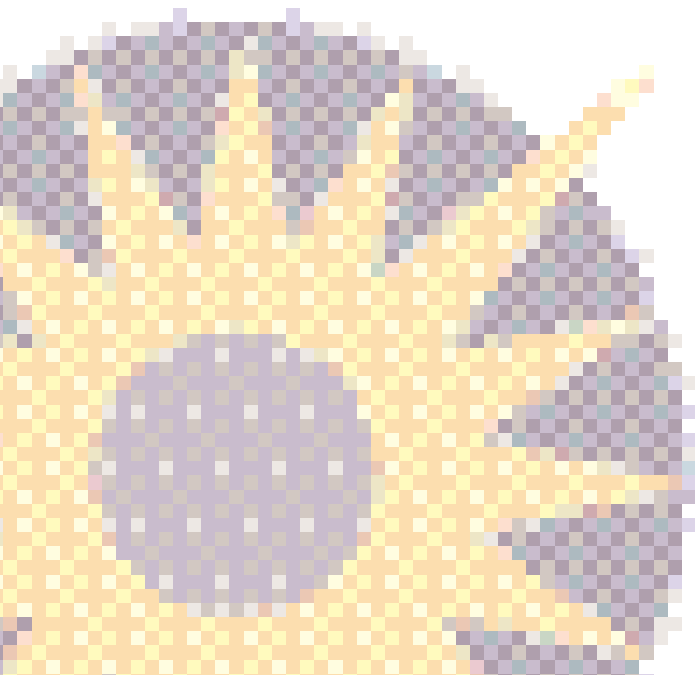


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Letter of Transmittal

In accordance with Section 62 of the Financial Administration and Audit Act 1985, I hereby submit for your information and presentation to Parliament, the Report of the Office of Energy for the financial year ending 30 June 1999.

The Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.



LES FARRANT
CHIEF EXECUTIVE OFFICER AND
COORDINATOR OF ENERGY
27th August 1999



Coordinator's Overview

The work of the Office of Energy continued to make a significant contribution to the reform of the Western Australian energy industry in 1998/99.

The announcement in June 1999 of the mechanism for the sale of the State's Gas Corporation, AlintaGas was the culmination of considerable work by a number of Office of Energy staff. Further work is now progressing to ensure that all structural and legislative issues are resolved to enable the sale to proceed subject to the passing of relevant sale legislation in the Parliament.

The Office of Energy was instrumental in the passage of the Gas Pipelines Access (Western Australia) Act 1998. This Act provides for the appointment of an Independent Regulator and Arbitrator, and the Western Australian Gas Review Board. The Office also established the public sector agency, Office of Gas Access Regulation (OffGAR) that supports the activities of the Regulator and Arbitrator.

Substantial progress was made with power supply arrangements in regional Western Australia. Electricity customers off the Western Power grid using more than 300 000 kWh per year are now able to choose their own electricity supplier where available. A competitive power procurement process to supply Western Power with bulk power for its regional systems was also initiated in accord with the Government's policy announcement of June 1998.

The Office was also busy implementing improvements to the energy technical and safety regulatory regime in WA. The Gas Standards Regulations in relation to Gasfitting and Consumers' Gas Installations were updated and guidelines for electricity transmission and distribution work in WA were issued.

The Office commenced two new strategies to assist in mitigating Greenhouse emissions from energy. These were the development of a support program for the commercial and industrial sectors to help maximise the efficiency of energy use and the investigation of feasibility for energy performance contracting in government agencies.

Finally, I was particularly pleased that the efforts of staff of the Office of Energy in responding to the Exmouth and Moora emergencies were recognised with the receipt of a Spirit of WA Award.

I continue to be impressed with the outstanding efforts of staff in contributing positively towards the achievements of the Office in securing real reform in the energy industry. I take this opportunity to thank them all for their efforts during 1998/99.

A handwritten signature in blue ink that reads "Les Farrant".

LES FARRANT
CHIEF EXECUTIVE OFFICER AND
COORDINATOR OF ENERGY

Highlights

- Cabinet approved the sale of the State-owned Gas Corporation, AlintaGas by way of a “Cornerstone/IPO” – involving the initial trade sale of up to 49% of shares in AlintaGas restructured as a company, followed immediately by a public float of the remaining shares.
- Legislation was introduced into Parliament at the end of June 1999 to facilitate the sale of AlintaGas.
- The Gas Pipelines Access (Western Australia) Act 1998 was passed by Parliament and came into effect in February 1999, providing a framework for access to gas transmission and distribution systems in the State.
- Dr Ken Michael was appointed as the first Western Australian Independent Gas Pipelines Access Regulator.
- The Office of Gas Access Regulation (OffGAR) was established by the Office of Energy to support the Regulator.
- A competitive power procurement process to supply Western Power with bulk power for its major regional systems was initiated.
- All Underground Power Pilot Projects were completed and assessment of applications for the first round of the ongoing program were finalised. Work commenced on Round 1 of the successful proposals for the ongoing program.
- Regulations for access to Western Power’s regional distribution networks were put into effect to allow off grid Western Power electricity customers using more than 300,000 kWh per year to choose their own electricity supplier where available.
- The cost effectiveness of energy related measures in the National Greenhouse Strategy, when applied to energy supply and use in Western Australia, was analysed in a study commissioned by the Office as part of its contribution to the Western Australian Greenhouse Council.
- The Energy Efficiency Awards program was expanded with the securing of commercial sponsorship and a new Energy Achiever Award.
- Two new programs addressing energy efficiency commenced as an initial strategy towards mitigation of Greenhouse emissions from energy supply and use:
 - development of a support program for the commercial and industrial sectors to help maximise the efficiency of energy use, and
 - investigation of the feasibility for energy performance contracting in government agencies.
- Complete updating of the Gas Standards Regulations 1983 was achieved, with the promulgation of the Gas Standards (Gasfitting and Consumers’ Gas Installations) Regulations 1999, effective from 1 May 1999.
- Guidelines for Electricity Transmission and Distribution Work in WA were issued by the Director of Energy Safety to establish clear, minimum safety standards for the electricity supply industry.
- Recognition of the work of Office of Energy staff for their response to the Exmouth and Moora emergencies, through the state emergency management framework.



Overview of the Western Australian Energy Industry

ENERGY RESOURCES

Western Australia possesses an abundant supply of fossil fuel resources, particularly coal and natural gas. Black coal accounts for around 49 per cent of total fossil fuel resources within the State, with natural gas accounting for around 40 per cent and growing. Coal is mined in the Collie basin in the State's south-west for domestic use only, mainly for electricity generation.

Natural gas is used domestically, principally in resource processing and electricity generation, and is also exported in the form of liquefied natural gas (LNG). The major fields producing natural gas are located within the Carnarvon basin in the State's north-west.

The diverse environment across the State provides the opportunity to harness hydro, solar, wind, tidal and biomass as principal renewable energy resources.

ELECTRICITY AND GAS SUPPLIERS

Western Power is the principal generator, transmitter and distributor of electricity within Western Australia (Western Power is the Government-owned electricity corporation established under the Electricity Corporation Act 1994). A number of private companies throughout the State also generate electricity, although this is primarily to supply their own mining, mineral processing or other operations.

In 1998/99 private generation accounted for about 39 per cent of total electricity generation capacity

within the State. Western Power is currently the major supplier of electricity to the residential and commercial markets.

Larger electricity customers are able to choose their own electricity supplier in accordance with the relevant electricity transmission and distribution access timetables. By 1 January 2000, electricity customers having at least 1 MW of electricity demand on average will be free to choose their own supplier.

AlintaGas is currently the only supplier of natural gas to the residential market in the State's southwest (AlintaGas is the Government-owned gas corporation established under the Gas Corporation Act 1994).

Larger gas customers are free to choose their own gas supplier in accordance with the relevant gas transmission and distribution access timetables. By 1 July 2002, all gas customers in the State will be free to choose their own gas supplier. The Government has proposed to privatise AlintaGas by mid-2000.

ENERGY INFRASTRUCTURE

While there are some privately owned electricity transmission and distribution networks within the State, the major electricity networks are owned by Western Power. These include the South West Interconnected System and the North West Interconnected System. Western Power also owns and operates a number of isolated regional power systems.

There are currently four major natural gas transmission pipelines supplying the Western Australian gas market:

- the Dampier to Bunbury Natural Gas Pipeline (DBNGP) - which transports gas from the Carnarvon basin to customers in the Geraldton, Perth, Mandurah and Bunbury areas;
- the Goldfields Gas Pipeline (GGP) - which transports gas from the Carnarvon basin to customers in the Pilbara and Eastern Goldfields regions;
- the Parmelia Pipeline - which was established to transport gas from various fields in the Perth Basin to customers in the State's South West; and
- the Pilbara Energy Pipeline - which transports gas from the Carnarvon basin to Port Hedland.

Another major downstream transmission pipeline, the recently completed Mid-West Pipeline, will bring gas to the previously untapped market of Mid-West Western Australia.

RECENT DEVELOPMENTS IN THE ENERGY INDUSTRY

Energy Intensive Projects

Significant private sector commitment continues to be made in power generation facilities using natural gas transported along the Goldfields Gas Pipeline. Two gas-fired power stations were commissioned during 1998/99 to provide power to the Murrin Murrin and Cawse Nickel mines, owned by Anaconda Nickel and Centaur Mining and Exploration respectively.

Several power stations have also been constructed in the State's southwest, including a gas-fired power station at TiWest's operations in Kwinana and a coal-fired power station at Collie. A gas-fired power station at Worsley Alumina's operations near Collie is being constructed.

Other developments significantly impacting on the energy industry include: BHP Minerals' DRI plant at Port Hedland; the expansion of Alcoa of Australia's Wagerup alumina refinery in the State's South West; Wesfarmers CSBP's new ammonia project at Kwinana; and the future petrochemical project being considered for Dampier.

Infrastructure Ownership

During the year interests in the Goldfields Gas Transmission Joint Venture (GGTJV) were sold. Duke Energy International acquired BHP's 11.843% interest and Southern Cross Pipelines acquired both WMC's 62.664% interest and Normandy Mining's 25.493% interest. Southern Cross Pipelines, which is owned by AGL (45%), CMS Transmission Storage Company (45%) and TransAlta Energy (Australia) (10%), also acquired the lateral pipelines connecting WMC's operations to the GGP and Normandy Mining's Parkeston lateral pipeline.



Minister for Energy, Hon. Colin J. Barnett, MEC., MLA, with WA Energy Resources and Infrastructure map developed by the Office of Energy.

In December 1998 AGL acquired Centaur Mining and Exploration's gas fired cogeneration plant at Cawse. In January 1999, BHP sold to Duke Energy International its share in Pilbara Energy and all its interests in the power facilities at Port Hedland and Newman. Then in February 1999, Southern Cross Energy, owned by AGL (15%) and TransAlta Energy (Australia) (85%), completed the purchase of WMC's Western Australian power assets.

In December 1998, the Government announced its intention to sell AlintaGas – its gas utility involving retail, trading and distribution businesses. In June 1999, following deliberations by a steering committee set up to advise on the sale, the Government announced AlintaGas would be sold by way of a Cornerstone/Initial Public Offering (IPO) – involving the initial sale of up to 49% of shares in AlintaGas restructured as a company, followed immediately by a public float of the remaining shares. The sale is expected to be completed by mid-2000, with the State then having fully disengaged from ownership in the gas industry in WA.

Competition

The past year has seen a number of initiatives developed and implemented by the Government of Western Australia to increase competition within the energy industry.

In February 1999 the Gas Pipelines Access (Western Australia) Act 1998 came into effect, putting in place a State-administered national regime for access to transmission and distribution gas pipelines. Each pipeline system covered by the Act will have to put in place an access arrangement approved by the Western Australian Independent Gas Pipelines Access Regulator. The Act is designed to promote competition in gas supplies by ensuring gas suppliers and traders have access to pipelines on fair and reasonable terms.

In June 1998 a new policy for electricity supply in remote regional areas of the State was announced, opening up opportunities for private suppliers while maintaining uniform tariff arrangements for residential and small to medium business customers. In accord with that policy, a competitive power procurement process is being implemented for supply of bulk power to Western Power in regional areas including the West Kimberley, Mid-West and Esperance. Tenders are being called for this supply of bulk power to Western Power for distribution to its customers. The successful tenderers will also be able to compete with Western Power for the direct supply to larger customers.

Greenhouse issues.

All States and Territories and the Commonwealth endorsed the National Greenhouse Strategy in late 1998. A number of the measures in this strategy will have significant impact on the energy industry. Arising from the agreement reached in Federal Parliament concerning the introduction of the Goods and Services Tax from 1 July 2000, the Federal Government announced in June 1999 that there would be significant funds available in the four years from 1 July 2000 to address a number of aspects of renewable energy and greenhouse gas emissions.

The Commonwealth's agreement to the Kyoto Protocol on Greenhouse includes a requirement for retailers to increase the proportion of Australian grid-based electricity from renewable sources by 2% by 2010. Meeting this undertaking will involve a very significant cost, but it will also drive a substantial increase in non-hydro, renewable energy project activity. An advisory committee, including Commonwealth, State and Territory representatives and key stakeholders, has recommended means of implementing this measure, but there was at the end of 1998/99 no agreement on a number of

important issues. In addition, another measure to establish efficiency standards for electricity generation gives rise to a number of difficult technical and commercial problems, and these were still being assessed by jurisdictions and industry at the end of June 1999 seeking a cost-effective outcome.

These and other measures are being considered by the Western Australian Greenhouse Council, which has been formed to provide advice to the Western Australian Government on Greenhouse issues and includes representatives of industry, the community and government. Technical Panels addressing five key economic elements of the response have reported to the Western Australian Greenhouse Council. These reports are intended to be released early in 1999/00 to advance public discussion on and input to these matters which will impact on the community and economy in this State in various ways over the next decade and beyond.



Photo courtesy of Western Power



Office of Energy Profile

ESTABLISHMENT

The Office of Energy was established on 1 January 1995 under Section 35 of the Public Sector Management Act 1994. The establishment of the Office of Energy coincided with the splitting of the State Energy Commission of Western Australia (SECWA) into two corporatised state-owned energy businesses – Western Power and AlintaGas. The Office of Energy is the government agency providing policy advice to the Government on energy supply and use generally and on the activities of the state-owned energy businesses in particular. It administers regulations addressing supply, use, technical standards and safety for the energy sector.

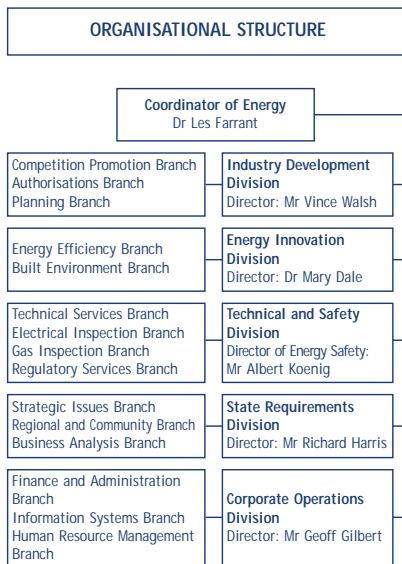
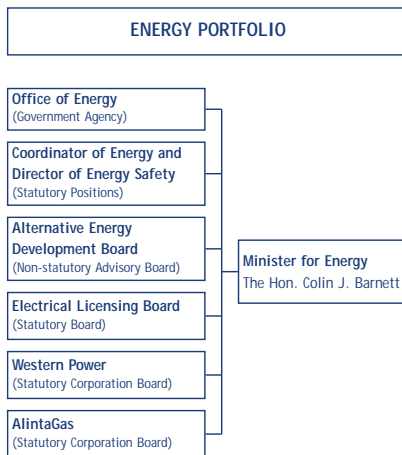
The Accountable Officer

The Accountable Officer of the Office of Energy is the Coordinator of Energy, Dr Les Farrant. Dr Farrant was appointed under the provisions of the Section 45 (1) of the Public Sector Management Act 1994 on 24 October 1995 for a period of five years.



EXECUTIVE COMMITTEE

(L-R) Mr Richard Harris, Mr Albert Koenig, Mr Geoff Gilbert, Dr Les Farrant, Mr Vince Walsh (Inset) Dr Mary Dale



LEGISLATION ADMINISTERED

By the Office of Energy

- ENERGY COORDINATION ACT 1994

The Energy Coordination Act 1994 provides for the appointment of a Coordinator of Energy and a Director of Energy Safety.

The Coordinator of Energy assists the Minister for Energy in planning and coordinating energy supply in Western Australia and authorises the provision of electricity and gas to the public from suppliers other than Western Power or AlintaGas.

The Coordinator advises the Minister on all aspects of energy policy including:

- the energy needs of the State;
- introduction and encouragement of competition;
- promotion and achievement of open access to transmission and distribution systems, which is an important element in facilitating competition;
- energy policy as a means of helping to achieve other policy objectives of Government;
- ways of achieving greater efficiency in the use of energy; and
- energy sources and methods of use, including renewable energy.

The Director of Energy Safety primarily oversees the safety needs of the community in relation to the supply and use of electricity and gas. The Director of Energy Safety is authorised, under various legislation, to deal with safety and technical issues. This includes the licensing of electricity and gas operatives and the adoption of appropriate technical standards for installations, appliances and supply systems.

LEGISLATION ADMINISTERED

By the Minister for Energy with the assistance of the Office of Energy

- ASSISTANCE BY LOCAL AUTHORITIES IN WIRING DWELLINGS FOR ELECTRICITY ACT 1953;
- DAMPIER TO BUNBURY PIPELINE ACT 1997;
- ELECTRICITY ACT 1945;
- ELECTRICITY CORPORATION ACT 1994;
- ENERGY COORDINATION ACT 1994;
- ENERGY CORPORATION (POWERS) ACT 1979;
- ENERGY CORPORATIONS (TRANSITIONAL AND CONSEQUENTIAL PROVISIONS) ACT 1994;
- FUEL, ENERGY AND POWER RESOURCES ACT 1972;
- GAS CORPORATION ACT 1994;
- GAS PIPELINES ACCESS (WESTERN AUSTRALIA) ACT 1998;
- GAS STANDARDS ACT 1972;
- GAS UNDERTAKINGS ACT 1947;
- GERALDTON MUNICIPAL GAS SUPPLY ACT 1910;
- KALGOORLIE ELECTRIC POWER AND LIGHTING CORPORATION LIMITED ACT 1902;
- LIQUEFIED PETROLEUM GAS ACT 1956;
- FREMANTLE ELECTRICITY UNDERTAKING AGREEMENT ACT 1952;
- FREMANTLE ELECTRICITY UNDERTAKING (PURCHASE MONEYS) AGREEMENTS ACT 1952;
- FREMANTLE GAS AND COKE COMPANY'S ACT 1886;
- KATANNING ELECTRICITY SUPPLY UNDERTAKING ACQUISITION ACT 1961;
- LIQUEFIED PETROLEUM GAS SUBSIDY ACT 1980;
- PETROLEUM PRODUCTS SUBSIDY ACT 1965;
- STATE ENERGY COMMISSION (VALIDATION) ACT 1978.

LEGISLATION INTRODUCED/IMPLEMENTED

The following legislation was developed and/or implemented on behalf of the government during 1998/99:

- GAS PIPELINES ACCESS (WESTERN AUSTRALIA) ACT 1998;
- GAS CORPORATION (BUSINESS DISPOSAL) BILL 1999;
- ELECTRICITY DISTRIBUTION ACCESS (REGIONAL SYSTEMS) ORDER 1998;
- ELECTRICITY DISTRIBUTION ACCESS ORDER 1998;
- ELECTRICITY DISTRIBUTION AMENDMENT REGULATIONS 1998;
- GAS STANDARDS (GASFITTING AND CONSUMERS' GAS INSTALLATIONS) REGULATIONS 1999;
- GAS STANDARDS (NATURAL GAS) REGULATIONS 1999;
- ELECTRICITY (LICENSING) AMENDMENT REGULATIONS 1999

In addition the following legislation was passed by Parliament during 1998/99 to come into effect in 1999/00 and to be administered by the office of energy.

- ENERGY COORDINATION AMENDMENT ACT 1999

ADMINISTERED FUNDS

During 1998/99 the Office administered the funding for the Office of Gas Access Regulation established to support the operations of the Regulator and Arbitrator under the Gas Pipelines Access (Western Australia) Act 1998.

MINISTER FOR ENERGY

The Minister for Energy is The Honourable Colin J Barnett, MEd, MLA. Under the provisions of the Energy Coordination Act 1994, the Minister for Energy may direct the Coordinator of Energy and Director of Energy Safety. No such direction was issued during 1998/99.

VISION

The energy needs of the Western Australian community are met safely, efficiently and economically.

MISSION

To promote conditions that enable the energy needs of the Western Australian community to be met safely, efficiently and economically.

GOVERNMENT DESIRED OUTCOME 1998/99

A safe, efficient and competitive environment for the provision of energy.

OUTPUT DELIVERY

Following are details of the Outputs delivered by the Office of Energy during the 1998/99 financial year.

OUTPUT 1:

Policy advice, information and project management for the improvement in value from energy businesses and services.

This Output is primarily delivered through the **State Requirements Division**.

Overview

- On 21 June 1999 Cabinet approved the sale of AlintaGas by way of a Cornerstone/IPO – involving the initial trade sale of up to 49% of the shares in AlintaGas restructured as a company, followed immediately by a public float of the remaining shares.
- Legislation was introduced into Parliament at the end of June 1999 to facilitate the sale of AlintaGas.
- The Gas Pipelines Access (Western Australia) Act 1998 was passed by Parliament at the end of 1998 and came into effect on 9 February 1999.
- Dr Ken Michael was appointed as the first Western Australian Independent Gas Pipelines Access Regulator.
- The Office of Gas Access Regulation (OffGAR) was established by the Office of Energy to support the Western Australian Independent Gas Pipelines Access Regulator and the Western Australian Gas Disputes Arbitrator.
- Assistance was provided to the Minister for Energy to reach an agreement with AlintaGas and Western Power on the content of their five-year Strategic Development Plans and one-year Statement of Corporate Intent.
- New regional power supply arrangements were progressed that will allow off grid Western Power electricity customers using more than 300,000 kWh per year to choose their own electricity supplier, where available.
- A competitive power procurement process to supply Western Power with bulk power for its major regional systems was initiated.
- All Underground Power Pilot Projects were completed and assessment of applications for the first round of the ongoing program were finalised. Work commenced on Round 1 of the successful proposals for the ongoing program.
- Strategies designed to improve the delivery of power services to remote Aboriginal communities were developed further.



Photo courtesy of Western Power



SALE OF ALINTAGAS

In December 1998 the Minister for Energy announced the Government's intention to sell by mid-2000 100% of the Gas Corporation, AlintaGas, the state-owned gas utility.

At that time the Government also established the AlintaGas Sale Steering Committee (ASSC) to report back to the Minister for Energy by June 1999 on the structure, method and timing of the sale of the corporation. The ASSC comprises Dr Des Kelly (Chair) and the CEO's of the Office of Energy, Treasury and AlintaGas.

Following the ASSC's report to the Minister for Energy in June 1999, State Cabinet on 21 June 1999 approved the sale of AlintaGas by way of a Cornerstone/Initial Public Offering (IPO) – involving the initial trade sale of up to 49% of shares in AlintaGas restructured as a company, followed immediately by a public float of the remaining shares. The cornerstone shareholder will be prevented from buying or selling shares for 2 years and during that period, no other individual shareholder will be allowed to own more than 5% of the total shares.

The Government also announced that it would put in place a tariff path to protect small customers in the lead up to full deregulation of the market on 1 July 2002, and a cap on standard tariffs for residential customers post-deregulation.

Legislation was introduced into Parliament at the end of June 1999 to enable the sale of AlintaGas. As well as the conditions listed above, the legislation also provides for AlintaGas to remain headquartered in Western Australia and for its Chief Executive Officer and a majority of its Board to be ordinarily resident in Western Australia.

THIRD PARTY ACCESS TO GAS PIPELINES

The Western Australian Parliament passed the Gas Pipelines Access (Western Australia) Act 1998 on 23 December 1998. The Act was proclaimed by the Governor and came into effect on 9 February 1999. The Office instructed Parliamentary Counsel in the drafting of the Bill and assisted the Minister for Energy in amending the Bill so as to secure its passage through Parliament.

The Act implements the National Third Party Access Code for Natural Gas Pipeline Systems (the Code) in Western Australia. It is aimed at addressing the strong negotiating position of monopoly pipeline owners and allowing shippers of gas to negotiate access arrangements on fair and reasonable terms.

The Act establishes the statutory positions of a Western Australian Independent Gas Pipelines Access Regulator (the Regulator), a Western Australian Gas Disputes Arbitrator (the Arbitrator), and a Gas Review Board.

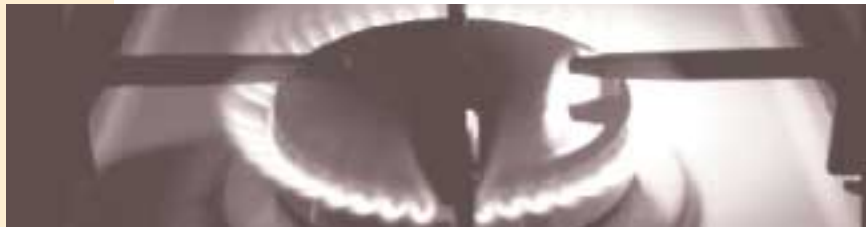


Photo courtesy of AlintaGas

The owners of pipelines covered by the Code are required to submit access arrangements to the Regulator. The Regulator reviews proposed access arrangements, conducts public consultations, and may require amendments to be made to the access arrangements. Ultimately the Regulator can, if necessary, impose an access arrangement on the pipeline owner. Decisions by the Regulator can be appealed to the Gas Review Board.

The Arbitrator will adjudicate between parties in disputes after access arrangements under the Code are in place.

The Office assisted in the recruitment of the Regulator and the Arbitrator. The Governor appointed Dr Kenneth Michael AO to the position of Regulator on 1 June 1999. A recruitment process has taken place for the position of Arbitrator and an appointment is pending.

The Office also assisted in the establishment of the supporting office to the Regulator and the Arbitrator – the Office of Gas Access Regulation (OffGAR). The Office has entered a continuing Service Level Agreement with OffGAR to provide administrative support services

BUSINESS STRATEGIES FOR GOVERNMENT ENERGY CORPORATIONS

Western Power and AlintaGas are each required under provisions of respectively the Electricity Corporation Act 1994 and the Gas Corporation Act 1994 to produce annually a Strategic Development Plan (SDP) and a Statement of Corporate Intent (SCI). The SDP is confidential and covers five years of forward planning. The SCI is a public document and covers only one year and must be consistent with the SDP. These documents are required to be agreed between the Minister and the Board of the respective corporation, with the concurrence of the

Treasurer. The Office assisted with this process again in 1998/99 through discussions with all the relevant parties on the contents of the draft documents.

The Office also monitored the performance of AlintaGas and Western Power and provided commentary to the Minister in support of his role as representing the State as owner. This involved reviewing and providing analysis and advice on the quarterly and annual reports of AlintaGas and Western Power, and other related documents including those seeking the Minister's agreement to substantial contracts, as required by the legislation.

REGIONAL AND REMOTE POWER

Regional Power Supply

In June 1998 the Minister for Energy announced the Government's new policy in relation to regional power supply arrangements. During 1998/99, these arrangements, which are designed to reduce the costs and thereby to mitigate any losses made by Western Power in supplying electricity in off grid areas, were progressed. The losses are exacerbated by the Federal Government's determination to retain excise on distillate fuel used in remote power stations. The losses for 1998/99 have been estimated at \$30 million.

In October 1998 the Government commenced a power procurement process for the supply of bulk power to Western Power on a contractual basis for distribution to its customers in regional non-interconnected areas. This is a two-stage process with the first stage being an expression of interest (EOI) process, which is essentially a pre-qualification stage. The second stage is for short-listed bidders to tender to supply.

The power procurement process is being managed by a Steering Committee responding to the Minister for Energy. The Committee is chaired by

an independent person, Dr Des Kelly, and also comprises the Chief Executive Officers of the Office of Energy and Western Power. The Steering Committee is assisted by a working group with Office of Energy and Western Power involvement. A Probity Auditor from the State Supply Commission oversights the process.

The West Kimberley region, covering the towns of Broome, Derby, Fitzroy Crossing, Camballin and Halls Creek, was the first region to undergo this process with an EOI in October 1998. An EOI for the Mid West region covering the towns of Yalgoo, Mt Magnet, Cue, Meekatharra, Sandstone and Wiluna followed, with an EOI also called for the Esperance region that included the towns of Esperance and Hopetown.

On 19 April 1999 the first tender, for the West Kimberley region, closed with 6 short-listed bidders submitting proposals. The preferred bidder(s) will then be invited to enter negotiations to enter a power purchase agreement with Western Power.

Tender documents for the Mid West Region were issued during June 1999 to those bidders that prequalified from the EOI process.

It is anticipated that the procurement process for these three regions will be progressively finalised during the 1999/2000 financial year.

The Office also participated on the Regional Development Policy Steering Committee, which was established to develop a draft policy that set out objectives and strategies to maximise regional development opportunities and make real improvements over time in living standards and conditions for families and businesses in regional areas.

Photo courtesy of Western Power

Essential Services for Remote Areas

In order to improve the provision of electricity supply and water services to remote Aboriginal communities, the Office, jointly with other agencies, considered strategies and new arrangements for delivery of these essential services.

The Office participated in a number of committees involved in the provision of services to remote Aboriginal communities including:

- Aboriginal Community Essential Services Steering Committee and related Working Groups;
- Aboriginal Affairs Coordinating Committee;
- Wunan (Kununurra) Housing and Essential Services Sub-Committee; and
- Ngarda-Ngarli-Yarndu (Pilbara) Housing and Essential Services Sub-Committee.

The Office also provided technical advice on the options associated with electricity supply available to remote communities.

The Remote Area Essential Services Program (RAESP) continued its operations throughout 1998/99. The RAESP is managed by the Contracted State Program Manager (CSPM) who reports to a Steering Committee and is accountable to the



Aboriginal Affairs Department (AAD) and the Aboriginal and Torres Strait Islander Commission (ATSIC) in respect of programs provided by these agencies.

The CSPM contract is half way through its term and a mid-term review is underway and expected to be completed by October 1999.

Regional Service Providers (RSP) were selected in 1997/98 to be responsible for the contract work associated with the repair and maintenance component of the RAESP to remote Aboriginal communities. The RSP were contracted on 25 May 1998 and commenced operations on 1 July 1998.

In May 1999 the development of an education package for use in town reserves and remote Aboriginal communities was finalised.

The package aims to:

- assist Aboriginal communities to reduce current energy use and therefore reduce power costs;
- introduce the concept of individual meters as a tool to improve the management of community resources; and
- ensure that the introduction of individual meters is accompanied by an increased awareness of power usage and improved consumption habits by the residents of Aboriginal communities.

The education package involves a three-stage process - development, production and delivery. It comprises of written literature, brochures, stickers, presentation aids and training of deliverers. The production and delivery phase of the package will follow in 1999/2000.

Work has commenced on undertaking an energy audit and fuel study to determine benchmarks for energy use and fuel efficiency in designated remote Aboriginal communities. This project will be finalised during 1999/00 and is expected to form part of the groundwork for further initiatives designed to improve the delivery of power to remote Aboriginal communities.

PLACING OVERHEAD CABLES UNDERGROUND

Underground Power

The Government has a long-term commitment to undergrounding overhead power distribution lines to half of Perth's houses by 2010, with corresponding implementation in regional areas. All new sub divisions have underground power distribution systems and a program has been put in place to convert overhead distribution systems to underground ones in established areas. This will occur over time, and is being jointly funded with local authorities.

By 30 June 1999 all Pilot Projects for undergrounding existing overhead power lines had been completed.



Photo courtesy of Western Power



A Steering Committee comprising representatives of the Office of Energy, Western Power and the Western Australian Municipal Association, provided advice to the Minister for Energy on the assessment of submissions from local authorities to the ongoing State Underground Power Program. On 28 August 1998, the Government announced the councils that would participate in Round One of the ongoing program.

The ongoing State Underground Power Program has the following features:

- State sources (including Western Power) will fund half of the costs of underground power projects, with local authorities funding the other half;
- State commitment of \$27.5 million till 2000/01, with the intention of the program then continuing;
- the program covers Major Residential Projects, typically of 1000 lots each, and smaller Localised Enhancement Projects to address areas such as main streets and important tourist precincts; and
- a facility for low interest loans to local authorities, where needed, to assist them to finance their share of underground power project costs.

Round One of the program covers 2 financial years. Approximately 9000 households across 7 council areas will be converted to an underground distribution network under the Major Residential Projects part of the program. A further 6 Councils were selected to participate in the Localised Enhancement Projects.

By 30 June 1999 the Major Residential Projects of Cottesloe (West), Peppermint Grove and Swanbourne were almost completed. The Dalkeith project commenced during June 1999. In addition, the Woodlands/Doubleview projects are imminent and the South Perth/Como and East Fremantle projects were scheduled to commence before Christmas 1999. During the year ending 30 June

1999, the Localised Enhancement Projects of Dowerin and Collie were also completed.

Telecommunications Overhead Cabling

During 1998/99, the Office continued to participate in a National Working Group to examine the issue of placing all existing aerial power distribution and communications cabling underground.

The National Working Group developed a discussion paper on the issue, which included such matters as funding options, costs and benefits, technical issues and regulatory approaches. The discussion paper was circulated to stakeholders and made available to the public for comment by August 1998. The Federal Minister for Communications and the Arts tabled the final report at the end of 1998.

OUTPUT 2:

The advancement of competitive market conditions within the State's energy industry.

This Output is primarily delivered through the **Industry Development Division**.

Overview

- The Coordinator of Energy gave a total of 18 approvals for the establishment of new gas and electricity undertakings.
- Work continued on developing and implementing a gas licensing regime to provide for authorising gas reticulation and retailing companies consistent with amendments to the Energy Coordination Act passed by Parliament in June 1999.
- Promotional activities aimed at encouraging diverse energy market participation included:
 - Publication of "Freedom to Choose", an electricity access user's guide;
 - Publication of two editions of "Energy News WA"; and
 - Preparation of an energy resources and infrastructure map.
- Arrangements for third party access to Western Power's regional distribution systems down to the 300,000 kWh per year user level were put in place, with work to resolve Western Power's charging mechanisms continuing.
- Reticulation of gas to Kalgoorlie-Boulder by AlintaGas was 85% completed.

ACCESS TO ENERGY INFRASTRUCTURE

Energy Infrastructure Access Timetable

GAS

The program of expanding third party access to AlintaGas's high-pressure distribution system and to the Dampier to Bunbury Natural Gas Pipeline,

now owned by Epic Energy, continued. The forward program is:

- 1 January 2000 - customers consuming at a single site at least 100 TJ/year of gas will have access;
- 1 January 2002 - customers consuming at a single site at least 1 TJ/year of gas will have access; and
- 1 July 2002 - unrestricted access down to household level.

The Office provided advice to AlintaGas in connection with the development of an access arrangement submitted by AlintaGas to the Independent Gas Pipelines Access Regulator at the end of June 1999. The access arrangement is intended to provide for access from 1.1.2000 to contestable customers in accord with the forward program of market liberalisation.

ELECTRICITY

Access to Western Power's electricity distribution system for supply to contestable customers was extended on 1 July 1998 and access to the regional system was available from 1 January 1999. Western Power's transmission system has been open to access since 1 January 1997. The program for access to the distribution system and to the regional systems is shown below.

- 1 July 1998 – customers with an average annual load greater than 5MW at a single site have access;

- 1 January 1999 - customers in the regional systems with an annual electricity usage of more than 300,000kWh (average annual load of 0.034MW) at a single site have access; and
- 1 January 2000 – customers with an average annual load greater than 1MW at a single site have access.

1 to 5 MW Electricity Access Customers

The electricity network access arrangements are being reviewed and revised to encourage access by smaller customers who have annual average loads in the 1 to 5MW range. This work is in anticipation of approximately 100 of these customers becoming contestable on 1 January 2000.

Access to Regional Electricity Network

As of 1 January 1999 customers who use over 300,000kWh per year can have access to Western Power's regional networks. Typical customers who would be eligible for access include hotels, supermarkets and large fast food outlets. Western Power's regional electricity network covers the 29 isolated systems that are not connected to either the south-west network or the north-west (Pilbara) network. These isolated systems include Broome, Carnarvon, Meekatharra and Esperance.

As part of the open access process, the Office of Energy, with assistance from independent consultants, undertook a review of Western Power's asset valuation and pricing for access to the regional electricity networks and is seeking changes by Western Power.

ELECTRICITY ACCESS STEERING COMMITTEE/ CONSULTATION COMMITTEE

The Electricity Access Steering Committee (EASC), a joint committee comprising representatives from the Office of Energy and Western Power, has responsibility to advise the Minister for Energy on

electricity access arrangements and to oversee their implementation. Under the auspices of EASC, a public consultation committee, the Electricity Access Consultation Committee (EACC) advises EASC on the operation of the Western Australian electricity transmission and distribution access regimes. EACC is chaired by the Office of Energy and consists of representatives from Western Power, electricity producers, electricity consumers and regional organisations.

REGIONAL ACCESS WORKING GROUP

A public consultation committee, the Regional Access Working Group (RAWG), was established as a working group of EASC to publicly review the proposed open access regime to Western Power's regional isolated distribution networks. RAWG advises the Electricity Access Steering Committee on matters associated with access to Western Power's regional networks.

NEW GAS ACCESS PRICING LEVELS

The Office of Energy reviewed AlintaGas' proposed access prices for 1998/99 for access to its high pressure gas distribution network and provided advice through the Coordinator of Energy to the AlintaGas Board.

NEW ELECTRICITY ACCESS PRICING LEVELS

The Office of Energy reviewed Western Power's proposed access prices for 1999/2000 for access to its electricity transmission and distribution networks and provided advice through the Coordinator of Energy to the Western Power Board.

INDUSTRY PROMOTION

“Users Guide” for Access to Western Power’s Electricity Networks

A booklet, entitled “Freedom to Choose”, was produced to provide background information on how third parties can make use of Western Power’s electricity networks. The booklet was launched in late June 1999 at a forum organised by TransAlta for electricity users who could make use of the 1 to 5 MW access level.

ENCOURAGING PRIVATE SECTOR PARTICIPATION IN ENERGY SUPPLY

Additional Natural Gas Pipeline Capacity for the South West

After concluding the sale of the Dampier to Bunbury Natural Pipeline (DBNGP) the Government committed to provide \$40 million from the sale proceeds to expand the State-owned corridor in which the DBNGP is located, and undertook an

expressions of interest process for additional natural gas pipeline capacity between the north-west and south-west of the State. The Office of Energy has been involved in the conduct of initial registrations of interest and in the preparation of an Information Memorandum that forms part of an expression of interest process involving three interested parties, with submissions to be lodged in October 1999.

Review of Access Applications

The Office of Energy lodged a submission with OffGAR to assist the Regulator in considering CMS Gas Transmission of Australia’s proposed access arrangements for its Parmelia Pipeline pursuant to the National Third Party Access Code for Gas Pipelines (The Code). The Office anticipates lodging further submissions with OffGAR when other parties in Western Australia, including AlintaGas, lodge their proposed access arrangements under the Code.

GREENHOUSE ISSUES – POWER GENERATION

The Office participates in the working group, comprising Federal, State and industry representatives, addressing the greenhouse measure “Efficiency Standards for Power Generation”. This greenhouse mitigation measure is one of a number of measures in the Prime Minister’s November 1997 Statement, “Safeguarding the Future: Australia’s Response to Climate Change”.

The objective of the measure is to achieve movement towards best practice in the efficiency of electricity generation conversion by implementing efficiency standards for different fossil fuel classes, so as to deliver reductions in the greenhouse gas intensity of electricity supply. The working group has consulted with stakeholders and commissioned technical consultancies in developing standards and the means by which these standards could be implemented by 1 January 2000.



Photo courtesy of Western Power



AUTHORISING NEW ELECTRICITY AND GAS MARKET PARTICIPANTS

The Coordinator of Energy has a statutory responsibility for authorisation of private sector participants in the supply of electricity and gas within Western Australia. The Office conducted assessments of applications received from the private sector to:

- establish new gas undertakings under section 55(1)(b) of the Energy Corporations (Powers) Act 1979; and
- establish electricity facilities under section 7 of the Electricity Act 1945 to generate, transmit or distribute electricity and interconnect with an existing supply authority.

A total of 11 approvals were given by the Coordinator of Energy during 1998/99 for the establishment of new gas undertakings.

The Coordinator of Energy also authorised the establishment of 7 new privately owned power stations.



Photo courtesy of Western Power

Commercial Gas and Electricity Approvals, 1998/99*

Gas	No.	Electricity	No.
AGL Pipelines	1	AGL (Cawse) Power Pty Ltd	1
Epic Energy	1	Southern Cross Energy	1
Western Power Corporation	1	Curtin University of Technology	1
CMS Gas Transmission of Australia	6	Appropriate Technology Development Group	1
Southern Cross Energy	1	South West Cogeneration Joint Venture	1
Mid-West Pipeline Partnership	1	Alcoa of Australia	1
		Onslow Electric Power Pty Ltd	1

* Note: This table does not include residential approvals under Western Power's Renewable Energy Buyback Scheme.

GAS DISTRIBUTION AND TRADING LICENSES

On 24 June 1999 the Energy Coordination Amendment Act 1999 (the Act) received Royal Assent. The Act will take effect from a date to be proclaimed which is expected to be in August 1999.

The Act provides for the licensing of gas distributors and traders for supply of gas through pipelines operating at less than 1.9 MPa to customers taking less than 1 TJ per year. It provides for the grant of land access powers to holders of distribution and trading licenses, for gas to be supplied to small customers on a fair and equitable basis, for reliability of supply by ensuring technical and financial capability of license holders, for a public interest test to be applied in the granting of licenses, and for customer service standards to be established and maintained.

The new gas licensing regime seeks to balance the interests of gas producers, transporters and small consumers through gas trading and distribution licensing arrangements that are generally consistent with those in other States.

INDUSTRY PROMOTION

Publications

During 1998/99 the Office of Energy produced two editions of its periodic newsletter Energy News WA. The purpose of the newsletter is to detail and publicise current energy competition policy and reform initiatives within Western Australia.

The Office also commenced drafting of the fifth edition of Energy: Western Australia, which provides a general overview of the energy sector in Western Australia. This fifth edition should be released in August 1999.

Industry Liaison

Office of Energy staff met with a number of overseas, interstate and Western Australian organisations interested in participating in the domestic energy market.

The Office responded promptly to requests from industry seeking clarification or interpretation in relation to the implementation of Government policy in the area of gas and electricity approvals, particularly in regard to legislation requirements and application methodologies, and in relation to competition policy and third party access arrangements for monopoly elements.



OUTPUT 3:

Development, introduction and ongoing support of worthwhile initiatives in renewable energy and energy use.

This Output is primarily delivered through the **Energy Innovation Division**.

Overview

- The Home Energy Line has continued to provide a popular telephone information and mailout service.
- Measures for reducing the growth in greenhouse gas emissions from the supply and use of energy in Western Australia have been developed and analysed, and work is continuing on implementation plans.
- The annual Energy Efficiency Awards were for the first time assisted by sponsorship from the commercial sector. The new Energy Achiever award was introduced.
- Funds were provided under the Financing Efficient Energy Use scheme for projects to reduce energy consumption in Government buildings, with predicted ongoing energy savings of \$340,000 per annum.
- Rebates were provided to 48 eligible householders under the Renewable Energy Remote Area Power Systems (RAPS) scheme and a review of the scheme was completed.
- Plans were developed for the introduction of Minimum Energy Performance Standards and improvements to the existing "Star Rating" label system for appliances.
- 27 Alternative Energy Development Board projects are being administered and nine were completed during the year.

PROMOTIONAL ACTIVITIES

Home Energy Line

The fuel neutral and unbiased information provided by the Office through the Home Energy Line has established the popularity of this service with householders throughout the State. For the cost of a local call (except for mobile phones) from anywhere in WA, advice can be provided on a range of issues that help consumers to use energy more efficiently around the home.

The service has been promoted widely through the print media and displays at libraries and shopping centres. An information stand at the AlintaGas Homes Show at Claremont, staffed by Office personnel, was used to further promote the Home Energy Line and other Office of Energy services.

Client surveys have shown a consistently high satisfaction rating for the information provided both over the telephone and in follow up mailouts.

Energy Efficiency Awards

Hosted by the Minister for Energy at a function on 3 June 1999, the awards recognise and publicise the achievements of local business, government agencies and community groups in improving energy efficiency or increasing the use of renewable energy

For the first time commercial sponsors supported the awards and a new category of "Energy Achiever" was introduced by the major sponsor, Honeywell Ltd. The other sponsors for 1999 were AlintaGas, Western Power, 6PR, the Chamber of Commerce and Industry WA, the Alternative Energy Development Board and Street Design.

WA ENERGY EFFICIENCY AWARDS 1999 Winners

Overall Winner:

Commercial Buildings and Perpetual Trophy
West Australian Newspapers Limited for
Newspaper House.

Energy Achiever

Rob Horn, principal of Available Energy
Consultants.

Planning, Transport and Infrastructure

Ellenbrook Management Pty Ltd for
Coolamon, an energy efficient village.

Industry

Solahart Industries Pty Ltd for saving
energy on the factory floor.

Education and Community Based Programs

Noranda Primary School for developing an
energy conservation culture.

Innovation

Steens Gray and Kelly Pty Ltd for use of a
chiller for heating aquatic centres.

Energy Matters Magazine

The Office produced one issue of Energy Matters. The magazine promotes successful energy efficiency and renewable energy projects to a diverse readership, including business and industry, community

groups, State and local government agencies and individuals.

Ongoing reader surveys show a continued high satisfaction rate, based both on the timeliness and the quality of the content of the magazine.

International Meeting

In February 1999 the Office of Energy coordinated an international biannual meeting in Fremantle for the Energy and Environmental Technologies Information Centre (EETIC). EETIC is a program of the International Energy Agency (IEA).

This was only the second time an EETIC meeting had been held in the Southern Hemisphere. There were 17 representatives from countries including Belgium, France, the Netherlands, Denmark, Sweden, Norway, UK, Canada, Japan, the Republic of Korea and Australia.

Building Programs

Enhancement of the Nationwide House Energy Rating Scheme (NatHERS) has continued and a simpler rating tool called FirstRate is scheduled for introduction with support of the Housing Industry Association at the end of 1999. FirstRate will complement the existing NatHERS software package, which is used to assess the energy efficiency of house designs, and to award a star rating to allow homebuyers to readily compare relative comfort and energy efficiency of designs.

The Office has given presentations to local government and the building industry on the use of NatHERS and FirstRate as tools to assist in improving the energy efficiency of new houses, extensions and renovations.

Sponsorship was provided for an energy efficient transportable homes design competition for final year student draftsmen at Leederville TAFE.



GREENHOUSE GAS ABATEMENT

Managing Greenhouse Gas Emissions

The Office of Energy has provided advice to the Minister for Energy regarding the development of a National Greenhouse Strategy and a series of associated implementation plans. The Office was represented on the national Renewables Target Working Group, which was established to investigate possible ways to require electricity retailers and large buyers to source an additional 2 per cent of their electricity from renewable sources by the year 2010. This group prepared a report which has been widely circulated. The Office was also represented on the Efficiency Standards Working Group, which has considered measures to implement efficiency standards for power generation.

In 1998 Cabinet established a number of Technical Panels, comprising representatives of industry, government and the community, to provide advice to the Western Australian Greenhouse Council, on which the Office of Energy is represented. The Coordinator of Energy chairs the Energy Supply and Use Technical Panel, which is administered by the Office of Energy. The Office is also represented on the Industry and Waste Management Technical Panel.

The Office commissioned a study to estimate the costs to Western Australia of implementing relevant measures described in the National Greenhouse Strategy, and the extent of the emissions likely to be abated as a consequence of implementing these measures. This study formed the basis of a report from the Energy Supply and Use Technical Panel to the Western Australian Greenhouse Council. The report identified a number of opportunities for reducing the growth in greenhouse gas emissions in a cost effective way, but suggested that the reductions from the measures contemplated would not be sufficient to counteract the effect of increased population and industry growth. The

Western Australian Greenhouse Council is to release the report in August 1999.

Industry Program

The Office of Energy commenced working with industry to assist with improvements in energy efficiency of commercial and industrial operations in the State. A new position was established in the Office to manage this program and provide the necessary information and resources.

Sponsorship funds were provided to the Warren Centre for Advanced Engineering to assist with a seminar on energy efficiency in the industrial sector, held in Perth in November 1998. The Office also assisted the Australian Greenhouse Office in the development of an Energy Efficiency Best Practices program to be run in all States.

Energy Efficiency Labelling of Domestic Appliances

The Office worked with the Australian Greenhouse Office and the technical and safety regulators of other States and Territories to consolidate Australia's appliance and equipment energy efficiency program through the National Appliance Equipment Energy Efficiency Committee.

FUNDING EFFICIENCY & RENEWABLE ENERGY

Public Sector Agencies

The Office continued to administer funding for the Financing Efficient Energy Use (FEEU) scheme, which assists State public sector agencies to use energy more efficiently. Ten energy efficient capital works investment projects were allocated funding totalling \$506,000, and a further \$13,350 was provided for three energy audits. The most significant project involved a major upgrade to the building management system at the Alexander Library. Other projects included installation of variable speed drives at Royal Perth and Sir Charles

Gairdner hospitals, a number of air-conditioning and lighting upgrades, and a heating system for the hydrotherapy pool at Durham Road School. The predicted annual saving from this year's investment is \$340,000, with an average payback period of 1.5 years.

An information and networking seminar was arranged for energy managers from State and local government agencies. Topics presented were variable speed drive applications, lighting upgrades for multi-tenanted buildings and the Alexander Library building management system upgrade.

A program has commenced to investigate the feasibility of using energy performance contracting by the private sector to fund energy efficient capital equipment upgrades in government agencies. A new position was created in the Office of Energy to conduct the investigation and to coordinate a possible pilot project.

Renewable Remote Area Power

The Renewable Energy Remote Area Power Systems (RAPS) rebate scheme was introduced in 1997 to encourage remote households to incorporate renewable sources of electricity generation in their power systems. Under the scheme, the Office of Energy administers rebates of up to \$8,000 to eligible households for the purchase of solar (photovoltaic)

arrays, wind turbines, and associated energy control and storage equipment.

Rebates totalling \$370,000 were paid to 48 households, involving 34 kW of new renewable peak capacity and \$760,000 total investment through the WA renewable energy industry.


A survey of rebate recipients identified many advantages of the renewable energy systems, most importantly the provision of 24-hour power. However, the review revealed that improvements could be made in the information provided by suppliers, the standard of installation and reliability of the systems, and in the backup service that is provided.

ALTERNATIVE ENERGY DEVELOPMENT BOARD

The Alternative Energy Development Board (AEDB) provides opportunities for the community and industry to input into alternative energy issues. The seven member board advises the Minister for Energy and allocates grant funds to research and to demonstration projects. Its mission is to progress the development and advantageous management of energy use in Western Australia by encouraging renewable energy, energy efficiency and energy conservation technologies and strategies. The Office of Energy provides full time executive officer support and administrative support. The Coordinator of Energy is an ex-officio member of the AEDB.



Photo courtesy of Western Power



The Minerals and Energy Research Institute of Western Australia (MERIWA) is in the process of divesting its energy research funding to the AEDB. Until this is complete, the AEDB will continue to make recommendations to MERIWA on grants for energy research projects, which are then funded from MERIWA's Energy Account and administered by the Office. The Office administers roughly equivalent funding of energy education, energy demonstration and energy promotional activities on AEDB's behalf, with funding via the separate AEDB Trust Account.

AEDB Members as at 30 June 1999

Mr Frank Daly

(Chair) appointed by the Minister

Mr Michael Carr

appointed by the Minister

Dr Les Farrant

ex-officio as Coordinator of Energy

Dr Mary Dale

deputy for Coordinator of Energy

Mr Geoff Hill

appointed by the Minister

Dr Monica Leggett

appointed by the Minister

Mr Noel Schubert

appointed by the Minister

Mr Gordon Thompson

ex-officio as Managing Director of CASE

Mr Ken Butler

deputy for Managing Director of CASE

Mr Greg Elliott

Executive Officer

In February 1999 the Board reviewed the 1997 Strategic Business Plan and set short-term priorities. Medium to longer term priorities are being reviewed in the context of external factors such as increased emphasis on global climate change with a view to developing an updated Business Plan.

AEDB Projects

The AEDB gave conditional approval for a total of 19 education, demonstration and promotion projects, to a value of approximately \$300,000, from the AEDB Trust Account. Formal contracts were finalised for 11 of these projects. In addition, funding for 7 Research and Development projects to a value of approximately \$270,000 was conditionally approved from the MERIWA Trust Account with formal contracts finalised for 6. Work to finalise contracts for all approved projects is progressing. The next funding round closes on 27 August 1999.

A list of active projects is provided in the tables on the following pages. Six demonstration and three research projects were completed in 1998/99. Reports for all research and some demonstration projects are available from the Office of Energy. Where these reports can be used to promote energy efficiency they are circulated to stakeholders. For example, building owners and managers will be advised of the availability of the Variable Speed Drives (VSDs) report. AEDB funded Lincoln Scott Australia to collect and evaluate data on the energy savings attributable to the use of VSDs in air conditioning systems of multi-story buildings. It was found that on average the VSDs reduced energy consumption of air handling units by 32 per cent. The report did however show that savings were site dependent.

The AEDB supported the development of several education packages, which are available either through the Internet or from the developer.

The AEDB continued to support existing energy research scholarship winners. This year, it provided four scholarships for tuition fees for students in courses related to energy management or renewable energy at both universities and TAFE colleges.

AEDB and MERIWA Funded Projects

Major Energy Demonstration, Education and Promotion Activities Funded from the Alternative Energy Development Board (AEDB) Account & MERIWA Energy Account

Grantee	Project Description	Grants Under Contract (\$)	Project Activity in 1998/99
Swan Valley Nyungah Community	Installation and evaluation of a Remote Area Power Supply (RAPS) system for education and demonstration purposes.	50,000	Completed
Morawa Agricultural College	Solar powered RAPS installation for demonstration and education purposes, at the Morawa Agricultural College	30,000	Completed
Tecto Research	Comparison between the energy consumption of a low energy air conditioned building and standard building	52,985	Completed*
APACE	Installation and monitoring of a modular, grid connected, renewable energy installation including wind and solar input	38,297	Completed*
The Working Group for the Aboriginal Energy Education Project	Development of an education program to promote energy efficiency in aboriginal communities	30,000	Completed*
Royal Perth Hospital	Development of a booklet to promote energy efficiency in the health care sectors	6000	Completed*
Candlelight Farm Permaculture	Development of video to promote energy efficient housing by use of passive solar design principals	22,100	Completed*
Australian CRC for Renewable Energy	Short course in renewable energy conducted by ACRE	50,000	Ongoing
Murdoch University	Development of an Internet based, real time, RAPS demonstration site	30,000	Continuing
Hopetown Progress Association	Pilot energy efficiency program for a small regional town in Western Australia	17,356	Continuing
Western Power Corporation	Funding assistance for energy saving kit for schools	30,000	Continuing
Murdoch University	Development of Internet based fact sheets on renewable energy and energy efficiency	14,000	Continuing*
Available Energy Consultants	Evaluation of options to heat municipal sized swimming pools in locations where natural gas is not available	15,000	New
Available Energy Consultants	Field testing of selective surface roof paint used to cool buildings	30,000	New
Rockingham Regional Environmental Centre (Inc)	Installation of a wind powered RAPS demonstration facility	40,325	New
City of Melville	Installation of a wind and solar powered RAPS demonstration facility	50,000	New
Baverstock Murphy and Associates	Development and presentation of energy efficiency seminars targeting locations in the Pilbara and Kimberley's	30,000	New
Western Power Corporation	Documentation of the history of alternative energy in Western Australia since 1975	10,000	New
Norman Disney and Young	Study to determine the life cycle costing of electrical and gas driven chillers for multi-story buildings	15,000	New
Curtin University	Project to improve the life of lead acid batteries – Stage 3	25,000	New
Science Alive	Development and presentation of a course on energy efficiency and renewable energy, targeting remote primary schools	33,400	New*

* Report on materials available

**OUTPUT 4:****Enhancement of efficient and safe energy infrastructure and appliances, safety of consumers, workers and the community in energy related areas.**

This Output is primarily delivered through the **Technical and Safety Division**.

Overview

- The Gas Standards Regulations 1983 updated, with the promulgation of the Gas Standards (Gasfitting and Consumers' Gas Installations) Regulations 1999, effective from 1 May 1999.
- Guidelines for Electricity Transmission and Distribution Work in WA issued by the Director of Energy Safety to establish clear, minimum safety standards for the electricity supply industry.
- Recognition of the response by staff of the Office to the Exmouth and Moora emergencies, under the state emergency management framework.

POLICY ISSUES**Updating of the Gas Standards Regulations 1983**

Extensive industry consultation resulted in many improvements and complete redrafting of the regulations to refer to national codes, improve clarity and give more focus on gasfitting and consumers' gas installations. These new regulations, titled the Gas Standards (Gasfitting and Consumers' Gas Installations) Regulations 1999, came into effect on 1 May 1999. A broad promotion campaign was launched in April 1999 to present the new regulations to industry participants in all major regional areas of the State. Separate regulations were also issued to cover natural gas quality within the distribution system.

Safety of electricity and gas supply facilities

Consultation with Western Power and other electricity suppliers for the introduction of new safety regulation concerning electricity supply activities did not reach an acceptable resolution. The Minister for Energy has accordingly requested that a joint working party be formed by supplier representatives with the Office of Energy under an independent chair, to develop electricity supply regulations by the end of 1999. In the meantime and to safeguard the public interest, the Director of Energy Safety issued a set of formal Guidelines for Electricity Transmission and Distribution Work in WA to establish clear, minimum safety standards.



Photo courtesy of Western Power

Agreement was reached with stakeholders in the gas industry on the content and structure of proposed Gas Supply Regulations and instructions forwarded to Parliamentary Counsel for formal drafting. It is anticipated that Gas Supply Regulations will be promulgated by the end of 1999.

Development of new safety regulatory schemes for electrical and gas appliances

Through the national Electrical Regulatory Authorities Council (ERAC) the Office reached agreement with regulators of other jurisdictions and the appliance industry on an Australia-NZ harmonisation program for electrical appliances. Each jurisdiction is now to implement legislation changes.

In regard to gas appliances, negotiations were progressed with New Zealand through the national Gas Technical Regulators' Committee (GTRC), chaired by this Office, with a final scheme for mutual recognition now expected to be formally agreed before the end of 1999. The Australian and New Zealand Minerals and Energy Council (ANZMEC) is monitoring progress to resolution in accord with the Trans Tasman Mutual Recognition Agreement.

Trees and Power Lines

Progress has been made with the drafting of the proposed vegetation control legislation to amend the Electricity Act 1945. It is hoped to introduce this legislation, together with the associated regulations and a code of practice, in liaison with supply authorities and other key stakeholders, during 1999/2000.

Regulatory Regime for LPG Refrigerants

An information paper proposing an appropriate regulatory framework was published in June 1999. It received broad industry support but for the matter to be progressed further supporting legislation must be enacted.

Effect of Gas Quality on Gas Appliances

The entry of additional gas producers to the south-west gas market may result in the quality of the natural gas moving towards the limits of the specification. It is important that possible safety implications and domestic gas appliance performance concerns arising from such a change are identified. A series of tests on gas appliances indicated that for safety and good performance, gas consumers should have their appliances regularly serviced and certain pre-1980 natural gas appliances should have safety devices retro-fitted or be replaced. This will now be the subject of a promotion campaign in conjunction with AlintaGas.

GAS AND ELECTRICAL INSPECTIONS

Auditing of electricity and gas suppliers' consumer installation inspection practices

In accordance with statutory requirements, all primary suppliers of electricity and gas (Natural Gas or LPG) to the public, such as Western Power, AlintaGas, and Wesfarmers Kleenheat, conduct safety inspections of their consumers' installations under Inspection Plans and Policy Statements that are approved by the Director of Energy Safety. During 1998/99 their inspection practices were audited for regulatory compliance. Some significant deficiencies were found in the inspection practices of some suppliers. Formal orders were issued, where necessary, to require correction of such shortcomings.

Gas inspection operations during the year included -

- 6 inspections of mine sites;
- 195 autogas installation inspections;
- 212 caravan/campervan gas installation inspections;
- 37 marine craft gas installations;
- 72 regulatory investigations relating to alleged breaches of regulations;
- 68 appliance retail audits
- 93 hire/camping company audits;
- 247 individual gas appliance approvals; and
- 266 audit inspections of second hand outlets.

Electrical inspection operations during the year included -

- 508 inspections of mine sites;
- 530 inspections of installations not supplied from utility supply systems;
- Investigations into breaches of the Electricity Act 1945 and regulations, resulting in 51 prosecutions and 128 warnings;
- Investigations into various types of reported electrical safety incidents including fatalities;
- Audits of electrical appliance retailers, in respect of compliance with statutory safety and energy efficiency labelling requirements;
- Surveys/audits of electrical contractor/air conditioning installers' work systems and practices; and
- Safety assessments and approvals of various types of electrical appliances/products.

Electricity Related Incidents

478 electric shocks and 40 accidents including 5 electrocutions were reported. The accidental fatalities arose as follows:

- A fisherman attempted to reset an overload device on a switchboard and touched a live 240-volt terminal.
- A man received an electric shock when he cut a tree branch that contacted a high voltage (22,000 volt) powerline.
- A telephone installer touched a live 240-volt terminal with a piece of fencing wire. It is believed he was using this wire to retrieve a telephone cable in a roof space.
- A member of the public climbed to the top of a train (without authority) and came into contact with the high voltage (25,000 volt) conductor supplying the traction system.
- A man touched a live (at 240 volts) carbonated drink-dispensing machine. The machine's compressor was live due to an active to earth connection (fault) and the machine was not correctly earthed.

Gas Related Incidents

27 gas related incidents were reported. None were fatal, but 9 of the incidents involved injuries to 10 persons.

Two of the injured required hospitalisation after receiving burns to the face and upper limbs. One person was injured whilst attempting to light a gas wall oven that had a faulty flame failure device. The other person was injured when attempting to relight a homemade portable LP appliance that did not have any safety compliance certification.

The accidental and undetected release of LP gas in a shop at Newman caused an explosion that resulted in major property damage to a number of businesses housed in the same shopping centre. No injuries resulted from this explosion as it occurred in the early hours of the morning.

GAS AND ELECTRICAL LICENSING

General

Electrical worker and contractor (i.e. operative) licensing is carried out by the Office of Energy under the policies of the Electrical Licensing Board, which is constituted under the provisions of the Electricity (Licensing) Regulations 1991. Members of the Board are appointed by the Minister for Energy.

Electrical Licensing Board Members as at 30 June 1999:

Mr R G Pritchard

Chairman, self-employed Consulting Engineer;

Mr T Banton

Nominated by the WA Department of Training

Mr R D Briggs

Nominated by the Office of Energy

Mr R Campbell

Nominated by the Electrical Contractors Association

Mr C Dundas

Appointed as a person with knowledge of restricted electrical work

Mr J Jarvis

Nominated by the Chamber of Mines and Energy and the Chamber of Commerce and Industry of WA (Inc)

Mr J Murie

Nominated by the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Workers Union

The Board once again found itself dealing with a busy disciplinary schedule covering a total of 40 disciplinary investigations, including 3 formal proceedings. As a result, 4 electrical workers had their licenses cancelled/suspended or a condition placed on their license and 6 electrical contractors had their licenses cancelled. Nine persons were required to undertake an assessment to demonstrate their competence, 2 were required to undergo training and 23 were censured.

The authority for licensing gas fitters is vested in the Director of Energy Safety. During the year there were 22 disciplinary interviews of gas fitters that had been referred by gas undertakers concerned with the standard of gas fitting carried out by these operatives. The outcome from this process has been that some gas fitters undertook further training and others were censured.

Gas and electrical licences issued

At June 1999 the total number of gas operatives registered was 6035 and total number of electrical operatives registered was 24 481.

With the introduction of the Gas Standards (Gasfitting and Consumer's Gas Installations) Regulations 1999, the following new fees came into effect on 1 May 1999:

- Permits increased from \$5 to \$16 per year;
- Authorizations increased from \$5 to \$200 per year.

A review of electrical license registration and renewal fees under the Electricity (Licensing) Regulations 1991 was also completed.

The following fees came into effect on 28 May 1999:

- Electrical worker license renewals increased from \$16 to \$22 per year;
- In-house license renewals increased from \$115 to \$128 per year; and
- Electrical contractor license renewals increased from \$230 to \$256 per year.

These increases are the second in a series of increases aimed at recovering the full cost of licensing services provided.

Changes to Gas Fitter Licensing Administration

On 1 May 1999, the administration of the gas licensing system changed in line with the introduction of the Gas Standards (Gasfitting and Consumer's Gas Installations) Regulations 1999. Transition arrangements have been put in place. The new gas licensing system consists of four class types:

New Class Type	Description
G	All gasfitting work except gasfitting work classed as I, E or P.
I	Gasfitting work: (a) on a consumer's gas installation associated with Type B appliance; or (b) on piping that has an operating pressure of more than 200 kPa, not being gasfitting work referred to in paragraph (a) or classified as E or P.
E	Gasfitting work associated with a mobile engine.
P	Gasfitting work on a gas installation associated with the refuelling of motor vehicles.

INDUSTRY LIAISON, COMMUNICATION AND SAFETY PROMOTION

Gas and electrical public safety

A public safety campaign was conducted including the distribution of leaflets and a series of newspaper advertisements. The campaign focussed on the safe use of LPG in boats and the safe use of electrical cords and socket adaptors as part of leisure activities. These promotional activities were complimented by a display on the safe use of gas, held at the AlintaGas Home Style Expo in Claremont.

The Office launched the Code of Practice for the Sale of Electrical Installation Products to the Public in September 1998, after finalising it in association with the Retail Traders' Association. The purpose of the Code is to provide guidance to sellers on how to better inform their customers to use only licensed electrical contractors to install electrical installation products that they sell and to discourage illegal and unsafe DIY activities.



The Code recommends that a product's packaging should carry a prominent label, there should be warning posters on display shelves, prominent warning notices should be displayed on advertisements and that sales staff advise customers to use a licensed electrical contractor to install the products, rather than give tips for DIY.

Industry displays, presentations and sponsorship

With the commencement of the new Gas Standards (Gasfitting and Consumers' Gas Installations) Regulations 1999, industry presentations were held in Albany, Kalgoorlie, Bunbury, Geraldton and Perth. These were well supported by the Master Plumbers Association in the regional centres, and by the Gas Industry Association in Perth.

The Office of Energy also sponsored awards for excellence in electrical installing work and gasfitting work at annual functions held by the Electrical Contractors Association of WA and the Master Plumbers and Mechanical Services Association of WA, respectively.

Guidelines for Safe Working with Gas in Consumers' Installations

The Office of Energy's new publication "Guidelines for Safe Working with Gas in Consumers' Installations" was released to industry at a series of seminars for gas fitters throughout the State, during the second half of 1998/99. The publication has received a very positive response.



EMERGENCY MANAGEMENT

State Emergency Management

The Office is an active member of the State Emergency Management Advisory Committee (SEMACE) which is chaired by the Commissioner of Police. In its role the Office is directly responsible for managing any liquid petroleum fuel shortages in the State. During 1998/99, the Office finalised, and had accepted by SEMACE, its formal Plan for dealing with such emergencies. The Office also represents the State's interests on the National Oil Supplies Emergency Committee (NOSEC) which last met in Canberra in April 1999.

Lifelines Emergency Management Committee

At the request of SEMACE, the Office formed and chairs the State Lifelines Emergency Management Committee. The first meeting was held in July 1998. The role of this committee (which reports to SEMACE) is to facilitate the planning and coordination of lifeline agency emergency management. Its membership includes various utilities and infrastructure providers such as electricity, gas, communications, water, roads and rail. Agencies participate on a voluntary basis, as there is no statutory requirement to do so, although SEMACE hopes that legislation for emergency management can be drafted and enacted in the near future.

Award

During the year there were a number of real emergencies. A cyclone caused very serious damage to Exmouth and Moora was badly flooded. The Office played its role within the SEMACE response framework and also provided on-site personnel. Staff were proud to have this recognised in the form of an award from the Governor.

Governor Major General Michael Jeffrey, Electrical Inspector Roger Parrin and the Hon. Premier Richard Court

CORPORATE SUPPORT:

Objective: To ensure that the Office of Energy's human, financial, information and physical resources are developed and utilised in an efficient and effective manner to support the attainment of OOE objectives.

Corporate support is delivered through the **Corporate Operations Division**.

Overview

- A new Corporate Plan was released in early 1999.
- Establishment of finance, administration and human resource management systems for the new Office of Gas Access Regulation (OffGAR)
- The signing of a Service Level Agreement to provide ongoing corporate services support to OffGAR.
- Development of a new thesaurus and retention and disposal schedule to improve the control and custody of public records held by the Office of Energy.
- Launch of the Office of Energy World Wide Web site at www.energy.wa.gov.au.

CORPORATE ISSUES

Corporate Development

A major review of the Corporate Plan was undertaken during the year. As a result of significant internal consultation, and in response to government's Output Based Management initiative, a new Corporate Plan was released in early 1999. The new Corporate Plan outlines the desired outcome, and the outputs to be delivered by the Office of Energy to achieve the outcome.

The Office continues to review and refine its reporting processes to meet internal management information and external reporting requirements.

Productivity Improvement Plan

A key tool for measuring the efficiency and

effectiveness of the Office is the Productivity Improvement Plan (PIP). A feature of the PIP is the use of client surveys to assess satisfaction with the publications and services provided. Significant effort was focussed on the development, distribution and analysis of survey instruments. Results to date have been favourable with complete analysis due to be completed in July 1999 in line with reporting timeframes in the Office's Workplace and Enterprise Bargaining Agreements.

Internal Audit

New contractual arrangements were put in place for the delivery of internal audit services from a private sector provider. Following the identification and analysis of the risks and controls of the Office's functional areas, a risk-based strategic audit plan was developed.

A range of compliance and operational audits were conducted during the year. The recommendations arising out of these reviews are being implemented where appropriate.

Risk Management

The work in identifying and analysing risks and controls for the strategic audit plan also formed the basis of the Office's work on risk management. A matrix of risks ranked according to the impact and likelihood of the risk is now available. A number of risk treatment initiatives will be identified and implemented in the next financial year.

Customer Focus

The Office continued to develop its customer focus initiatives during the year. A Client Service Charter details the services provided by the agency along with the service standards for the delivery of those services.

A suggestion and complaint procedure is also outlined in the Charter. If clients are unable to obtain a satisfactory resolution to a problem they have access to either the Director of Energy Safety and/or Coordinator of Energy to address their concerns.

Clients are regularly surveyed to ensure appropriate services are being delivered in a satisfactory manner.

Support to the Office of Gas Access Regulation

Significant effort was required during the year to recruit personnel and to establish the financial, administrative and human resource systems for the new Office of Gas Access Regulation. A service level agreement has been signed with that agency and the Office now provides ongoing services in these areas. In addition an information systems consultancy service is provided.

FINANCE AND ADMINISTRATION

Finance

During the year the Office continued to respond to the financial reforms implemented on a whole of government basis. Initiatives included the move to full net appropriation for funding of the Office's activities. All revenue is now retained by the agency and used to fund Outputs.

The ability to receive payment for goods and services provided by the Office by EFTPOS and credit cards has been implemented to improve customer service.

The financial management information system was re-engineered to deal with changes to the Office's activity costing structure and external and internal financial reporting requirements.

A major review of the Office's expenditure was performed to identify 5% of the agency's budget to be reallocated to the delivery of new or the expansion of existing Outputs.

Work was performed in response to taxation reform. Records are now kept for reporting the value of fringe benefits on staff group certificates. Contract documents were also altered to deal with the proposed introduction of a goods and services tax.

Operating Costs

The Office's operating costs for 1998/99 totalled \$14 629 000, including expenditure on capital items and significant expenditure on grants and transfer payments. This expenditure was within budgeted estimates and compares to total operating costs of \$13 396 000 in 1997/98. For full details please see the 1998/99 Financial Statements in this report.

Asset Management

The Office improved its register of assets during the year to assist with the effective management of agency resources. The introduction of bar code tracking of assets has assisted with stocktake checks. The Office has assets with a book value of approximately \$318 000 as at 30 June 1999.

Records Management

A range of improvements was made to record management within the agency. A new thesaurus was developed to facilitate improved control and custody of public records held by the Office. A retention and disposal schedule was approved by the State Records Office.

A new computerised records management system was purchased and implemented. This system enables improved searching and tracking of records.

The provision of ongoing records management services has been outsourced to private sector providers.

HUMAN RESOURCE MANAGEMENT

Staffing Levels

The Office had an average staffing level of 78.3 full-time equivalents (FTE's) for 1998/99. This compared to 77.5 FTE's for 1997/98. Total salary costs for the 1998/99 financial year were \$4,560 614. This amount includes redundancy payments to two staff.

Staffing Policies

All employees are employed under the provisions of the Public Sector Management Act (WA) 1994. The Office's Workplace and Enterprise Bargaining Agreements prescribe the conditions of employment for all staff, apart from the Coordinator of Energy.

The Office's staffing policies meet the requirements of relevant legislation including the Public Sector Management Act, Equal Employment Opportunity Act and Occupational Safety and Health Act.

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.

Staff training and development needs are identified through the Office's performance and productivity management system.

Workers' Compensation

There were two workers' compensation claims lodged during the year. One claim resulted in 27 lost working days. That officer is now rehabilitated. The other claim did not result in any lost workdays and did not require rehabilitation.

Accrued Staff Leave Liability Management

The Office of Energy successfully managed its accrued leave liability during 1998/99 resulting in a significant reduction. The value of leave liability reduced by 20.25% between July 1998 and July 1999. In dollar terms the liability reduced by \$259,000.

Equal Employment Opportunity

The Office continued to implement the strategies articulated in its equal employment management plan. The plan provides a framework to assist the Office in promoting non-discriminatory work practices. Initiatives during the year included adding a requirement for knowledge of equal employment opportunity to the selection criteria for all positions with supervisory responsibility.

Disability Services Plan

Progress continued with the implementation of the Office's disability services plan in accordance with Section 29 of the Disability Services Act 1993.

Ethics Awareness Raising for Staff

In order to maintain a high level of staff awareness of ethical issues, the Office arranged for the Office of the Public Sector Standards Commission to provide awareness raising sessions for staff. These sessions were both informative and practical and provided an opportunity for staff to learn more about ethics in a practical way.

INFORMATION SYSTEMS

World Wide Web Site

The Office's Web site became operational in October 1998. The site provides information about energy regulatory requirements including electrical and gas licensing and energy supply consents, energy market reform, the safe and efficient use of energy, alternative and renewable forms of energy, the Office of Energy itself and the history of the State's energy industry. The site also provides access to most of the Office's publications. This site is expected to be a useful medium for communication with the Office's clients, which cover both industry and the public. The address is www.energy.wa.gov.au.



Corporate Computer Applications

The last of six large corporate applications to support the activities of the Technical and Safety Division were completed. The Gas Installation Inspection System now joins the Electrical Installation Inspection System, Electrical Licensing Application, Gas Licensing Application, Gas Appliance Approval System and Electrical Appliance Approval System.

Desktop Applications

A range of updated software applications was installed to provide staff with appropriate software tools. These included Microsoft Office 97 and Outlook 98.

Year 2000 Computer Problem

Considerable work continued to mitigate any issues relating to the year 2000 computer problem. The planning for the problem was substantially completed and remedial action well advanced. The final stage of application testing and contingency planning will be completed by October 1999.



Shares in Subsidiary Bodies and Interests in Existing or Proposed Contracts

Treasurer's Instruction 903 requires the disclosure of any shares in subsidiary bodies or any interests in existing or proposed contracts by senior officers. There were no such shares or interests in 1998/99.

ELECTORAL ACT DISCLOSURE REQUIREMENTS

In accordance with the disclosure requirements of Section 175ze of the Electoral Act, the Office of Energy incurred expenditure during the period 1 July 1998 to 30 June 1999 on the following:

Advertising Agencies	Amount
Eureka Design	\$ 47 488
Benchmark Advertising	\$ 10 799
TOTAL	\$ 58 287
Market Research Organisations	Amount
	Nil
Polling Organisations	Amount
	Nil
Direct Mail Organisations	Amount
	Nil
Media Advertising Organisations	Amount
Media Decisions	\$ 279 764
Marketforce Productions	\$ 59 722
TOTAL	\$ 339 486

Public Sector Standards Compliance Report 1998/99

The Office of Energy has adopted guidelines and processes supporting the Public Sector Standards in Human Resource Management. These guidelines have been endorsed by the Executive Committee of the Office.

The guidelines to support the public sector standards in human resource management have been circulated to all staff via the Office's computer system. Hard copies are available from each Division and the Human Resource Management Branch.

Directors are responsible for ensuring compliance with the public sector standards and ethical codes. The Director Corporate Operations performs a monitoring and advisory role. This includes reviewing all actions in relation to the recruitment, selection and appointment of staff against compliance forms.

An independent assessment of compliance with the public sector standard on recruitment, selection and appointment was undertaken by the Office's internal auditors, Stanton Partners, in June 1999. The overall conclusion stated:

"It is our opinion that the Office of Energy is making excellent progress towards compliance with the requirements of the Public Sector Management Act 1994 in relation to its recruitment, selection and appointment guidelines. The Office of Energy provides user friendly documentation to assist managers with the process, guides them so that application is consistent, advertises as widely as possible to ensure access to a large group of candidates and is striving towards the appointment of the best available

people. The review highlights some minor improvement issues and some recommendations for enhanced best practice for future compliance with the standards."

The minor improvement issues and recommendations for enhanced best practice are being addressed and implemented.

A code of conduct was adopted in July 1997 and reviewed in May 1998. Ethics awareness raising sessions were presented to Office of Energy staff by the staff of the Office of the Public Sector Standards Commissioner in March 1999. These practical workshops provided staff with the opportunity to explore appropriate responses when faced with ethical dilemmas in a practical way.

Breach of Standard Applications 1998/99

Number lodged	3
Breaches found	Nil
Multiple breaches	Nil
Applications under review	Nil
Material breaches	Nil
Non-material breaches	Nil



LES FARRANT
CHIEF EXECUTIVE OFFICER AND
COORDINATOR OF ENERGY
27th August 1999

Our people

As at 30 June 1999, staffing of the Office of Energy was as follows:

Coordinator of Energy	Les Farrant
Executive Assistant	Caroline Urquhart

INDUSTRY DEVELOPMENT DIVISION

Director	Vince Walsh
Secretary	Nola Hart

Competition Promotion

Senior Manager	Peter Hawken
Senior Analyst	Vacant
Analyst	Michael Styles

Authorisations

Manager	Simon Thackray
Research Officer	Kristin Bouckaert
Research Officer	Christina Eftos

Planning

Manager	Rolando Custodio
Research Officer	Rebecca Standen

ENERGY INNOVATION DIVISION

Director	Mary Dale
Secretary	Pat Johnston
Executive Officer (AEDB)	Greg Elliott

Energy Efficiency Branch

Manager	Shelley Liddelow
Senior Policy Officer	Brett Sadler
Policy Officer	Phil Calais
Research Assistant	Anne Barr

Built Environment Branch

Manager	Denis Smedley
Senior Policy Officer	Brett Cummings
Policy Officer	Mark McKinnon
Assistant Policy Officer	Chloe Upton

TECHNICAL & SAFETY DIVISION

Director of Energy Safety	Albert Koenig
Secretary	Sharon Yap
Clerk Typist	Leonie Smith

Technical Services Branch

Deputy Director Energy Safety	Kevan McGill
Secretary	Lesley Harrold
Principal Engineer Gas Supply	Geoff Wood
Principal Engineer	
Gas Installations & Appliances	Mel Stokes
Senior Gas Engineer	Kim Wong
Gas Regulatory Officer	David Hartley
Principal Engineer	
Electricity Supply	Doug Ayre
Senior Electrical Engineer	Vacant
Principal Engineer Electrical	
Installations & Appliances	Bob Briggs
Senior Engineer	Ian George
Senior Electrical	
Inspector (Liaison)	Harry Hills
Communications Officer	Vacant

Regulatory Services Branch

Manager Regulatory Services	Peter Tuck
Policy & Administration Officer	Sean Fletcher
Licensing Coordinator	Judy Dinnison
Customer Service Officer	Gayle Cowan
Customer Service Officer	Lionel Goodall
Customer Service Officer	Adrienne Saunders
Clerical Officer	Michelle Scicluna



Electrical Inspections Branch

Chief Electrical Inspector	Mike Bunko
Senior Electrical Inspector	Roy Wallis
Senior Electrical Inspector	John Watson
Senior Electrical Inspector	Peter Johnston
Electrical Inspector	Roger Parrin
Electrical Inspector	Peter Wright
Electrical Inspector	Mick Jemmett
Electrical Inspector	Vacant
Technical Officer	Patrick Smith
Clerical Officer (Inspections)	Michelle Jacobsen
Clerk Typist	Janet Lorenzetta
Senior Electrical Inspector (Karratha)	Ross Reid
Senior Electrical Inspector (Geraldton)	Bob Lawrence
Senior Electrical Inspector (Kalgoorlie)	Mick Hayhow
Senior Electrical Inspector (Collie/Bunbury)	Bob Anderson

Gas Inspections Branch

Chief Gas Inspector	Kevin Hooper
Senior Gas Inspector	Ian Foster
Senior Gas Inspector	Barry Mounfield
Gas Inspector	Lee Whittington
Gas Inspector	Carl Deimel
Gas Inspector	Frank Chapman
Clerical Officer (Inspections)	Graeme Hodge

STATE REQUIREMENTS DIVISION

Director	Richard Harris
Secretary	Helen Roatch

Strategic Issues Branch

Senior Manager	Vacant
Senior Analyst	Dora Guzeleva
Research Officer	Angela Kicic

Business Analysis Branch

Manager - Business Analysis	Peter Adams
Senior Analyst	Peter Rixson

Regional & Community Branch

Manager - Regional and Community	John Filippone
Research Officer	Jodi Aitken

CORPORATE OPERATIONS DIVISION

Director	Geoff Gilbert
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Information Systems Branch

Manager Information Systems	John Jacobs
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Finance and Administration Branch

Manager Finance & Administration	Peter Stewart
Finance and Administration Officer	Bruce Stevens
Administration Officer	Sharon Gilchrist
Administration Officer	Jodie Contessi

Human Resource Management Branch

Manager Human Resources	Vacant
Human Resource Officer	Josephine Pecnik
Personnel Officer	Meredith Moran
Personnel Officer	Andrea Fraser

Contact Details

PERTH OFFICE

(including Coordinator of Energy, Energy Innovation Division, Industry Development Division, State Requirements Division)

Level 9, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000

Phone: 08 9420 5600
Fax: 08 9420 5700
Email: enquiries@energy.wa.gov.au

WEST LEEDERVILLE OFFICE

(including Director of Energy Safety, Technical & Safety Division, Corporate Operations Division)

20 Southport Street
WEST LEEDERVILLE WA 6007

Phone: 08 9422 5200
Fax: 08 9422 5244
Email: safety@energy.wa.gov.au
For the reporting of gas or electrical incidents and emergency advice, Phone: Freecall 1800 678 198

The Technical & Safety Division also has Senior Electrical Inspectors in four regional areas as follows:

Karratha

C/- Department of Minerals and Energy
SGIO Building, Hedland Place
KARRATHA WA 6714

Phone: 08 9186 8276
Fax: 08 9186 8251

Geraldton

Suite 2, 8 Chapman Road
GERALDTON WA 6530

Phone: 08 9964 5133
Fax: 08 9964 5149

Kalgoorlie

C/- Department of Minerals and Energy
48-52 Brookman Street
KALGOORLIE WA 6430

Phone: 08 9021 9418
Fax: 08 9021 3612

Bunbury/Collie

C/- Department of Minerals and Energy
66 Wittenoom Street
COLLIE WA 6225

Phone: 08 9734 1222
Fax: 08 9734 1606

Publications

The following publications are available from the Home Energy Line telephone information service (1300 658 158). Stakeholders with a specific need for bulk copies can request them from the Office of Energy, Perth Office.

Energy Efficient Housing for Perth
Home Insulation
Solar Hot Water
Choosing a Hot Water System
The first steps to Summer Cooling
Choosing an Air Conditioner
Renewable Energy Based Remote Area Power Systems –

- General Information booklet
- User Guide & Maintenance Advice booklet
- Rebate Scheme Guidelines and Application forms

The following publications are available from Office of Energy, Perth Office.

Energy Matters
WA Energy Efficiency Awards

- Winners' feature
- Nomination and Call for Entry forms

Financing Efficient Energy Use (FEEU) Program for Government agencies

- Introduction
- Application Guidelines

Home Energy Line – Introduction pamphlet
Energy News
Energy Western Australia '98 Conference Proceedings
Freedom to Choose – A Guide to Selecting an Electricity Supplier
Grid Connection of Energy Systems via Inverters – Guidelines
State Underground Power Program – Guidelines for Applications for Funding

The following publications are available from the Office of Energy, West Leederville office. The publications are available free of charge unless shown otherwise.

Energy Safety Information

Auto LP Gas Safety
Care and Safety of Cords and Plugs
Care and Safety of Electrical Appliances
DIY Electricity Dangers
Electric Arc Welders
Electric Shock Survival
Poster - Electric Shock
Poster - Always Use a Licensed Electrical Contractor
Safety Switches
Using Electricity Safely Near Water
Using Electricity Safely in Caravans and Tents
Using Gas Safely in Caravans and Tents
Using Gas Safely in Marine Craft
Using LP Gas Safely
Watch Out for Power Lines Above When You're Working Below
Worker Safety When Cutting Trees Near Power Lines

Efficiency Information

Energy Efficiency of Air-Conditioners
Energy Efficiency of Appliances
Energy Efficiency of Clothes Washers and Driers
Energy Efficiency of Dishwashers
Energy Efficiency of Fridges and Freezers
Retailer's Guide to Appliance Efficiency Labelling

Licensing Information

In-House Electrical Installing Work Licensing
Licensing of Electrical Contractors
Licensing of Electrical Workers
National Restricted Electrical Licence System
Licensing of Gas Fitters
How to Obtain a Restricted Gasfitting Permit in Western Australia

Industry Information

Apprentice Safety Assessment Guidelines

Checking and Testing Electrical Installing Work

Code of Practice - For the Sale of Electrical
Installation Products to the Public

Code of Practice - For Personnel Electrical Safety
for Vegetation Control Work Near Live Powerlines
(Cost \$30.00)

Code of Practice - Safe Electrical Work on Low
Voltage Electrical Installations (Cost \$3.50)

Energy Bulletins (Nos 1 to 13)

Energy Bulletin Special Edition - New Gas
Standards Regulations

Guidelines - Construction Electricity Supplies to
Residential Sites

Guidelines - Electricity Transmission and
Distribution Work in Western Australia (Cost \$3.50)

Guidelines - Safe Working with Gas in Consumer's
Installations (Cost \$3.50)

Safety Guidelines for Electrical Workers

WA Electrical Requirements (Cost \$60.00)

As a service to industry, the Licensing Office also has some of the more common electrical and gas Legislation and Australian Standards available for sale.

The following publications are available from either office.

Office of Energy Client Service Charter

Office of Energy Code of Conduct

Office of Energy Corporate Plan



Boards and Committees

Representatives of the Office of Energy participated in the following Boards and Committees:

Aboriginal Affairs Coordinating Group
Aboriginal Community Essential Services Steering Committee
ABS Supplementary Survey Working Group
Air Quality Coordinating Committee
AlintaGas Sale Steering Committee

- Legislation Working Group
- Industry Structure Working Group

Alternative Energy Development Board
Australia and New Zealand Reciprocity Association
Australian Competition and Consumer Commission (ACCC) Public Utilities Regulators Forum
Australian Design Awards
Australian Gas Association Installation Committee
Australian Gas Association Industrial Equipment Committee
Australian Gas Association Appliance Committee
Australian and New Zealand Minerals and Energy Council (ANZMEC) Standing Committee of Officials

- Ecologically Sustainable Development Energy Use Working Group
- Energy Management Taskforce
- National Appliance and Equipment Energy Efficiency Committee
- National Building Energy Efficiency Coordinating Committee
- National Energy Policy Framework Working Group

Building Construction Industry Training Council
Services Industry Skill Stream Committee
Council of Australian Governments (COAG) Energy Market Group
COAG Gas Reform Implementation Group (GRIG)

- GRIG/ ANZMEC Upstream Issues Working Group

COAG Greenhouse Energy Group

- Efficiency Standards for Power Generation Working Group
- Renewable Target Working Group

DBNGP Gas Pipeline Sale Steering Committee
Electrical Contractors Association Excellence Awards Selection Committee
Electrical Development Association WA
Electrical Licensing Board
Electrical Regulatory Authorities Council
Electricity Access Steering Committee
Electricity Access Consultation Committee
Energy and Environmental Technologies Information Centre (EETIC) Australian National Team
Energy Markets Group
Financing Efficient Energy Use Committee
Fishing Boat Harbours Tenant Group
Gascoyne Regional Development Infrastructure Forecasting Working Group
Gas Technical Regulators' Committee
Government Energy Managers Group
Murdoch University Energy Research Institute Board
National Reference Group Electrical Licensing
National Oil Supplies Emergency Committee
National Undergrounding of Cables Working Group
Natural Gas Pipelines Advisory Committee
North West Shelf Consultative Group
Regional Access Working Group
Regional Power Procurement Steering Committee
Remote Area Essential Services Programme Steering Committee
Standards Australia

- Council (representing WA Government)
- Electrical Accessories Committee
- Electrical Approvals Standards Committee
- Gas Fuel Systems for Vehicle Engines Committee
- HV Installations Committee
- Joint Australian and New Zealand Electrotechnology Standards Policy Board
- Metering Committee
- Standards Accreditation Board
- Wiring Rules Committee & Sub-Committees

State Emergency Management Advisory Committee

- Lifelines Emergency Management Committee
- State Fuel Emergency Management Committee

State Government LPG Vehicle Trial Working Group
 State Underground Power Steering Committee

Western Australian Department of Training Plumbing and Gasfitting Overseas Qualifications Committee
 Western Australian Greenhouse Council

Change from Objectives and Sub-Objectives to Government Desired Outcome and Outputs

This is the first year that the Office of Energy has reported on the basis of Outcomes and Outputs. In 1997/98 the annual report was on the basis of Objectives and Sub-Objectives. Outcome and Outputs delivered by the Office of Energy were developed for 1998/99 as a result of a review of corporate planning. A summary of the changes compared to the 1997/98 financial year follows:

1997/98	1998/99
<p>Major Objective: The Office of Energy's major objective is to provide advice and information, regulate, encourage competition and otherwise promote for Western Australians:</p> <ul style="list-style-type: none"> • reliable and lower cost energy supply; • more efficient energy use and the viable use of renewable energy; • community safety and protection with respect to gas and electricity; and • improved value from energy businesses and related community services. 	<p>Outcome: A safe, efficient and competitive environment for the provision of energy.</p>
<p>Sub-Objectives:</p> <ul style="list-style-type: none"> • To encourage competition in the electricity and gas supply industries that will bring about a lower cost reliable energy supply for Western Australians; • To promote more efficient use of energy by consumers in Western Australia and to increase the use of renewable energy where viable; • To protect the community in the supply and use of electricity and gas; and • To pursue improved value from energy businesses and services in their contribution to Government's community, regional and economic objectives. 	<p>Outputs:</p> <ul style="list-style-type: none"> • The advancement of competitive market conditions within the State's energy industry; • Development, introduction and ongoing support of worthwhile initiatives in renewable energy and energy use; • Enhancement of efficient and safe energy infrastructure and appliances, safety of consumers, workers and the community in energy related areas; and • Policy advice, information and project management for the improvement in value from energy businesses and services.

Output Measures

In accordance with Treasurer's Instruction 904, the actual results against targets of the Output measures as reported in the 1998/99 budget papers are as follows:

Performance Measures for Output 1 - Policy advice, information and project management for the improvement in value from energy businesses and services

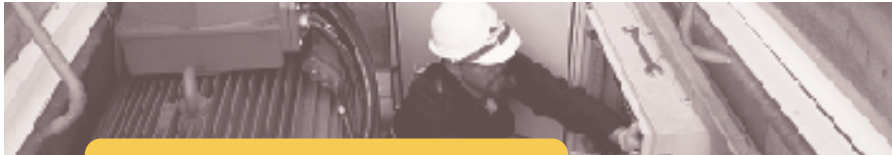
	1998-99 Target	1998/99 Actual	Reasons for significant variation
Quantity			
Number of Ministerial Advices	N/a	919	
Quality			
Average Satisfaction Rating of Minister	N/a	4.4	
Scale of 1 to 5 where 1 is poor and 5 is excellent			
Timeliness			
To be developed			
Cost			
Cost per Ministerial Advice	N/a	\$1 023	

Performance Measures for Output 2 - The advancement of competitive market conditions within the State's energy industry

	1998-99 Target	1998/99 Actual	Reasons for significant variation
Quantity			
Major publications providing overview of energy resource infrastructure policies initiated/implemented & outlining developments in the energy sector	1	0	
Energy News Editions	2	2	
Major energy conferences outlining energy opportunities and developments in WA attracting approximately 200 delegates	0	0	
Gas and Electricity Approvals	16	20	
Quality			
People indicating information on energy resources is useful	75%	81%	
Timeliness			
Applications for gas and electricity approvals meeting target turnaround time	80%	90%	
Cost			
To be developed			

Performance Measures for Output 3 - Development, introduction and ongoing support of worthwhile initiatives in renewable energy and energy use

	1998-99 Target	1998/99 Actual	Reasons for significant variation
Quantity			
People provided with information about efficient energy and renewable energy following a request.	2,000	3, 027	Continued high demand from callers to the Home Energy Line. Higher than anticipated number of information packs distributed through local government bodies.
Pastoral stations/isolated homesteads assisted to increase the amount of renewable energy used in their power systems.	65	48	Lower than usual number of applications received.
Annual savings in energy costs by Government agencies as a result of the year's investments in energy efficiency.	\$100,000	\$344,058	Exceptionally short payback period of projects undertaken during the year.
Quality			
People indicating that information supplied on efficient energy use and renewable energy was useful.	80%	88.8%	
Timeliness			
To be developed			
Cost			
To be developed			



Performance Measures for Output 4 - Enhancement of efficient and safe energy infrastructure and appliances, safety of consumers, workers and the community in energy related areas

	1998-99 Target	1998/99 Actual	Reasons for significant variation
Quantity			
Operative licensing transactions per year	11,300	12,038	
Gas/electrical appliance/equipment approvals	300	278	Slightly lower activity in the gas appliance area.
Gas/Electrical incident investigations	650	546	Fewer incidents occurred. Of these incidents 49 were further investigated by OOE.
Consumer energy safety awareness advertisements (TV/Radio)	10	5	Funds not available.
Industry technical Codes referenced by the Office in statutory rules (measure of use in industry standards).	120	110	Another 284 codes are referenced by the primary codes.
Quality			
Defect notices Vs No. of projects inspected (measure of industry work quality)	5.6%	2.8%	Electricity 5.0% and Gas 1.4% due to improving performance and low use of defect notices in gas industry.
Industry technical codes identified as requiring modification as part of referencing in statutory rules	2	1	Improvement in codes to meet industry needs.
Gas/electrical appliances approved Vs No. submitted for inspection	310/310	278/278	
Level of electricity/gas supplier compliance with consumer installation inspection plans (per supplier)	80%	71.2%	First round of audits completed. Industry performance will improve on this experience.
Consumers responding to survey indicating improved understanding of energy hazards as a result of Office of Energy advertising etc.	55%	64.4%	
Timeliness			
To be developed			
Cost			
Licensing administration cost per licensed operative	\$16.50	\$24.76	
Cost per incident investigation (average)	\$620	\$679.00	

Auditor General's Opinion on Financial Statements



Auditor General

To the Parliament of Western Australia

OFFICE OF ENERGY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

Scope

I have audited the accounts and financial statements of the Office of Energy for the year ended June 30, 1999 under the provisions of the Financial Administration and Audit Act 1985.

The Co-ordinator of Energy is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Co-ordinator of Energy.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Office to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Office of Energy provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Operating Statement, Statement of Financial Position, Statement of Cash Flows, Activity/Output Schedule of Expenses and Revenues and Summary of Consolidated Fund Appropriations and Revenue Estimates and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the transactions for the year ended June 30, 1999 and the financial position at that date.

D. D. R. PEARSON
AUDITOR GENERAL
October 8, 1999



Statement of Certification

The accompanying financial statements of the Office of Energy have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 30 June 1999 and the financial position as at 30 June 1999.

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.



ACCOUNTABLE OFFICER

12 August 1999



PRINCIPAL ACCOUNTING OFFICER

12 August 1999

Operating Statement as at 30 June 1999

	Note	1998/99 \$'000	1997/98 \$'000
COST OF SERVICES			
Operating expenses			
Salaries	4	4,471	4,183
Superannuation	5	489	431
Depreciation	6	203	186
Administration Expenses	7	3,399	3,002
Accommodation expenses	8	426	380
Grants, Subsidies and Transfer Payments	9	6,052	5,064
Net Loss on disposal of Non-Current Assets	10	4	150
Total cost of services		15,044	13,396
Operating Revenue			
User Charges and Fees	11	1,913	510
Total operating revenue		1,913	510
 <i>Net cost of services</i>	27	13,131	12,886
REVENUES FROM GOVERNMENT			
Appropriations	12	12,314	13,403
Operating Receipts Paid into Consolidated Fund	13	0	-597
Resources Received Free of Charge	14	30	55
Liabilities assumed by the Treasurer	15	489	431
Total revenues from Government		12,833	13,292
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS			
		-298	406



Statement of Financial Position as at 30 June 1999

	Note	1998/99 \$'000	1997/98 \$'000
CURRENT ASSETS			
Cash	16	1,064	1,372
Restricted Cash	17	513	598
Accounts Receivable	18	43	10
Other Current Assets	19	43	4
Total current assets		1,663	1,984
NON-CURRENT ASSETS			
Property, Plant and Equipment	20	318	348
Total assets		1,981	2,332
CURRENT LIABILITIES			
Accounts Payable	21	102	81
Accrued Salaries	22	73	48
Employee entitlements	23	594	616
Total current liabilities		769	745
NON-CURRENT LIABILITIES			
Employee entitlements	23	364	441
Total non-current liabilities		364	441
Total liabilities		1,133	1,186
EQUITY			
Accumulated surplus	24	848	1,146
Total equity		848	1,146
Total liabilities and equity		1,981	2,332

Statement of Cash Flows for the year ended 30 June 1999

	Note	1998/99 \$'000	1997/98 \$'000
CASH FLOWS FROM GOVERNMENT			
Receipts from Capital Appropriations		205	4,313
Receipts from Recurrent Appropriations		12,109	9,090
Operating Revenue paid to Consolidated Fund			-597
<i>Net cash provided by Government</i>		12,314	12,806
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Salaries and related costs		-4,545	-4,278
Administration		-3,387	-3,034
Accommodation		-426	-380
Grants, Subsidies & Transfer payments		-6,052	-5,064
Receipts			
User Charges and Fees		1,880	605
<i>Net cash used in operating activities</i>	27	-12,530	-12,151
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of non-current assets		-177	-171
Receipts from the sale of non-current assets			
<i>Net cash used in investing activities</i>		-177	-171
<i>Net increase in cash held</i>		-393	484
<i>Cash at the beginning of the reporting period</i>		1,970	1,486
<i>Cash at the end of the reporting period</i>	28	1,577	1,970

Summary of Consolidated Fund Appropriations & Revenue Estimate for the year ended 30 June 1999

	1998/99		1997/98	
	Estimate \$'000	Actual \$'000	Variation \$'000	Actual \$'000
DETAILS OF APPROPRIATION ITEMS AND EXPENDITURE AUTHORISED BY OTHER STATUTES				
Amount required to fund Outputs for the year services for the year	13,019	13,115	96	8,958
<i>Less Retained Revenue - Section 23A Financial Administration and Audit Act</i>	1,890	1,913	23	
Item 33 - Amount provided to fund outputs for the year	11,129	11,202	73	8,958
Amount Authorised by Other Statutes: Salaries and Allowances Act 1975	130	136	6	132
<i>Sub-Total</i>	11,259	11,338	79	9,090
Item 34 - Administered Transactions	850	754	-96	
<i>Total Recurrent Services</i>	12,109	12,092	-17	9,090
Item 35 - Amount provided for Capital services for the year	205	205	0	4,313
GRAND TOTAL	12,314	12,297	-17	13,403
DETAILS OF EXPENDITURE				
Recurrent:				
Outcome				
Output 1	5,083	5,096	13	1,007
Output 2	1,082	1,003	-79	1,067
Output 3	2,203	2,178	-25	1,976
Output 4	4,826	5,336	510	4,579
Less: - Retained Revenue	-1,890	-1,913	-23	
- Non-cash items	-45	-446	-401	
<i>Sub total recurrent expenditure</i>	11,259	11,254	-5	8,629

	1998/99		1997/98	
	Estimate \$'000	Actual \$'000	Variation \$'000	Actual \$'000
Capital:				
Capital Expenditure				
Expended	205	293	88	4,290
<i>Sub total Capital expenditure</i>	<u>205</u>	<u>293</u>	<u>88</u>	<u>4,290</u>
Administered:				
Administered Items				
Expended	850	750	-100	0
<i>Sub total Administered expenditure</i>	<u>850</u>	<u>750</u>	<u>-100</u>	<u>0</u>
DETAILS OF REVENUE ESTIMATES				
Revenues disclosed as operating revenues	0	0	0	605
Revenues disclosed as administered revenues	0			861
<i>Total Revenue Estimates</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,466</u>

- a) Explanations of variations between the current year estimates and actual results, and the actual results compared with the immediately preceding year, are set out in note 34.
- b) Comparative Estimate figures for Recurrent services are not available due to the change in reporting from a program basis in 1997/98 to an output basis in 1998/99. The Estimates for Recurrent services in 1997/98 were as follows:

Energy Coordination Program

<i>Sub Programs:</i>	\$'000
Energy Industry Development	1,077
Energy Innovation and Efficiency	2,177
Energy Policy and Agreements	1,077
Technical Standards and Safety	4,658
	<u>8,989</u>



Notes to the Financial Statements 30 June 1999

1 Office mission and funding

The mission of the Office of Energy is to promote conditions that enable the energy needs of the Western Australian community to be met safely, efficiently and economically.

The achievement of this mission is underpinned by the agreed government desired Outcome, which is a safe, efficient and competitive environment for the provision of energy.

The Office of Energy is predominantly funded by Parliamentary appropriation. The Office has a net appropriation agreement, as determined by the Treasurer, pursuant to section 23A of the Financial Administration and Audit Act, which provides for receipt of moneys for services provided on a fee for service basis. These services include mines electrical inspections, electrical and gas licensing functions, sale of technical and safety publications and some contribution to the WA Energy Efficiency Awards. The fees are reviewed each year and the Office determines charges with a view to working towards full cost recovery. The financial statements encompass all Funds through which the Office controls resources to carry on its functions.

In the process of reporting on the Office as a single entity, all intra-entity transactions and balances have been eliminated.

2 Significant accounting policies

a) General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

b) Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29 as modified by Treasurer's Instruction 1101A. The modifications giving rise to material or significant financial effects are :

The statements have been prepared on the accrual basis of reporting using the historical cost convention, with the exception that certain non-current physical assets have been introduced at written down current cost as at 30 June 1998. Additions to non-current physical assets since valuation are stated at cost. Administered assets, liabilities, expenses and revenues are not integral to the office in carrying out its

Notes to the Financial Statements 30 June 1999

functions and are disclosed in schedules to the financial statements, forming part of the general purpose financial report of the Office. The administered items are disclosed on the same basis as is described above for the financial statements of the Office. The administered assets, liabilities, expenses and revenues are those which the Government requires the Office to administer on its behalf. The assets do not render any service potential or future economic benefits to the Office, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Office, and the expenses and revenues are not attributable to the Office.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Office, the disclosure requirements of Australian Standard AAS 33, Presentation and Disclosure of Financial Instruments, are not applied to administered transactions.

c) Appropriations

Appropriations in the nature of revenue, whether recurrent or capital, are recognised as revenues in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the Office's bank account.

d) Operating accounts

Amounts appropriated are deposited into the account and any revenues which are the subject of net appropriation determinations are also deposited into the account. Revenues not subject to net appropriation determinations are credited to the Consolidated Fund. All payments of the Office are made from the operating account.

e) Non-current assets and depreciation

All non-current assets of a material value having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

Furniture:

Soft furniture	5 years
Hard furniture	7 years
Office Equipment	5 years
Computer Hardware	3 years

f) Employee entitlements

Annual and long service leave

These entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an officer has completed four years of service. This treatment is consistent with the provisions of Australian Accounting Standard AAS 30: Accounting for Employee Entitlements.

Notes to the Financial Statements 30 June 1999

Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or the Gold State Superannuation Scheme, a defined benefit and lump sum benefit scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The superannuation expense comprises the following elements:

- i) change in the unfunded employer's liability in respect of current employees who are members of the Superannuation and Family Benefits Act Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- ii) notional employer contributions which would have been paid to the Gold State Superannuation Scheme and West State Superannuation Scheme if the Office had made concurrent employer contributions to these Schemes.

The superannuation expense does not include payment of pensions to retirees as this does not constitute part of the cost of services provided by the Office in the current year. The total unfunded liability for pensions and transfer benefits assumed by the Treasurer at 30 June 1999 in respect to current employees is \$135,204 (1998 \$792,603).

g) Leases

The Office has no finance lease commitments. The only operating leases the Office has entered into are operating leases of office accommodation and motor vehicles, where the lessors effectively retain all of 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 operating statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property. The office accommodation occupied by the Office is under a head lease between the lessor and the Commercial Property Branch, Treasury whereas the vehicles are leased indirectly via the Department of Contract and Management Services from Matrix Finance Group Ltd for the supply of motor vehicles for use by government agencies.

h) Accounts receivable, Accounts payable, Accrued salaries and Amount due to the Treasurer

Accounts receivable are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of accounts receivable is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists and in any event where the debt is more than 60 days overdue.

Notes to the Financial Statements 30 June 1999

Accrued salaries suspense account consists of amounts paid annually into a suspense account at Treasury over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account. Accounts Payable, including accruals not yet billed, are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. Accounts Payable are generally settled within stated terms and in accordance with Treasurer's Instruction 308.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for the financial year does not coincide with the end of the financial year.

The Office hold no Treasurer's Advance and therefore has no amount due or repayable to the Treasurer.

i) Net fair values of financial assets and liabilities

Net fair values of financial instruments are determined on the following bases:

Monetary financial assets and liabilities not traded in an organised financial market - cost basis carrying amounts of debtors, accounts payable, and accruals (which approximate net market value).

3 Outputs of the Office

The Budget for 1998/99 was framed in terms of outputs, consequently financial reporting for the year is also analysed in terms of outputs.

Information about the Office's outputs and the expenses, revenues, assets and liabilities which are reliably attributable to those outputs is set out in the Outputs Schedule. Information about expenses, revenues, assets and liabilities administered by the Office are given in the Schedule of Administered Assets and Liabilities.

The major Outputs delivered by the Office are:

1. Policy advice, information and project management for the improvement in value from energy businesses and services;
2. The advancement of competitive market conditions within the State's energy industry;
3. Development, introduction and ongoing support of worthwhile initiatives in renewable energy and energy use; and
4. Enhancement of efficient and safe energy infrastructure and appliances, safety of consumers, workers and the community in energy related areas.



Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000
4 Salaries		
Salaries, annual leave and long service leave paid	4,569	4,296
Change in annual and long service leave entitlements	-98	-113
	4,471	4,183
5 Superannuation		
Total expense for the year (Superannuation expense calculation is based on data and formulae provided by the Government Employees Superannuation Board)	489	431
6 Depreciation		
Furniture and Equipment	32	25
Computer Equipment	171	161
	203	186
7 Administration Expenses		
Operating Lease Rentals	36	156
Other Expenses incurred during the year	3,333	2,791
Resources received free of charge	30	55
	3,399	3,002
Administration expenses include travel, communication, services and contracts and asset management costs.		
8 Accommodation Expenses		
Operating Lease Rentals	420	358
Other Expenses incurred during the year	6	22
	426	380
9 Grants, Subsidies and Transfer Payments		
Western Power - Underground Power Project	3,900	4,000
Other Grants (includes \$750,000 transferred to OffGAR)	2,152	1,064
	6,052	5,064
10 Net Loss on disposal of Non-Current Assets		
Proceeds from disposal of Non-Current Assets	0	0
Less written down value of assets	4	150
	4	150

Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000
11 User Charges and Fees		
These consist of:		
Mine Inspections	388	384
Miscellaneous	133	67
Information for Industry - Sales	35	36
Electrical and gas licensing fees and charges	1,283	
Contributions to WA Energy Efficiency Awards	33	
Technical services	11	8
Other inspections	25	9
Contributions by senior officers to the Executive Motor Vehicle Scheme	5	6
	1,913	510
(Licensing revenues for 1997/98 were classified as Administered, whereas they were fully retained in 1998/99 and classified as Controlled for the purposes of these statements)		
12 Appropriations		
Consolidated Fund - Recurrent Expenditure	11,859	8,741
Consolidated Fund - Capital Expenditure	205	4,313
Consolidated Fund - Trust Contributions	250	349
	12,314	13,403
13 Operating Receipts Paid into Consolidated Fund		
Receipts from other services	0	597
Receipts from the sale of non-current assets	0	0
	0	597

All the above receipts form part of "Operating Revenues" as disclosed in the Operating Statement

Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000
14 Resources Received Free of Charge		
Administration Expenses		
Resources received free of charge has been determined on the basis of the following estimated provided by agencies:		
Office of the Auditor General - audit services	15	15
State Treasury - Government Accounting Services	3	2
Department of Contract and Management Services - Contract Services	0	20
Department of Resources Development - Corporate Services	12	18
	30	55
15 Liabilities assumed by the Treasurer		
Superannuation	489	431
16 Cash		
Operating Trust Account	993	1,318
Accrued Salaries for 27th Pay held at Treasury on behalf of the OOE	66	49
Cash on hand	5	5
	1,064	1,372
Accrued salaries suspense account is represented by a cash balance and is therefore equivalent to the net fair value.		
17 Restricted Cash		
Trust Fund Balance for AEDB Trust Account (see note 32)	513	598
18 Accounts Receivable		
Accounts Receivable	43	10
The Office does not have any significant exposure to any individual customer or counterpart. The carrying amount of Accounts Receivable approximates their net fair values.		
19 Other Current Assets		
Prepayments	43	4

Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000
20 Property, Plant and Equipment		
Furniture and equipment		
At valuation	83	83
Accumulated depreciation	73	58
	10	25
At cost	83	55
Accumulated depreciation	23	7
	60	48
Computer hardware		
At valuation	189	247
Accumulated depreciation	189	191
	0	56
At cost	521	351
Accumulated depreciation	273	132
	248	219
Total		
At cost and valuation	876	736
Accumulated depreciation	558	388
	318	348
21 Accounts Payable		
Amounts payable for goods and services received.	102	81
The carrying amount of accounts payable approximates their net fair values.		
22 Accrued Salaries		
Amounts owing for the 4 working days from 25 June to 30 June 1999 (1998: 3 working days).	73	48
Accrued Salaries are settled within a few working days of the Financial year. The carrying amount of accrued salaries is equivalent to the net fair value.		



Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000
23 Employee entitlements		
Current liabilities		
Liability for annual leave	347	337
Liability for long service leave	247	279
	<u>594</u>	<u>616</u>
Non-current liabilities		
Liability for long service leave	364	441
Total Employee Entitlements	<u>958</u>	<u>1,057</u>
The carrying amount of employee entitlements is equivalent to the net fair value.		
24 Accumulated surplus		
Equity represents the residual interest in the net assets of the Office. The Government holds the equity interest in the Office on behalf of the community.		
Balance at the beginning of the year	1,146	740
Net adjustment to correct value of assets previously recognised	0	0
Change in the net assets resulting from operations	-298	406
Balance at end of the year	<u>848</u>	<u>1,146</u>
25 Lease Commitments		
At balance date, the Office had the following operating lease commitments:		
Not later than one year	462	295
Later than one year and not later than two years	462	210
Later than two years and not later than five years	683	355
Later than five years	0	0
	<u>1,607</u>	<u>860</u>

Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000
26 Remuneration of Senior Officers		
The number of senior officers whose total of fees, salaries and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:		
	NUMBER OF SENIOR OFFICERS	
	98/99	97/98
60,000 - 70,000	0	1
70,000 - 80,000	1	0
80,000 - 90,000	1	1
90,000 - 100,000	2	3
100,000 - 110,000	1	0
130,000 - 140,000	0	1
140,000 - 150,000	2	0
Total remuneration of senior officers is:	747	572
 (The figures for 1998/99 include for a senior officer who ceased employment during the year and received a termination payment)		
Retirement Benefits		
The following amounts in respect of retirement benefits for senior officers became payable for the financial year:		
Notional contributions to Gold State Superannuation Scheme	100	74
No senior officers are members of the Superannuation and Family Benefits Act Scheme		

Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000
27 Reconciliation of net cash used in operating activities to net Cost of services		
For the purposes of the Statement of Cash Flows, "cash" has been deemed to include cash on hand, Trust Fund balances and amounts held in suspense.		
Net cash used in operating activities	-12,530	-12,151
Decrease/(Increase) in employee entitlement	99	111
Decrease/(Increase) in accounts payable	-21	97
Decrease/(Increase) in accrued salaries	-25	-16
(Decrease)/Increase in Other Current Assets	39	-10
Depreciation	-203	-186
Increase/(Decreases) in accounts receivable	33	-95
Liability Assumed by Government	-489	-431
Resources Received Free of Charge	-30	-55
Profit/(Loss) on disposal of non-current assets	-4	-150
Net cost of services	<u>-13,131</u>	<u>-12,886</u>
28 Reconciliation of Cash		
For the purposes of the Statement of Cash Flows, Cash includes cash on hand and in banks and investments in money market instruments. Cash at the beginning of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash resources	1,064	1,372
Restricted cash resources	513	598
	<u>1,577</u>	<u>1,970</u>

Notes to the Financial Statements 30 June 1999

29 Additional Financial Instruments Disclosures

(a) Interest rate risk exposure

The Office's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments are:

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$'000	Fixed Interest Rate Maturities			Non Interest Bearing \$'000	Total \$'000
			1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000		
30 June 1999							
Assets							
Cash Resources		0	0	0	0	1064	1064
Restricted Cash Resources		0	0	0	0	513	513
Accounts Receivable		0	0	0	0	43	43
Total Financial Assets		0	0	0	0	1,620	1,620
Liabilities							
Accounts Payable		0	0	0	0	102	102
Accrued Salaries		0	0	0	0	73	73
Employee Entitlements		0	0	0	0	958	958
Total Financial Liabilities		0	0	0	0	1133	1133
Net Financial Assets (Liabilities)		0	0	0	0	487	487

(b) Credit risk

All financial assets are unsecured. Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets the carrying amounts represent the Office's maximum exposure to credit risk in relation to those assets.

(c) Net fair value of Financial Instruments

The carrying amounts of cash at bank, accounts receivable, accrued salaries and employee entitlements are considered to reflect their net fair value.

30 Contingent Liabilities

The Office has no contingent liabilities as at 30 June 1999.

31 Events Occurring After Reporting Date

The Office is unaware of any event occurring after reporting date that would materially affect the financial statements.



Notes to the Financial Statements 30 June 1999

32 Trust Funds

ALTERNATIVE ENERGY DEVELOPMENT BOARD GOVERNMENTAL TRUST ACCOUNT

Purpose: to hold funds for the purpose of allowing the Alternative Energy Development Board carry out its functions.

	1998/99 \$'000	1997/98 \$'000
Opening Cash Book Balance	598	614
Receipts:		
Consolidated Fund Contribution	250	349
Other Revenue	0	0
	<u>250</u>	<u>349</u>
Payments:		
Board Member Fees	15	10
Salaries	63	60
Services & Contracts	3	36
Project Grants	254	259
(Details of project grants are include in the Report of Operations)		
Other Expenses	0	0
	<u>335</u>	<u>365</u>
Closing Cash Book Balance	<u>513</u>	<u>598</u>

33 Audit Fees

Notional amounts charged by the Office of the Auditor General in respect of the provision of audit services:

External Audit	<u>15</u>	<u>15</u>
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Notes to the Financial Statements 30 June 1999

34 Explanatory Statement

a) Significant variations between estimates and actual results for the financial year.

	1998/99		Variance \$'000
	Estimate \$'000	Actual \$'000	
<i>OUTPUT 2 - The advancement of competitive market conditions within the State's energy industry.</i>	1,082	1,003	-79

The commencement of several consultancies was delayed during the year. Ministerial approval to commence some projects was obtained late into the financial year and expenditure will continue into the 1999/2000 year. Some funds have been carried forward into 99/00 to continue some late starting projects such as electricity industry reform, gas distribution expressions of interest, development of an electricity licensing regime, gas licensing promotion and the publication of the brochure Energy WA.

<i>OUTPUT 4 - Enhancement of efficient and safe energy infrastructure and appliances, safety of consumers, workers and the community in energy related areas.</i>	4,826	5,336	510
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Over expenditure has occurred in relation to this Output due to several factors. Available funds for expenditure were in excess of the appropriation budget because an amount of \$201,000 was carried over from the previous year to fund ongoing programs such as a safety advertising campaign, a promotional Residual Current Device (RCD) campaign, ongoing gas appliance testing and the continuation of enhancements to the computerised electrical inspection system. Additionally, the budget for this Output included provision for the application of Retained Revenues. However, actual revenues available for application to the Output fell below budget expectations by approximately \$87,000. Expenditure exceeded appropriated budget targets by approximately \$120,000, mainly in the Regulatory Services Branch (+\$108,000) where purchasing of publications for resale to industry, printing, temporary staff requirements and general expenditure in the administration of the Electrical Licensing Board contributed.

CAPITAL	205	293	88
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Over expenditure has occurred in relation to this Capital because an amount of \$114,000 was carried into 1998/99 from the previous year and was available to expend against the Office's planned capital program in addition to the appropriated amount for the year. A balance of \$25,000 remained at the conclusion of the 98/99 financial year to be applied against the continuing capital program in 1999/2000.

Notes to the Financial Statements 30 June 1999

	1998/99		Variance \$'000
	Estimate \$'000	Actual \$'000	
ADMINISTERED FUNDING	850	750	-100

Funding of \$850,000 was provided in the Office's 1998/99 budget to establish the supporting agency, Office of Gas Access Regulation (OffGAR), to the two statutory positions of WA Independent Gas Access Regulator and the WA Independent Gas Pipelines Access Arbitrator. There was expectation that the enabling legislation would be passed in July of 1998. The legislation, however, was enacted in February 1999.

The Office of Energy expended \$96,473 in funds establishing the agency, which would have been applied against the administered amount had the agency existed at the commencement of the financial year. An application for supplementary funding to cover this expenditure was approved subject to a similar amount being underspent from the Administered funds. The Office of Energy had not transferred the balance of \$3,527 at the conclusion of the financial year.

b) Significant variations between 1998/99 expenditure and expenditure for the immediately preceding financial year.

It should be noted that it is not possible to make one-to-one correlation based comparisons between the 1998/99 financial year and the 1997/98 financial year, when the Office had operated under a Program/sub-program structure. New initiatives and restructuring has occurred as a result of Corporate Planning, the implementation of the Output structure and the advent of mandatory Net Appropriation Agreements.

<u>OUTPUT (98/99) and SUB-PROGRAM (97/98):</u>	1998/99 \$'000	1997/98 \$'000	Variance \$'000
<i>OUTPUT 1 - Policy advice, information and project management for the improvement in value from energy businesses and services (98/99)</i>	5,063	1,007	4,056
<i>SUB-PROGRAM - Energy Policy and Agreements (97/98)</i>			

An amount of \$4 million was provided as the State's contribution to the Underground Power Project in 1998/99 through the Office of Energy as part of this Output. The same amount was provided in 1997/98 for the project, but was provided under the Capital Works Program and not reported under this Output/Sub-Program.

Notes to the Financial Statements 30 June 1999

	1998/99 \$'000	1997/98 \$'000	Variance \$'000
<i>OUTPUT 2 - The advancement of competitive market conditions within the State's energy industry (98/99)</i>	1,003	1,067	-64
<i>SUB-PROGRAM - Energy Industry Development (97/98)</i>			

An amount of approximately \$300,000 was carried into 1997/98 from the previous financial year to fund ongoing projects and consultancies which had been delayed in that year. Again in 1998/99 a number of consulting projects and major programs were delayed and funding not expended prior to the end of the year. Funds have been carried forward into 99/00 to continue some late starting projects such as electricity industry reform, gas distribution expressions of interest, development of an electricity licensing regime, gas licensing promotion and the publication of the brochure Energy WA.

<i>OUTPUT 3 - Development, introduction and ongoing support of worthwhile initiatives in renewable energy and energy use (98/99)</i>	2,178	1,976	202
<i>SUB-PROGRAM - Energy Innovation and Efficiency (97/98)</i>			

A number of energy efficiency projects in Government buildings proceeded more slowly than scheduled in 1997/98 and funds were carried forward to meet these commitments. As a result, in 1998/99 an additional \$136,000, above the budgeted \$400,000, was released for grants under the Financing Energy Efficient Use scheme. This output also received an increased appropriation of \$145,000 in 1998/99 for work done towards development of the State's greenhouse emissions reduction response to the National Greenhouse Strategy.

<i>OUTPUT 4 - Enhancement of efficient and safe energy infrastructure and appliances, safety of consumers, workers and the community in energy related areas (98/99)</i>	3,393	4,579	-1,186
<i>SUB-PROGRAM - Technical Standards and Safety (97/98)</i>			

In the main, the indicative decrease in expenditure relates to the implementation of a mandatory Net Appropriation Agreement, which allows the Office to retain revenues relating to this output and expend these funds against costs of the Output. This had not been possible in the 1997/98 financial year.



Notes to the Financial Statements 30 June 1999

	1998/99	1997/98	Variance
	\$'000	\$'000	\$'000

The expenditure figure shown in 1998/99 is a net expenditure amount, which does not include an amount of \$1,743,000 which was received as revenue and also expended against this Output. Total gross expenditure for this Output during 1998/99 was \$5,136,000, which represents an actual increase of \$557,000 over 1997/98 expenditure. This actual increase reflects an increase in revenues attributable to the Output and the increase in costs associated with the licensing function of the Technical and Safety Division, which generates the revenues.

CAPITAL	293	4,290	-3,997
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An amount of \$4 million was provided as the State's contribution to the Underground Power Project in 1997/98 through the Office of Energy as part of this Capital Works Program. The same amount was provided in 1998/99 for the project, but was provided under the Office's Output 1 and not reported under the Capital Program.

ADMINISTERED FUNDING	750	0	750
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Funding was provided in the Office's 1998/99 budget to establish the supporting agency, Office of Gas Access Regulation (OffGAR), to the two statutory positions of WA Independent Gas Access Regulator and the WA Independent Gas Pipelines Access Arbitrator. Funding was not provided for this purpose in 1997/98.

REVENUE	1,916	1,466	450
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The Office of Energy reviews all fees and charges each year to move towards full cost recovery of provision of services. The major revenue generation for the Office occurs in the Technical and Safety Division, where the function of licensing gas and electrical operatives occurs. Charges relating to licences are detailed in Regulations and a schedule of increases has been implemented to ensure equitable treatment between gas licences and electrical licenses, in recovery of costs through the fee charged. The above increase in revenue reflects this scheduled increase as well as the receipt of several unbudgeted "miscellaneous" items, such as an amount of \$33,285 being returned to the Office at the conclusion of the '98 Energy WA Conference, for which the Office provided seed capital, the proceeds of a stale cheque to the value of \$25,000 and a contribution of \$18,000 from the LNG 12 conference.

Notes to the Financial Statements 30 June 1999

Schedule of Administered Expenses and Revenues

General Not Attributed

	1998/99 \$'000	1997/98 \$'000
ADMINISTERED EXPENSES AND REVENUES		
Expenses		
Transfer to Consolidated Fund	0	861
Transfer payments to OffGAR	750	
Total administered expenses	750	861
Revenues		
Licence fees	0	861
For transfer to OffGAR	754	
Total administered revenue	754	861

Notes to the Financial Statements 30 June 1999

Activity/Output Schedule of Expenses and Revenues

	Output 1 1998/99 \$'000	Output 2 1998/99 \$'000	Output 3 1998/99 \$'000	Output 4 1998/99 \$'000	Total 1998/99 \$'000
Operating expenses					
Salaries	755	642	545	2529	4471
Superannuation	61	61	61	306	489
Depreciation	25	25	25	128	203
Administration Expenses	370	353	337	2339	3399
Accommodation expenses	25	25	25	351	426
Grants, Subsidies and Transfer Payments	4015	94	1415	528	6052
Net Loss on disposal of Non-Current Assets	1	1	1	1	4
Total operating expenses	5252	1201	2409	6182	15044
Revenues from services					
User Charges and Fees	17	17	50	1829	1913
Total revenues form services	17	17	50	1829	1913
Net cost of services	5235	1184	2359	4353	13131
Revenues from Government					
Appropriations	5195	1197	2288	3634	12314
Receipts credited to Consolidated Fund					
Resources received free of charge	4	4	4	18	30
Liabilities assumed by the Treasurer	61	61	61	306	489
Total revenues from Government	5260	1262	2353	3958	12833
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS BEFORE ABNORMAL ITEMS AND NET REVENUE (EXPENSE) FROM RESTRUCTURING	25	78	-6	-395	-298

Comparative Estimate figures for Recurrent services are not available due to the change in reporting from a program basis in 1997/98 to an output basis in 1998/99.

Auditor General's Opinion on Performance Indicators



Auditor General

To the Parliament of Western Australia

**OFFICE OF ENERGY
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 1999**

Scope

I have audited the key effectiveness and efficiency performance indicators of the Office of Energy for the year ended June 30, 1999 under the provisions of the Financial Administration and Audit Act 1985.

The Co-ordinator of Energy is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Office's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Qualification

The Efficiency Indicators do not fairly represent as they do not include total accrual costs to produce each Output.

Qualified Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Office of Energy are relevant and appropriate for assisting users to assess the Office's performance and except for matters referred to in the qualification paragraph, fairly represent the indicated performance for the year ended June 30, 1999.

D D R PEARSON
AUDITOR GENERAL
October 8, 1999



Certification of Performance Indicators

I certify that these performance indicators are based on proper records and fairly represent the performance of the Office of Energy for the financial year ending 30 June 1999.

Les Farrant
Coordinator of Energy
15 August 1999

Performance Indicators 1998/99

OUTCOME:

A safe, efficient and competitive environment for the provision of energy.

EFFECTIVENESS INDICATORS

PREAMBLE:

The Office of Energy seeks to promote and establish conditions that will enable benefits to flow to the economy and community in Western Australia through activities in the energy sector. The achievement of the above outcome is impacted by a range of factors. Many of these factors are external to the Office of Energy and outside of its control. However the Office of Energy contributes to this outcome through its activities and the delivery of its outputs.

The performance indicators include information relating to pricing (see Performance Indicators 1 and 3) by the two State-owned energy corporations - Western Power and AlintaGas. The information is primarily taken from their annual reports and is a general indicator of trends in energy prices. There is increasing private sector participation in the energy industry and the information on Western Power and AlintaGas does not relate to those private sector activities.

Information relating to energy pricing by private sector participants is commercially sensitive and not readily available to the Office of Energy. Therefore indicators on the amount of private sector participation have been included and in particular, the proportion of total electricity generated by private participants and transport of sales gas through transmission lines by private participants, to demonstrate the increasing private sector participation and greater competition (see Performance Indicators 2 and 4) in the energy industry in WA.

The Office of Energy strives to promote greater competition in the electricity and gas industries by creating the environment for other participants to enter the market. Over time, this greater competition will trigger market forces to improve the conversion and delivery of energy, improve operational management, and source cheaper fuels, all resulting in energy being produced and delivered to users at lower real costs.

In an increasingly competitive energy market, community safety and consumer protection mechanisms of the regulatory framework should ensure acceptable minimum standards of safety and supply. Indicators are included of safety (see Performance Indicators 5 and 6) in the supply and use of electricity and gas.

These are the Office of Energy's key effectiveness and efficiency performance indicators as required by Treasurer's Instruction 904.

Effectiveness Indicators 1998/99

ELECTRICITY - WESTERN POWER DATA

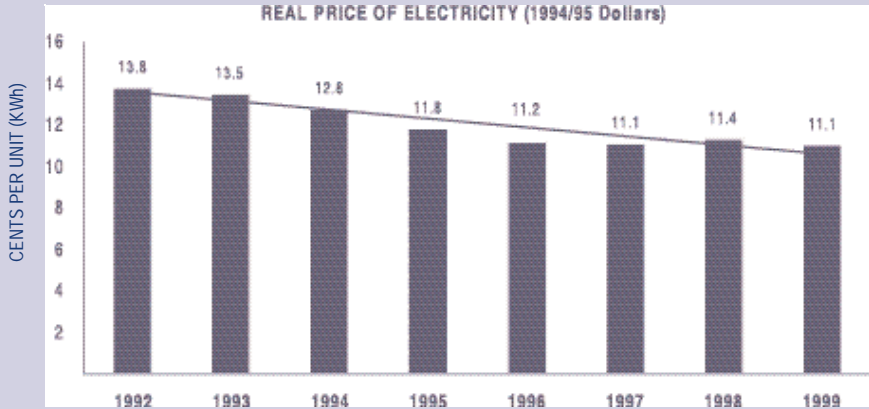
The following information on the trend in the price of electricity supplied by SECWA and Western Power gives a general indication of the trend in electricity prices over time. Pricing of electricity by private sector providers is commercially sensitive and not readily available.

Performance Indicator No. 1

1.1 Average price of electricity supplied by SECWA (prior to 1995) and by Western Power (after 1 January 1995) across all customer classes

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
Real price of Electricity (94/95 prices, cents per kWh)	13.8	13.5	12.8	11.8	11.2	11.1	11.4	11.1

1.2 The following graph relates to financial years.



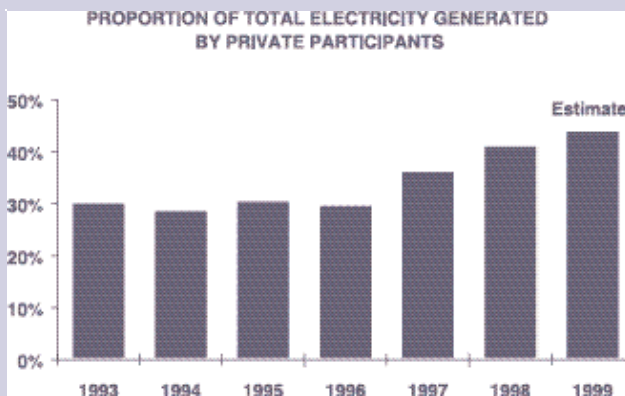
Effectiveness Indicators 1998/99

Performance Indicator No. 2

ELECTRICITY - PRIVATE PARTICIPATION

The pricing of electricity by private suppliers is commercially sensitive and not readily available. This indicator provides information on the increasing overall level of private sector participation in the market. The dominance of the State owned electricity supplier has diminished over time.

The following graph relates to financial years



Note: The result for 1999 is an estimate as at the time of presenting these indicators the actual figures were unavailable.

Performance Indicator No. 3

GAS - ALINTAGAS DATA

The following information on the trend in the price of gas supplied by AlintaGas gives a general indication of the trend in gas prices over time. Pricing of gas by private sector providers is commercially sensitive and not readily available.

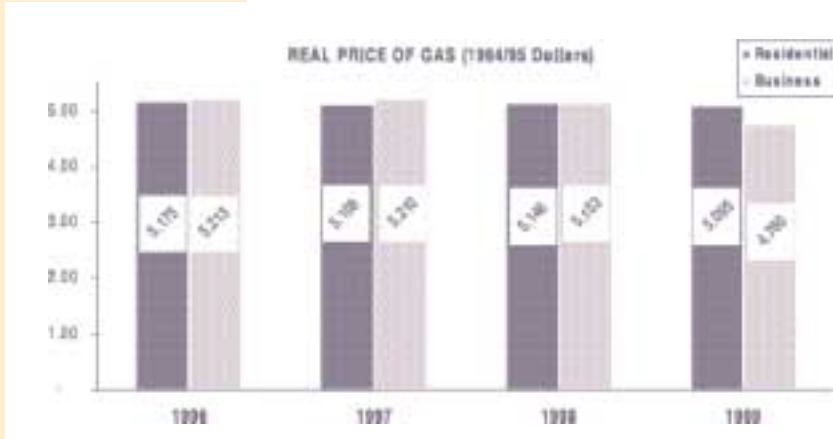
3.3 Gas Price

Real price of Gas (94/95 prices Cents per Unit kWh)	30/06/96	30/06/97	30/06/98	30/6/99
Residential	5.175	5.108	5.146	5.095
Business	5.213	5.210	5.153	4.760



Effectiveness Indicators 1998/99

3.4 The following graph relates to financial years.

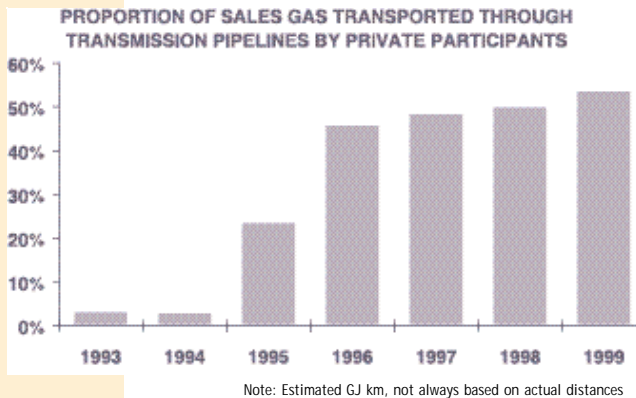


Performance Indicator No. 4

GAS - PRIVATE PARTICIPATION

The pricing of gas by private suppliers is commercially sensitive and not readily available. This indicator provides information on the increasing overall level of private sector participation in the market. The dominance of the State owned gas supplier has diminished over time.

The following graph relates to financial years.



Effectiveness Indicators 1998/99

ELECTRICAL SAFETY

Background Information

The Office of Energy maintains information on electrical incidents and accidents. Many issues contribute to electricity related accidents. The Office of Energy cannot be held responsible for these incidents. However, the Office of Energy actively seeks to minimise the number of accidents by auditing industry work, licensing operatives, improving technical standards and generally promoting electrical safety at work, in the home and in public places.

Performance Indicator No 5

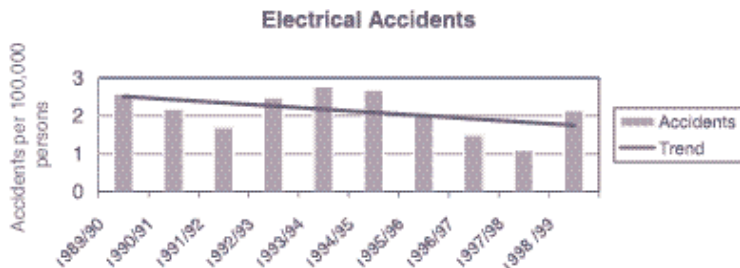
5.1

Electricity related accidents notified per 100 000 population (not including wilful incidents)

Year	Accidents
1989/90	2.6
1990/91	2.2
1991/92	1.7
1992/93	2.5
1993/94	2.8
1994/95	2.7
1995/96	2.1
1996/97	1.5
1997/98	1.1
1998/99	2.2

The average number of electricity related accidents (except wilful incidents) notified per 100 000 population for the period 1989/90 to 1998/99 is 2.14.

5.2 The following graph relates to financial years.

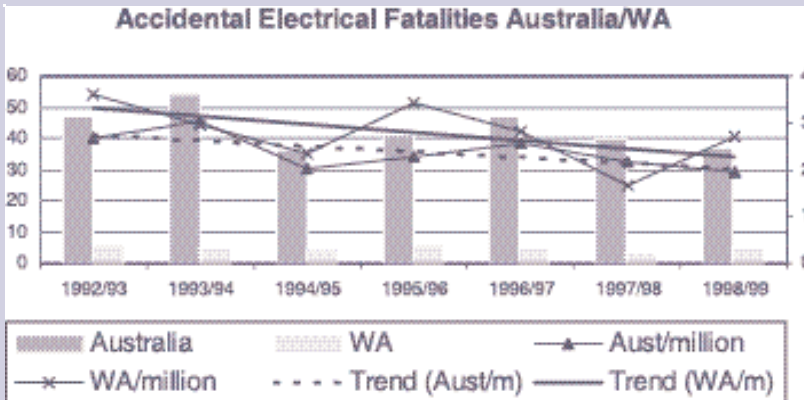


Effectiveness Indicators 1998/99

Notes to Electrical Safety Performance Indicator

These statistics include data published by SECWA which had responsibility for electrical safety regulation up to 31 December 1994. Electricity related accidents are defined an incident which resulted from a sudden discharge of electricity and where one or more persons required medical treatment from a First Aid Officer or from a Medical Practitioner.

5.3 The following graph relates to financial years.



Notes to Comparative Statistics Performance Indicator

The Electrical Regulatory Authorities Council produces annual statistics on accidental electrical fatalities, which give a comparative indication of safety across Australia. This graph does not include the figure for the Northern Territory as it was unavailable at the time of preparing this graph.

GAS SAFETY

Background Information

The Office of Energy maintains information on gas incidents and accidents. Many issues contribute to gas related accidents. The Office of Energy cannot be held responsible for these incidents. However, the Office of Energy actively seeks to minimise the number of accidents by auditing industry work, licensing operatives, improving technical standards and generally promoting gas safety at work, in the home and in public places.

Effectiveness Indicators 1998/99

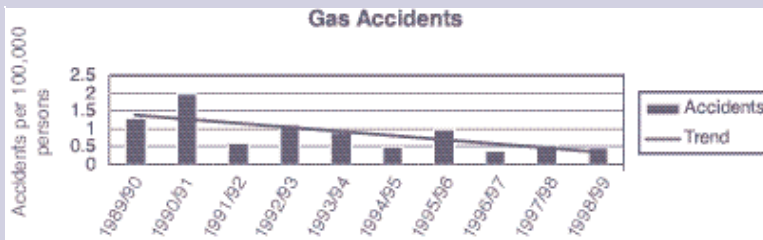
Performance Indicator No. 6

6.1 Gas related accidents notified per 100 000 population

Year	Accidents
1989/90	1.3
1990/91	2.0
1991/92	0.6
1992/93	1.1
1993/94	0.9
1994/95	0.5
1995/96	1.0
1996/97	0.4
1997/98	0.6
1998/99	0.5

The average number of gas related accidents notified per 100 000 population from 1989/90 to 1998/99 is 0.76.

6.2 The following graph relates to financial years.



Notes to Gas Safety Performance Indicator

These statistics include data published by SECWA, which had responsibility for gas safety regulation up to 31 December 1994. Gas related accidents are defined as accidents causing injury and assessed as having gas as their primary cause.



Efficiency Indicators 1998/99

Output 1:

Policy advice, information and project management for the improvement in value from energy businesses and services.

Background Information

Information is provided to the Minister for Energy and Government in support of policy advice and is also disseminated more widely to ensure acceptability to other stakeholders is facilitated and their views are taken into consideration.

Performance Indicator No. 1

	1998/99
Average cost per policy advice.	\$1 023

Notes to this performance indicator

There are various types of policy advice activity and they vary in time and resources required. This general indicator therefore gives an average cost per policy advice. This is the first time this efficiency indicator has been reported and therefore there is no comparative data. This indicator will be reported in future years and a trend will develop over time.

Output 2:

The advancement of competitive market conditions within the State's energy industry.

Background Information

Work of the Industry Development Division in the delivery of Output 2 in the development and implementation of a range of initiatives in support of the advancement of competitive market conditions within the State's energy industry includes:

- The formulation, implementation and administration of third party access arrangements to the monopoly elements of government owned electricity and gas businesses;
- Identification and promotion of opportunities for gas transportation and reticulation within the State;
- Development of an efficient and equitable gas and electricity approvals/licensing process and recommendation of relevant new and consequential legislative changes;
- Policy advice to government on further measures to bring about competitive reform of electricity and gas markets; and
- Collection and dissemination of information to encourage diverse energy market participation.

Efficiency Indicators 1998/99

Performance Indicator No. 2

	1998/99
Cost of development and implementation of initiatives in support of the advancement of competitive market conditions within the State's energy industry.	\$779 944

Notes to this performance indicator

The range of initiatives described above were not separately costed in 1998/99. The above indicator therefore gives the total cost of those initiatives in 1998/99. The Output structure for the 1999/2000 year has been improved to enable the identification of the cost of these various elements.

Output 3:

Development, introduction and ongoing support of worthwhile initiatives in renewable energy and efficient energy use.

Background Information

The Energy Innovation Division administers grants programs including the Financing Efficient Energy Use program and Renewable Energy Remote Area Power System program.

Performance Indicator No. 3

	1998/99
Average cost per grant administered.	\$644

In 1998/99, the number of grants administered was 58. It should be noted that the administration of these grants vary in the amount of time required. This indicator therefore provides an average cost of grants administered.

This is the first time this efficiency indicator has been reported and therefore there is no comparative data. This indicator will be reported in future years and a trend will develop over time.

Efficiency Indicators 1998/99

Output 4:

Enhancement of efficient and safe energy infrastructure and appliances, safety of consumers, workers and the community in energy related areas

OPERATIVE LICENSING ADMINISTRATION

Background Information

The Regulatory Services Branch administers the licensing of electrical and gas operatives. It also provides support to the industry-representative Electrical Licensing Board.

Performance Indicator No. 4

4.1 Average administrative cost per licensed operative:

1995/96	\$19.77
1996/97	\$16.85
1997/98	\$16.36
1998/99	\$24.76

4.2 Ratio of number of Licensed Operatives/Number of Licensing staff:

1995/96	4 247 operatives per licensing staff
1996/97	4 646 operatives per licensing staff
1997/98	4 501 operatives per licensing staff
1998/99	4 461 operatives per licensing staff

Notes to these performance indicators.

There are various types of individual and business licences. The time and resources required to issue and renew them varies. This general indicator therefore provides an average cost per licensed operative and licensed operative per staff. The average administrative cost per licensed operative for 1998/99 includes a corporate services overhead cost that has not been included in previous years. Calculated on the same basis as previous years the cost would have been \$19.64. (Note: This average cost is not the total cost of licensing as indirect costs and work by other Branches has not been included for the calculation of this efficiency indicator. The cost of this work is reflected in Gas Regulatory Inspections and Electricity Regulatory Inspections Indicators below).

GAS REGULATORY INSPECTIONS

Background Information

The Gas Inspection Branch carry out a wide range of inspections (safety incidents, equipment approvals/failures, breaches of legislation, licensing investigations, vehicles/boats/caravans), and also audits gas supplier performance, throughout the State.

Efficiency Indicators 1998/99

Performance Indicator No. 4

4.3 Average cost per inspection activity:

1995/96	\$207
1996/97	\$201
1997/98	\$255
1998/99	\$386

4.4 Ratio of number of Gas Inspection Activities/Number of Gas Inspection Branch Staff:

1995/96	436 inspection activities per gas inspection staff
1996/97	433 inspection activities per gas inspection staff
1997/98	355 inspection activities per gas inspection staff
1998/99	290 inspection activities per gas inspection staff

Notes to these performance indicators.

There are various types of gas inspection activity and they vary in time and resources required. This general indicator therefore gives an average cost per inspection activity and average inspection activity levels per staff. The average cost per inspection activity for 1998/99 includes a corporate services overhead cost that has not been included in previous years. Calculated on the same basis as previous years the cost would have been \$303.



Efficiency Indicators 1998/99

ELECTRICAL REGULATORY INSPECTIONS

Background Information

The Electrical Inspection Branch carry out a wide range of inspections (safety incidents, equipment failures/compliance audits, breaches of legislation, licensing investigations assessment of complex installation proposals and all mines electrical inspections) and also audit electricity supplier performance, throughout the State.

Performance Indicator No. 4

4.5 Average cost per Inspection Activity:

1995/96	\$767
1996/97	\$701
1997/98	\$716
1998/99	\$972

4.6 Ratio of number of Inspection Activities/Number of Electrical Inspection Branch staff:

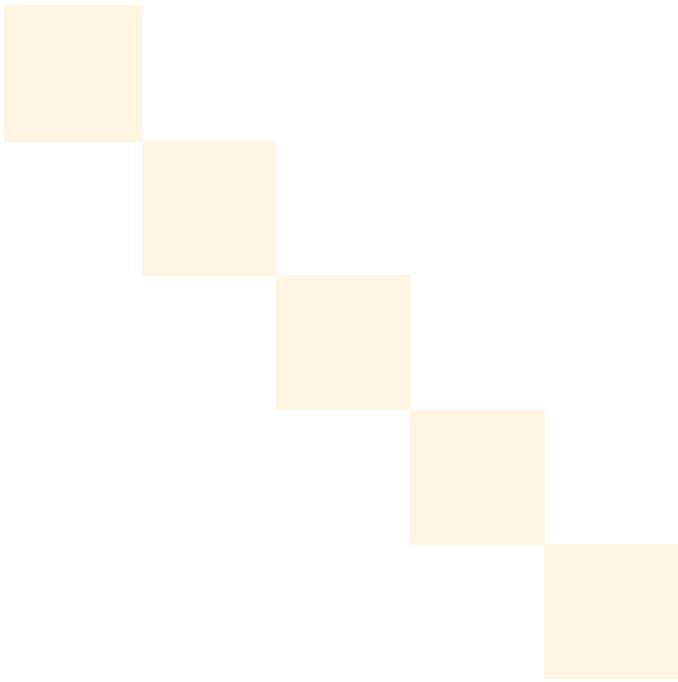
1995/96	113 inspection activities per electrical inspection staff
1996/97	112 inspection activities per electrical inspection staff
1997/98	138 inspection activities per electrical inspection staff
1998/99	131 inspection activities per electrical inspection staff

Notes to these performance indicators.

There are various types of electrical inspection activity and they vary in time and resources required. This general indicator therefore gives an average cost per inspection activity and inspection activity per staff. The average cost per inspection activity for 1998/99 includes a corporate services overhead cost that has not been included in previous years. Calculated on the same basis as previous years the cost would have been \$796.







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