rent payable monthly in advance.

24. Contingent liabilities and contingent assets

The office has no contingent liabilities and contingent assets as at 30 June 2011.

25. 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.
26. 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 2011**

**Total appropriation provided to deliver services**

<table>
<thead>
<tr>
<th></th>
<th>2011 Estimate $000</th>
<th>2011 Actual $000</th>
<th>Variance $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total appropriation provided to deliver services for the year</td>
<td>53,511</td>
<td>32,740</td>
<td>(20,771)</td>
</tr>
</tbody>
</table>

The variance between the Estimate and the Actual appropriation provided to deliver services for the 2011 financial year is due to the re-allocation of project and program funding to 2012 and the forward estimates. Funding requirements for the Hardship Efficiency Package, Solar Schools Program and Solar Hot Water Subsidy Scheme were reviewed and re-allocated to the forward estimates as part of the 2011 mid-year review.

**Total Cost of Service**

<table>
<thead>
<tr>
<th></th>
<th>2011 Estimate $000</th>
<th>2011 Actual $000</th>
<th>Variance $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development and Implementation of Energy Policy Total Cost of Service</td>
<td>71,281</td>
<td>43,674</td>
<td>(27,607)</td>
</tr>
<tr>
<td>Less Total Income:</td>
<td>(17,286)</td>
<td>(13,038)</td>
<td>4,228</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>54,015</td>
<td>30,636</td>
<td>(23,379)</td>
</tr>
</tbody>
</table>

The Total Cost of Service in 2011 was significantly less than the Estimate as a result of the re-allocation of funding to 2012 and the forward estimates. Additionally, expenditure on the Commonwealth Government funded Renewable Remote Power Generation Program was less than anticipated in 2011. This Program expenditure will now be incurred in 2012.

Total Income was less than estimated as a result of the reduction in expenditure on the Renewable Remote Power Generation Program. Income from the Commonwealth Government to fund this Program varies in accordance with expenditure.
OFFICE OF ENERGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Capital Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2011 Estimate</th>
<th>2011 Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of non-current physical assets</td>
<td>310 $000</td>
<td>152 $000</td>
<td>(158) $000</td>
</tr>
</tbody>
</table>

The asset replacement program was deferred in 2011 as planning continues for the relocation of the office in 2012.

Significant variances between actual results for 2010 and 2011

Net Cost of Service

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost of Service:</td>
<td>43,674 $000</td>
<td>43,634 $000</td>
<td>40 $000</td>
</tr>
<tr>
<td>Less Total Income</td>
<td>(13,038) $000</td>
<td>(16,494) $000</td>
<td>3,456 $000</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>30,636 $000</td>
<td>27,140 $000</td>
<td>3,496 $000</td>
</tr>
</tbody>
</table>

The variance in the Net Cost of Service between 2010 and 2011 is due to a reduction in income from the Commonwealth Government to fund the Renewable Remote Power Generation Program in 2011.

Capital Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of non-current physical assets</td>
<td>152 $000</td>
<td>16 $000</td>
<td>136 $000</td>
</tr>
</tbody>
</table>

A review of the asset replacement program was undertaken in 2010 which resulted in some delay in replacements and a reduction in expenditure.
27. 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 advance, receivables and payables. The office has limited exposure to financial risks, and there are no Finance lease liabilities held as at 30 June 2011. 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 27(c) ‘Financial Instruments Disclosures’ and Note 14 ‘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 2011

(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:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11,840</td>
<td>13,060</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>3,329</td>
<td>532</td>
</tr>
<tr>
<td>Receivables (a)</td>
<td>1,522</td>
<td>5,492</td>
</tr>
<tr>
<td>Amounts receivable for services</td>
<td>1,099</td>
<td>1,008</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>4,645</td>
<td>9,888</td>
</tr>
<tr>
<td>Amounts due to the Treasurer</td>
<td>389</td>
<td>519</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Weighted Average Interest Rate</th>
<th>Carrying Amount</th>
<th>Fixed Interest Rate</th>
<th>Non-Interest Bearing</th>
<th>Up to 3 months</th>
<th>3.12</th>
<th>1.2</th>
<th>2.3</th>
<th>3.4</th>
<th>4.5</th>
<th>More than 5 years</th>
<th>Impaired financial assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11,840</td>
<td>-</td>
<td>11,840</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>3,329</td>
<td>-</td>
<td>3,329</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables (a)</td>
<td>1,522</td>
<td>-</td>
<td>1,522</td>
<td>-</td>
<td>1,440</td>
<td>52</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts receivable for services</td>
<td>1,099</td>
<td>-</td>
<td>1,099</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>17,790</td>
<td></td>
<td></td>
<td>1,440</td>
<td>82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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          |                    |                     | 5,257          | 117  | 74  | 44  |     |      |                   |                          |

(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 2011

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

<table>
<thead>
<tr>
<th>Interest rate exposure</th>
<th>Total for</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weighted Average Interest Rate</td>
<td>3-12</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>$000</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due to the Treasurer</td>
<td>388</td>
<td>388</td>
</tr>
<tr>
<td>2011</td>
<td>5,034</td>
<td>5,034</td>
</tr>
<tr>
<td>Payables</td>
<td>9,888</td>
<td>9,888</td>
</tr>
<tr>
<td>Amounts due to the Treasurer</td>
<td>519</td>
<td>519</td>
</tr>
</tbody>
</table>

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.
28. 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:

<table>
<thead>
<tr>
<th>Band</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,001 - 40,000</td>
<td>.</td>
<td>1</td>
</tr>
<tr>
<td>40,001 - 50,001</td>
<td>2</td>
<td>.</td>
</tr>
<tr>
<td>60,001 - 70,000</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>70,001 - 80,000</td>
<td>1</td>
<td>.</td>
</tr>
<tr>
<td>80,001 - 90,000</td>
<td>.</td>
<td>1</td>
</tr>
<tr>
<td>100,001 - 110,000</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>110,001 - 120,000</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>120,001 - 130,000</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>130,001 - 140,000</td>
<td>.</td>
<td>1</td>
</tr>
<tr>
<td>150,001 - 160,000</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>160,001 - 170,000</td>
<td>.</td>
<td>1</td>
</tr>
<tr>
<td>170,001 - 180,000</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>180,001 - 190,000</td>
<td>1</td>
<td>.</td>
</tr>
<tr>
<td>220,001 - 230,000</td>
<td>.</td>
<td>1</td>
</tr>
<tr>
<td>350,001 - 400,000</td>
<td>1</td>
<td>.</td>
</tr>
</tbody>
</table>

The total remuneration of senior officers is: 1,123 852

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.

29. Remuneration of auditor

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

<table>
<thead>
<tr>
<th>Service</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditing the accounts, financial statements and performance indicators</td>
<td>44</td>
<td>49</td>
</tr>
</tbody>
</table>

The expense is included at note 9 'Other expenses'.

30. Related bodies

The office has no related bodies.

31. Affiliated bodies

The office has no affiliated bodies.
32. 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.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at the start of the year</strong></td>
<td>273</td>
<td>1,293</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable Remote Power Generation Program (RRPGP)</td>
<td>16,779</td>
<td>10,793</td>
</tr>
<tr>
<td></td>
<td>17,052</td>
<td>12,086</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable Remote Power Generation Program (RRPGP)</td>
<td>14,063</td>
<td>11,813</td>
</tr>
<tr>
<td></td>
<td>14,063</td>
<td>11,813</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>2,989</td>
<td>273</td>
</tr>
</tbody>
</table>

33. Supplementary financial information
Debt of $12,791 was written off during the financial year 2010-11
Detailed key performance indicators information

Certification of key performance indicators for the year ended 30 June 2011

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 for the financial year ended 30 June 2011.

Michael Kerr
A/Coordinator of Energy

28 September 2011
Outcome, 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.

<table>
<thead>
<tr>
<th>Government goal</th>
<th>Outcome 1</th>
<th>Service 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and environmental responsibility</td>
<td>A suitable, efficient, secure and competitive energy sector</td>
<td>Development and implementation of energy policy and programs</td>
</tr>
<tr>
<td>Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key effectiveness indicators</td>
<td>(a) The extent to which policy and program development objectives for the year are achieved</td>
<td>(a) Average cost of routine policy and program tasks</td>
</tr>
<tr>
<td></td>
<td>(b) Kilowatt hours displaced</td>
<td>(b) Average cost of policy projects and programs</td>
</tr>
<tr>
<td></td>
<td>(c) Kilowatt hours avoided</td>
<td>(c) Average cost of processing sustainable energy incentive applications</td>
</tr>
<tr>
<td></td>
<td>(d) Percentage of Perth metropolitan homes serviced with underground power</td>
<td></td>
</tr>
</tbody>
</table>

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 2008-09 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 indicators, most of which are not directly comparable to effectiveness and efficiency indicators reported for previous years. This is the second reporting of the indicators and results are still stabilising in 2010 -11.
Effectiveness indicator 1

<table>
<thead>
<tr>
<th>Description</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget target</th>
<th>2010-11 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>The extent to which policy and program development objectives for the year are achieved</td>
<td>79%</td>
<td>100%</td>
<td>81%</td>
</tr>
</tbody>
</table>

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 with results presented as a percentage of planned priorities completed.

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 being 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.

Explanation of Results

The results for the reporting period are underpinned by 16 of 24 policy and program development priorities being completed. The variation from target is due to five planned priorities being partially completed and three not being undertaken. The results for this indicator are subject to resources being available to complete all priorities set for the reporting period.

Effectiveness indicator 2

<table>
<thead>
<tr>
<th>Kilowatt hours displaced</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget target</th>
<th>2010-11 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>143,729,548</td>
<td>24,563,500</td>
<td>21,807,941</td>
<td></td>
</tr>
</tbody>
</table>

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 1,384,413 kWh displaced
  - Renewable Energy Water Pumping Program 1,261 kWh displaced
  - Remote Area Power Supply Program (Large Projects) 1,155,000 kWh displaced
  - Rural Renewable Energy Program (Medium Projects) 8,410,000 kWh displaced
  - Rural Renewable Energy Program (Small Projects) 9,251 kWh displaced
- **Western Australian Solar Schools Program** 253,111 kWh displaced
- **Solar Water Heater Subsidy Scheme** 10,594,905 kWh displaced
- **Total** 218,807,941 kWh displaced

The variation from target is due to delays to some large and medium projects under the Renewable Remote Power Generation Program, affecting the total kilowatt hour displaced.

Effectiveness indicator 3

<table>
<thead>
<tr>
<th>Kilowatt hours avoided</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget target</th>
<th>2010-11 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Energy Efficiency Program</td>
<td>285,774</td>
<td>162,000</td>
<td>45,688</td>
</tr>
</tbody>
</table>

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** 45,688 kWh avoided

The variation from target is due to a lower than estimated take-up of rebates under the Regional Energy Efficiency Program, which also closed during the year.
Effectiveness indicator 4

<table>
<thead>
<tr>
<th>Percentage of Perth metropolitan homes serviced with underground power</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget target</th>
<th>2010-11 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>51%</td>
<td>51.5%</td>
<td>52.0%</td>
</tr>
</tbody>
</table>

**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.

**Explanation of Result**

Underground power continues to be installed according program funding provided by Government, Western Power and the local governments in the area undergrounded.

**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 1

<table>
<thead>
<tr>
<th>Average cost of routine policy and program tasks</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget target</th>
<th>2010-11 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,874</td>
<td>$4,000</td>
<td>$3,991</td>
</tr>
</tbody>
</table>

**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 25.7 per cent of operational staff time being attributed to this indicator. This corresponds to $3,508,350 of agency expenditure which is apportioned to 879 tasks that were completed during the reporting period.

The 2010-11 result is consistent with the budget target. The increased actual cost between 2010-11 over the 2009-10 financial year is due to a reduced number of tasks being completed.

**Efficiency indicator 2**

<table>
<thead>
<tr>
<th>Average cost of policy projects and programs</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget target</th>
<th>2010-11 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$56,856</td>
<td>$70,000</td>
<td>$71,819</td>
</tr>
</tbody>
</table>

**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 68.4 per cent of operational staff time being attributed to this indicator. This corresponds to $10,198,278 of agency expenditure which is apportioned to 142 projects that were completed during the reporting period.

The 2010-11 actual is consistent with the budget target. The increase in costs over the 2009-10 financial year is indicative of the effort involved in providing advice in an increasingly complex energy environment.

**Efficiency indicator 3**

<table>
<thead>
<tr>
<th>Average cost of processing sustainable energy incentive applications</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget target</th>
<th>2010-11 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$205</td>
<td>$1,000</td>
<td>$237</td>
</tr>
</tbody>
</table>

**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 6 per cent of operational staff time being attributed to this indicator. This corresponds to $760,790 of agency expenditure which is apportioned to 3209 applications that were paid during the reporting period.

The 2010-11 actual result of $237 is consistent with the 2009-10 result, however it is significantly less than the 2010-11 budget target of $1,000. The operating cost of the program is significantly less than the expected budget due in large part to the transfer of funding for the Mid West Solar Project to Verve Energy, who will be implementing the project. Additionally, the actual result is based on 24 per cent more applications being processed, which further reduces the estimated average cost.
Ministerial directives

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

There were no Ministerial directives during 2010-11.
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 2010-11.

Employment and industrial relations

Staffing policies


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 Performance Management and Development 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 Performance Management and Development 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 2010-11, the agency continued to focus on executive development and conducted training in performance feedback and management techniques. Whole-of-office staff development strategies were also implemented, including in-house training for all staff on the following topics:

- Accountable and Ethical Decision Making
- Bullying is bad for business
- Verbal victory – Dealing with difficult customers
- EEO Law and Substantive Equality and
- Introduction to OSH.

In addition to meeting staff development objectives, the training sessions helped the agency to meet its legal and ethical compliance requirements.

A number of staff also benefited from external training opportunities.

Graduate development program

The Office of Energy selected three graduate development officers in January 2011 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 WA’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
- mentoring to support the graduate officers through the development program.

Upon successful completion of the development year, graduates have the opportunity to apply for permanent or temporary employment within the Office of Energy.

Other financial disclosures
The Office of Energy has selected 18 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 Government Officers General Agreement 2011.

There were no industrial relations issues during 2010-11.

**Workers Compensation**

One compensation claim was recorded during the financial year. That claim is now closed.

**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 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 2010-11.

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.
Expenditure on advertising, market research, polling and direct mail

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 2010-11 was $56,398
2. Expenditure was incurred in the following areas:

<table>
<thead>
<tr>
<th>Advertising agencies</th>
<th>$2,107 total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Gazette</td>
<td>$2,107</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Media advertising organisations</th>
<th>$52,566 total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adcorp Australia Limited</td>
<td>$46,889</td>
</tr>
<tr>
<td>Sensis Pty Ltd</td>
<td>$3,577</td>
</tr>
<tr>
<td>LexisNexis</td>
<td>$2,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct mail organisations</th>
<th>$1,725 total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salmat Business Force Pty Ltd</td>
<td>$1,725</td>
</tr>
</tbody>
</table>

| Market research organisations  | $ 0          |
| Polling organisations          | $ 0          |

| Total advertising expenditure  | $56,398 total |

Disability access and inclusion plan

The Office of Energy’s Disability Access and Inclusion Plan 2011-2015 was reviewed in early 2011 and is expected to be authorised late 2011. 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, a public authority
• have the same opportunities as other people to access the buildings and other facilities of a public authority
• receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it
• receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority
• have the same opportunities as other people to make complaints to a public authority
• have the same opportunities as other people to participate in any public consultation by a public authority
• have the same opportunities as other people to seek employment with the agency.

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
• identifying ways to develop and maintain the agency’s website to improve readability of information for people with disabilities.
Compliance with Public Sector Standards and Ethical Codes

Human Resources 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 was one Breach of Standard claim lodged in 2010-11. This claim was investigated and finalised by Public Sector Commission (PSC). The Office Of Energy is working with the PSC to ensure that compliance with the standards or processes are achieved before a final decision is made, 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.

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 relevant legislation 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 the Plan were considered
- completed an audit and data cleansing program of the information management system
- commenced a review of the agency’s Thesaurus
- 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 2011, the actual percentage representation at the Office of Energy was as follows:

- women in management – 19.5 per cent
- people from culturally diverse backgrounds – 25.6 per cent
- Indigenous Australians – 0 per cent
- people with disabilities – 4.7 per cent and
- youth – 1.4 per cent

During 2010, 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 2011-15 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.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target 2010-11</th>
<th>Actual 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fatalities</td>
<td>Zero (0)</td>
<td>Zero (0)</td>
</tr>
<tr>
<td>Lost time injury/disease (LTI/D) incidence rate</td>
<td>Zero (0) or 10% reduction on previous year</td>
<td>Zero (0)</td>
</tr>
<tr>
<td>Lost time injury severity rate</td>
<td>Zero (0) or 10% reduction on previous year</td>
<td>Zero (0)</td>
</tr>
<tr>
<td>Percentage of injured workers returned to work within 28 weeks</td>
<td>Actual percentage result to be reported</td>
<td>N/A</td>
</tr>
<tr>
<td>Percentage of managers trained in occupational safety, health and injury management responsibilities</td>
<td>Greater than or equal to 50%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The agency’s Occupational Safety and Health (OSH) 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 were three changes to the committee during 2010-11.

Members of the OSH Committee are scheduled to undertake 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 operations 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 are updated regularly. Training in emergency procedures, including building evacuation and Office of Energy health training, was undertaken regularly during the reporting period.

The Office of Energy's OSH management system is being worked on to develop a verifiable set of plans, actions and procedures assist both the agency and its employees to clearly identify their occupational health and safety responsibilities and manage them in an organised manner.

The agency undertook an external assessment of its occupational safety and health management system in June 2011. The recommendations from this assessment will be acted upon in 2011-12 to build on the commitment and efforts displayed by management and employees to meet the required standard as required under the WorkSafe Plan.
Appendix

Publications

- Strategic Energy Initiative, *Energy2031 Directions Paper*
- Tariff Concession Framework Review Issues Paper
- Gas Tariffs Review - Draft Recommendations Report
- Freedom of Information Statement
- Review of Implementation Options – Gas Contingency Services for Small-Use Customers in the Gas and Electricity Markets
- Renewable Energy Handbook WA 2010
- WAEnergy Resources & Infrastructure Map

Clean energy brochures

The brochures below are available in pdf format on our website www.energy.wa.gov.au. All requests for bulk copies should be directed to enquiries@energy.wa.gov.au.

Ways to Live Energy Smart

- Cooking
- Saving Energy in Hot Climates
- Simple Ways to Save Energy
- Take the Energy Challenge Checklist
- 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

Information tools

- Orientate Your Home Compass Card

Feed-in tariff factsheets

- Changes to the WA Residential Feed-in Tariff Scheme
- Net Feed-in Tariff Scheme
- Feed-in Tariff Scheme - Myths and misconceptions

Funding guidelines and application forms

Guidelines and application forms are available on the Office of Energy’s website for the following funding programs:

- WA Solar Water Heater Subsidy
- WA Solar Schools Program