



Government of **Western Australia**
Department of **Commerce**
Energy Safety

Energy Safety Division

Business Plan 2015/16

December 2014

This Business Plan was approved under
Part 2 of the *Energy Safety Act 2006* by
the Hon Michael Mischin MLC
Minister for Commerce
on 27 January 2015



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EnergySafety

EnergySafety Division
Business Plan 2015/16
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A brief outline of the 2013/14 year outcomes (the eighth completed financial year of the Industry funding scheme) for information purposes only

Foreword

This document sets out the Business Plan 2015/16 for the EnergySafety Division (EnergySafety), Department of Commerce.

EnergySafety is Western Australia's technical and safety regulator for the electricity industry and most of the gas industry. Its principal functions are:

- administering electricity and gas technical and safety legislation;
- providing policy and legislative advice to the Minister for Commerce;
- setting and enforcing minimum safety standards for electricity and gas networks;
- enforcing Natural Gas and LP Gas quality standards;
- providing policy and technical advice to the Minister for Commerce and Parliament;
- providing technical advice and support to the Department of Finance's Public Utilities Office, Economic Regulation Authority (ERA) and the Energy Ombudsman;
- setting and enforcing minimum safety standards for consumers' electrical and gas installations;
- licensing electrical contractors, electrical workers and gas fitters;
- investigating and reporting on electrical and gas-related accidents; and
- promoting electricity and gas safety in industry and the community.

The Director of Energy Safety is an independent statutory office (established 1 January 1995) and is the head of EnergySafety.

EnergySafety became industry funded from 2006/07 under the *Energy Safety Act 2006* and *Energy Safety Levy Act 2006*. This mirrored practice in other jurisdictions. The scheme is operating successfully and no changes are considered necessary at this time.

The cost of EnergySafety's activities is met by those who benefit from them, through the combination of licensing revenue and an industry levy. The legislation provides for the levy to be subject to review by Parliament.

As required by the legislation, this Business Plan for 2015/16 sets out:

- a statement of intent;
- the business environment and challenges, including major projects;
- the financial plan;
- details of the proposed 2015/16 energy industry levy; and
- a brief outline in Appendix A of the 2013/14 year outcomes (the eighth complete year of the industry funding scheme), for information.

On approval by the Minister, the Business Plan will form the basis for his determination on the amount to be levied on energy industry participants, and the manner in which it is to be allocated between participants, for the 2015/16 year.

Ken Bowron
Director of Energy Safety

December 2014

Statement of Intent

1.0 Introduction

This Statement of Intent is part of the Business Plan 2015/16 required by the *Energy Safety Act 2006*. It sets out the requirements for the administration of the energy industry levy. Apart from occasional specific-purpose grants, the levy, with revenue from electrical contractor, electrical worker and gas fitter licence fees, provides EnergySafety with all its operating and capital funding.

1.1 Departmental Objectives

The Department of Commerce (Commerce), of which EnergySafety is a Division, has the following objectives:

Vision

A business environment that is productive, innovative, fair and safe.

Mission

To create a contemporary, diversified economy that provides for the growth, safety and protection of the community.

Values

- *Integrity and professionalism;*
- *Making a difference;*
- *Value our people and their contribution; and*
- *Innovation*

Strategic Directions

The five Directions featured in Commerce's Corporate Plan 2013 – 2016 are:

- 1. Influencing and shaping our commercial environment.*
- 2. Empowering business and our community.*
- 3. Developing a world class regulatory environment.*
- 4. Enforcing the law.*
- 5. Strengthening organisational capacity.*

EnergySafety, as part of Commerce, both contributes to and embraces these strategic corporate directions.

2.0 The Role of EnergySafety

The Director of Energy Safety (“Director”) is a statutory office established under Section 5 of the *Energy Coordination Act 1994*. The Director is an independent regulator subject only to written direction by the responsible Minister, who is required under the Act to table in Parliament any direction given to the Director.

EnergySafety performs two essential safety functions: it licences all gas and electricity operatives to ensure that minimum training and safety levels are met and maintained; and ensures that all gas and electrical work is performed to adequate safety levels, with appropriate inspection and compliance enforcement.

In performing these functions, EnergySafety seeks to ensure:

- the safety of people (the public, energy workers and consumers) and property affected by electricity and gas utility infrastructure;
- that consumers have safe electrical and gas installations at their premises;
- that electrical and gas appliances and equipment (for domestic, commercial and industrial purposes) purchased or hired are safe to use;
- that residential and business consumers receive gas supplies that are metered accurately and meet minimum standards of quality so appliances function safely;
- the safety of persons working on electrical and gas installations; and
- the safety of all persons using electricity and gas.

EnergySafety develops policies concerning energy industry technical and safety issues, in some cases through membership of national technical standards and regulatory coordination forums. EnergySafety also provides advice to the responsible Minister, including proposals for improved technical and safety legislation.

Licensing is closely associated with consumer and worker safety. EnergySafety issues licences for electrical contractors, electrical workers and gas fitters who meet defined competency requirements.

The statutory Electrical Licensing Board (which includes industry members appointed by the Minister) oversees licensing electrical workers and contractors and makes recommendations on disciplinary matters. The internal Gas Licensing Committee, operating under a delegated authority of the Director, deals with gas licensing matters and makes recommendations on disciplinary issues.

3.0 The Period Ahead

3.1 Introduction

EnergySafety has experienced significant expansion of its functions since its establishment on 1 January 1995, including taking on major additional responsibilities. These include gas network regulation (2000), electricity network regulation (2001) and gas heating value regulation in late 2007.

During industry consultation in 2005/06, dealing with the then industry funding proposals, industry clearly indicated its support for EnergySafety's functions and work. Industry funding for EnergySafety has been in place for nine years and, as it has been in the past, the major focus in the period ahead is to continue delivery on the regulatory and safety outcomes expected. This requires appropriate allocation of staff resources and expertise to meet government, industry and community needs and expectations.

The issues confronting EnergySafety have been categorised below as major policy initiatives, regulatory operational matters and corporate projects and issues.

3.2 Major Policy Initiatives

The following policy projects are in progress and expected to be completed during the next and subsequent financial years.

3.2.1 National Regulatory Reform Initiatives

The Council of Australian Governments (COAG) is supporting a fresh approach to national trades licensing harmonisation through the Council of the Australian Federation (CAF). Coordinating committees have been established for the electrical and plumbing (including gasfitting) trades, chaired by Queensland and NSW respectively. Coordinating meetings take place at regular intervals using video and teleconferencing facilities. The Electrical Regulators Advisory Council also is involved.

Most jurisdictions are prepared to accept a proposal put forward by Queensland, whereby licensed electricians from any state or territory are deemed to be licensed upon moving to, and performing electrical work in, Queensland. Tradespersons electing to move permanently to that State must take out a Queensland licence upon expiry of their previous licence. The aim is to have similar reciprocal arrangements in all jurisdictions for electricians and electrical fitters.

Further work is required to develop mutually acceptable arrangements for disciplinary proceedings, where a licensee commits a breach of regulations in a jurisdiction other than the state or territory which issued his or her licence.

More work is also required to develop reciprocal arrangements for licensed electrical contractors, most of which are corporations or operate under registered business names, both administered by the Commonwealth Government. Nevertheless, contractors also must observe state and territory-based training and safety-related regulations.

Similarly gas fitting and plumbing trades are being chaired by NSW with all state regulators being involved through the Gas Technical Regulator Committee. It was decided that this mutual recognition initiative should be led firstly by electrical trades to be followed by plumbing and gas fitting at a future date.

3.2.2 Review of Legislation Administered by EnergySafety

Legislation administered by EnergySafety has, since commencing in 1945, been written and amended frequently, reflecting evolutionary changes in technology and in the electricity and gas industries.

On 24 June 2013, cabinet approved merging the *Electricity Act 1945*, *Gas Standards Act 1972*, *Energy Safety Act 2006* and relevant sections of the *Energy Coordination Act 1994* into a consolidated *Energy Safety Act*. Legislative drafting began in 2013/14 and is expected to be completed during 2015.

Legislation administered by other agencies, if dealing with gas and electricity supply and utilisation, can affect the functions of EnergySafety. The *Electricity Industry Act 2004* and its regulations and codes are an example.

EnergySafety attempts to review and recommend appropriate amendments to legislation it administers when industry, technical and/or government policy changes occur. Amendments also aim to simplify and remove:

- any provisions that are no longer EnergySafety's responsibility;
- any inconsistencies or conflicts between pieces of legislation; and
- any overlaps that have occurred.

During 2014/15 EnergySafety has continued to work on proposed legislation reforms, which were approved by Cabinet in November 2011, that will amend selected Acts and parts of Acts for which EnergySafety has responsibility. These reforms will remove inconsistencies between the various Acts and the suite of legislation associated with the *Electricity Industry Act 2004*. The reforms will also provide for:

- the appropriate sharing of information with other Western Australian investigation agencies for bushfires and energy-related safety agencies in Australia and New Zealand;
- the rationalisation of statutory responsibilities for the control of vegetation near power lines;
- expiry dates for certificates of competency for gasfitting;
- removal of duplication and overlap between existing legislative provisions; and
- updating the systems for approval of electrical equipment as part of a new national scheme.

3.2.3 Electrical Equipment and Appliances Safety

EnergySafety is participating with other regulators in a national project to address emerging problems and challenges facing the electrical equipment safety system across Australia. A national Regulation Impact Statement (RIS) has been developed outlining a preferred option for achieving a more consistent and effective electrical equipment safety system (EESS) for Australia and New Zealand. It is designed to ensure regimes operated by each jurisdiction are in harmony and have the capacity to deal with the challenges of rapidly changing technology and global manufacturing. EnergySafety does not approve appliances but recognises the approvals issued by other jurisdictions.

The Energy Safety Bill 2014 incorporates provisions to recognise the new EESS. The new requirements are not "mirror legislation" but are consistent with those in the Queensland legislation. This project is nearing implementation and is expected to be operational in all jurisdictions, except NSW, in 2015. The responsible Ministers in all jurisdictions have agreed to develop an Intergovernmental Agreement to provide for ministerial oversight of the

collection and dispersal of monies collected from equipment manufacturers and importers under the EESS.

3.2.4 Electrical Installation Compliance Assessment Service

Electrical work, as defined under the *Electricity (Licensing) Regulations 1991*, includes “work comprising an assessment of an electrical installation to ensure the installation and any work done on the installation complies with these Regulations”. Under the legislation, a compliance assessment of an electrical installation can only be undertaken by a licensed person.

EnergySafety will develop a framework for assessment of the compliance of in-service electrical installations. This would prescribe the minimum inspection and tests to be performed by electrical contractors offering the service. Such an assessment should provide comfort to home-owners, tenants and potential purchasers that the electrical installation within the premises are safe and comply with legislation.

3.3 Regulatory Operational Matters

Apart from the policy development activities, operational work associated with administering existing regulations is growing rapidly.

Some of the operational work undertaken by EnergySafety is routine, such as responding to requests for advice, responding to complaints, carrying out minor investigations and, as appropriate, making decisions on whether to warn, infringe or prosecute a person or business. There is also a routine level of installation inspection work carried out by EnergySafety's inspection branches, for electricity and gas installations not connected to a network¹ (e.g. pastoralists' facilities, mine sites, Rottnest Island, Christmas and Cocos [Keeling] Islands).

There is a growing trend for gas and electrical appliances to be sourced from overseas, often via the internet. Many of these do not meet Australian Standards and have safety issues. EnergySafety is involved in removing these items from sale and educating the public on the safety issues (e.g. USB chargers and electrical cable).

During recent years the State's economic activity expanded significantly, particularly in the resources sector, where the focus of investment had been on mine site construction and operations. This generated increased work for industry that flowed through to EnergySafety. This was in addition to increased responsibility caused by the expanded regulatory framework.

The very high level of industry activity over recent years has resulted in a sustained influx of electrical and gas operatives seeking local work (both from interstate and overseas). The Licensing Office has continued to provide excellent turn-around time from receipt of applications to the issue of licences. Nonetheless, considerable work pressure remains in this area and is continually monitored.

It is expected that, as the resources investment activity continues to evolve from a construction phase to an operational phase, the rate of influx of interstate and overseas electrical and gas operatives will slow down and plateau. There has been no sign of this during 2013/14 but the tapering down will likely occur over a five to eight year period and affect the numbers of licenses issued and renewed in future years.

¹ Installations connected to a network or pipeline are required to be inspected by the network operator or pipeline licensee, which is required to report results to EnergySafety.

Some operational work can evolve into major projects. For example, following major compliance audits in 2006 and 2008 into Western Power's management of its extensive wood pole electricity distribution system, EnergySafety continues to monitor Western Power's response to ensure that it properly addresses the matters raised.

EnergySafety provided information as required to the Legislative Council Standing Committee on Public Administration, which conducted a review of Western Power and Horizon Power's transmission and distribution systems.

EnergySafety has established panel contracts for technical personnel to be available for short-term projects. This will continue to allow targeted compliance audits to be conducted, mainly involving the network operators working in the Pilbara and other remote locations.

EnergySafety conducts programmed and targeted compliance audits on a sample of electrical contractors and gas fitters (including authorisation holders).

Continued monitoring of the effectiveness of Inspection Plans and the performance of Installation Inspectors employed by network operators must also be undertaken. The Inspectors are authorised ("designated") by the Director of Energy Safety and perform the vital function of checking the compliance of consumers' electrical and gas installations in accordance with an approved plan following work by electrical contractors and gas fitters. They conduct a first level investigation and then report cases of non-compliance to EnergySafety for possible follow-up action. In accordance with the terms of their designation, they are obliged to comply with a Code of Conduct.

Targeted audits will continue to be carried out to ensure that all Installation Inspectors report defects as required by their statutory obligations.

3.3.1 Gas Safety in Multi-storey Units

The Gas Appliance Rectification Programme survey during 2010/11 uncovered a number of poorly maintained gas installations in large blocks of flats. The majority of the premises had instantaneous gas hot water systems installed and connected to multiple flued systems. In installing retrofitted water heaters there has been disturbance to the integrity of flues and fitting of inappropriate flue connections.

This is a concern for both the network operator (ATCO Gas Australia) and EnergySafety. A program to undertake inspections of all known multiple-flue systems in blocks of flats is underway and will continue through 2015/16.

3.3.2 Network Operators' Inspection System Plans

Regulation 253 of the *Electricity Regulations 1947* provides for the Director of Energy Safety to issue guidelines setting out the technical, investigative, reporting, administrative and other requirements for network operators' inspection system plans. Guidelines which set out the core elements which network operators must address in their respective Inspection System Plans were published by the Director on 30 June 2013.

EnergySafety has been working closely with all network operators to ensure requirements in the Guidelines are understood and properly addressed in their respective Plans. While significant progress has been made towards the development of new Plans, in some cases, more effort and time are required to meet all the requirements in the Guidelines.

Network operators are encouraged to continue engagement with EnergySafety throughout the process of developing their new Plans. Regular meetings are held to monitor progress

and it is anticipated that the new Plans will be implemented in 2015. Once the Plans are implemented, EnergySafety will start audits to ensure compliance with the Plans.

3.3.3 Management of Major Network Safety Risks

Western Power has a very large electricity transmission and distribution network which includes an estimated 660,000 wood poles. Ensuring that these poles do not fail is a key public, worker and fire safety issue. Pole failures have the potential to cause serious bushfires, electrocutions (from fallen wires), physical impact damage, equipment damage in customers' premises and significant blackouts. Other public safety risks associated with electricity networks includes: clashing conductor incidents, pole-top fires, un-assisted conductor failures, and contact between overhead conductors and trees.

EnergySafety continues to devote significant resources to ensure network operators adequately manage the various hazards associated with transmission and distribution networks.

3.3.3.1 Distribution Wood Pole Safety – Compliance with Order 01-2009

EnergySafety issued an Order (01-2009) in mid-2009 requiring Western Power to correct the problems identified in audits undertaken in 2006 and 2008. The Order directs Western Power to take specific actions to address the critical issues.

EnergySafety continues to work with Western Power to identify unsafe electricity distribution poles and ensure they are reinforced or replaced. The network operator's performance is monitored through regular reports.

3.3.3.2 Transmission Wood Pole Safety

Poles in the transmission network are generally designed and maintained to more rigorous standards than those of distribution systems. EnergySafety is aware that the annual failure rate of poles in Western Power's transmission network is higher than the accepted industry standard. Western Power has been requested to prepare and implement a more aggressive program of pole replacement and reinforcement for its transmission assets.

3.3.3.3 Conductor clashing incidents

When overhead electricity conductors touch or come close together, a very hot electric arc occurs, melting some of the conductor. Molten metal droplets fall to the ground. They retain sufficient heat to ignite any dry vegetation they encounter on the ground leading, in some cases, to serious bushfires

EnergySafety expects Western Power to assess how best to identify and reduce the likelihood of conductors clashing.

3.3.3.4 Pole-top fires

An audit of Western Power's management practices to minimise pole-top fires completed in 2012 resulted in EnergySafety closely monitoring Western Power's pole-top fire incidents and encouraging the network operator to review its procedures and rectification programmes.

3.3.3.5 Conductor failure incidents

Overhead conductors may fail due to deterioration such as corrosion, or damage through the impacts of foreign objects. EnergySafety devotes significant attention and resources to ensure adequate measures are undertaken to mitigate this risk.

3.3.4 Safety Promotion

EnergySafety and energy suppliers promote:

- gas and electricity user safety;
- community safety awareness about electricity and gas infrastructure; and
- how to work safely near electricity and gas facilities (aimed at all types of workers in various industries).

EnergySafety promotes its safety message through a combination of targeted industry-specific activities, including safety sessions during regional visits, publications aimed at industry and the public (e.g. the Energy Bulletin and EnergySafety's website) and through articles in industry publications. Where resources permit and/or specific significant campaigns are warranted, safety promotion may be conducted through television, radio and newspaper advertisements.

It has been shown that there is a strong correlation between safety promotion and safety improvement. Television has proven to be a most effective medium for reaching the general community. However a substantial campaign is required to have any worthwhile impact.

3.4 Corporate Projects and Issues

3.4.1 Staff Attraction and Retention

In performing its role as a regulator, EnergySafety needs to have experienced employees who understand both the business and technical aspects of the electrical and gas industries. They must evaluate and negotiate safety and performance issues with their senior industry counterparts.

This requires a thorough understanding and working knowledge of industry-specialist technical practices (including safe field work practices), energy legislation and occupational health and safety obligations and economic effects. Some staff members, particularly engineers, also need strong policy development and written communication skills and experience.

Employees with such capabilities are difficult to recruit and retain, especially over the past decade, when WA's economy has remained strong and competition for suitable staff has been high.

EnergySafety has been able to offer more competitive employment packages to its engineers and inspectors through an Attraction and Retention Incentive (ARI) scheme which has remuneration rates more in line with those in the private sector. The ARI includes performance incentive components. While recruitment progress had been slow until mid-2014, several factors, including the evolution of the resources sector activity from construction to operational activity, have meant that recruitment has started to be more successful. It is expected that the ARI will continue to help EnergySafety attract and retain officers in critical positions, particularly for electrical inspectors.

Recruiting specialist technical personnel suited to regulatory work remains difficult. EnergySafety competes for staff with the gas and electricity network operators, major consultancies and large construction contractors.

The ARI has been an important mechanism in ensuring the division has been able to meet the demands of the industry and community. As the ARI is set to expire on 30 June 2015,

consideration is being given to continue with this mechanism. EnergySafety's financial forecasts have been set using the current level of ARI.

Further recruiting is required and is expected to continue to be a critical activity for EnergySafety, especially as many existing staff are approaching or have reached retirement age. Part-time work and part-time contract work options are also used to supplement EnergySafety's core of full time, permanent personnel.

3.4.2 Compliance Management System

Since 2010/11, EnergySafety has been developing a new Compliance Management System (CMS). CMS has replaced the out-dated and unsupported electricity and gas inspection regulatory software. It will also improve productivity and efficiency by supporting a mobile inspection workforce and aligning the workflows across the gas and electricity directorates.

In 2013/14 EnergySafety commenced the development of an in-house software solution that will suit its requirements and integrate with the Department of Commerce's architecture. This continued into 2014/15.

The first stage of the project is expected to be implemented in the first quarter of 2015/16. This stage is limited to internal users and replaced the out-dated and unsupported electricity and gas inspections software with significant improvements to:

- Notifications (including notice sampling)
- Jobs – create and allocate, undertake (assess, plan, recommend, approve)
- Compliance Actions
- Reporting

During 2015/16 and beyond it is planned to develop the subsequent stages which include support for:

- external users;
- notifications by external users, such as network operators;
- functionality in the field (mobility);
- support for the recording of queries;
- business planning – work programing, complex audits, scheduling metro/regional activities;
- investigation cases; and
- operational/resource management

EnergySafety has sufficient funds to meet the preliminary budget estimates for subsequent stages expected to be progressively delivered. The financial forecasts include the expected budget for these stages.

4.0 Activities and Programs

4.1 Legislation Administered

The Director of Energy Safety and his staff administer the following legislation:

- *Energy Safety Act 2006*
- *Energy Safety Regulations 2006*
- *Energy Safety Levy Act 2006*

- *Energy Coordination Act 1994* (other than Parts 1A, 2A, 2B, 2C and 2D)
- *Energy Coordination (General) Regulations 1995*

- *Electricity Act 1945*
- *Electricity (Licensing) Regulations 1991*
- *Electricity Regulations 1947*
- *Electricity (Supply Standards and System Safety) Regulations 2001²*

- *Gas Standards Act 1972*
- *Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999*
- *Gas Standards (Gas Supply and System Safety) Regulations 2000*
- *Gas Standards (Infringement Notices) Regulations 2007*

EnergySafety also assists the Department of Finance's Public Utilities Office (PUO), the Economic Regulation Authority (ERA) and the Energy Ombudsman's office with technical advice as required.

4.2 Specific Activities

The legislation provides for EnergySafety to:

- Ensure the safety of consumers' electrical installations and appliances, by:
 - licensing electrical workers and electrical contractors (through the Electrical Licensing Board);
 - enforcing prescribed technical standards for electrical work;
 - requiring electricity network operators to conduct consumer installation safety inspections in accordance with prescribed requirements and auditing this work to ensure compliance;
 - conducting safety inspections of consumers' electrical installations that are not connected to utility networks; and
 - auditing electrical appliances and equipment offered for sale, to check compliance with prescribed safety requirements.
- Ensure the safety of consumers' gas installations and appliances (including industrial gas appliances), by:
 - licensing gas fitters;
 - enforcing prescribed technical standards for gasfitting work;

² Expected to change to the *Electricity (Network Safety) Regulations 2014*.

- requiring gas network operators, gas pipeline licensees and LP Gas cylinder distributors to conduct consumer installation safety inspections in accordance with prescribed requirements and auditing this work to ensure compliance;
 - overseeing the work of external inspectors approving industrial gas appliances;
 - conducting safety inspections of consumers' gas installations that are not connected to utility networks or are not supplied with LP Gas directly from a gas distributor; and
 - auditing gas appliances and equipment offered for sale, to check compliance with prescribed safety and efficiency requirements.
- Ensure the safety and acceptable performance of electricity transmission and distribution infrastructure by:
 - inspecting electricity network operators' design standards and constructed networks for compliance with prescribed safety requirements;
 - monitoring the safe work practices of network operators' employees and contractors, including attendance to incidents; and
 - investigating failures in service of network operators' assets, accidents causing injury or death and fires ignited by network operator assets.
 - Ensure the safety and acceptable performance of gas distribution infrastructure by:
 - auditing gas network operators' design standards and constructed networks for compliance with prescribed safety requirements;
 - monitoring the safe work practices of network operators' employees and contractors, including attendance to incidents;
 - monitoring the quality of gas provided to consumers generally, for compliance with prescribed requirements;
 - investigating consumers' complaints about gas supply reliability and quality; and
 - auditing network operators' compliance with prescribed meter management requirements, to ensure acceptable meter accuracy.
 - Appoint and monitor the performance of all electricity and gas inspectors in the State (including those of network operators).
 - Ensure the safety of electrical and gas workers by enforcing prescribed safety requirements and providing guidance on safe work practices.
 - Issue exemptions or variations to certain regulatory requirements (electrical and gas).
 - Investigate electrical and gas safety incidents.
 - Enforce statutory requirements through advice, warnings, infringement notices, and prosecutions and, in the case of licence holders, also through disciplinary action.
 - Respond to consumer complaints involving electrical and gas technical and safety matters.

Additionally, EnergySafety:

- provides energy-related policy advice and support to the Minister for Commerce, Government and Director General, Department of Commerce; and
- promotes electricity and gas safety to the public, businesses and tradespersons in the electricity and gas industries.

5.0 Performance Targets

The following performance indicators provide an overview of the type and volume of EnergySafety's regulatory work, as well as the influence of this work on safety outcomes.

Measures	13/14 Target	13/14 Actual	14/15 and beyond Target
Gas			
Gas related deaths	0	1	0
Gas related accidents ³ (including fatalities)	10	29	10
Gas installations inspected and found non-complying (includes matters not directly affecting safety)	7%	9.6%	7%
Number of EnergySafety audits of gas network operators' Inspection Plans ⁴	2	5	2
Investigations under Acts and Regulations	200	968	500
Number of Type A and type B gas appliance variations/exemptions granted	60	103	90 [∞]
Presentations to Industry or other Groups	25	72	50

[∞] Target based on current edition of AS 3814-2009 and known future gas turbine installations in power stations

Measures	13/14 Target	13/14 Actual	14/15 and beyond Target*
Electricity			
Electricity related deaths	0	1	0**
Electricity related accidents ³ (including fatalities)	12	21	12
Electrical installations inspected and found non-complying (includes matters not directly affecting safety)	14%	16%	14%
Number of EnergySafety audits of electricity network operators' Inspection Plans ⁴	2	2	2
Investigations under Acts and Regulations	650	638	650
Presentations to Industry or other Groups	5	131	100

* Trend analysis is used to set the targets

** EnergySafety aspires to a target of zero fatalities but has no direct control over accidents and fatalities. It strives through education, policies and enforcement to prevent any electrocutions.

³ Accidents are defined as serious safety incidents where a person has received some type of medical treatment (other than just precautionary assessment tests) from a health professional, in a hospital or similar.

⁴ Inspection Plans of energy distributors have a life cycle of several years and hence compliance audits are timed to fit with that cycle.

6.0 Information and Advice to the Minister

EnergySafety provides advice and support to the Minister for Commerce.

Interaction between the Minister's office and EnergySafety takes place through the Director of Energy Safety and the Director General, Department of Commerce. However, EnergySafety's Director Gas, Director Policy & Electrical Engineering, Director Electricity Compliance and Director Business Services respond directly when circumstances require.

Advice and information provided to the Minister by EnergySafety includes the following:

- proposals for major policy projects, such as new legislation or amendments;
- reports on the status and management of major policy projects;
- advice on proposed regulatory actions that may affect the public or businesses;
- advice on information releases dealing with subjects relevant to this Ministerial portfolio;
- reports on the status of major investigations or audits;
- advice to assist with responses to enquiries (oral or written) to the Minister's office, if requested to do so by the Minister or his staff. This may involve correspondence and/or meetings;
- advice on resource requirements and work programs; and
- advice on nationally significant energy issues (e.g. major regulatory reform projects).

Business Environment and Challenges

7.0 Western Australia's Energy Industry Environment

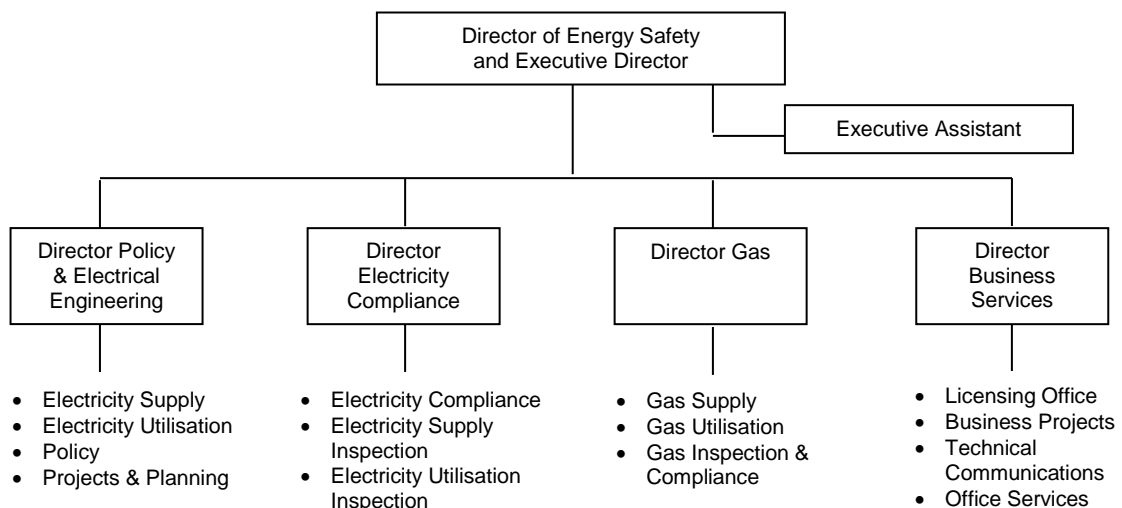
During the next five years, existing shortcomings with Western Power's electricity supply network will continue to require major attention as will, to a lesser extent, the networks of Horizon Power. The younger age and generally better state of the gas distribution networks operated by ATCO Gas and others mean they require comparatively less regulatory attention from safety and performance perspectives. However, older gas networks such as Albany need an increasing focus.

For electrical contracting and gasfitting, it is largely a case of continuing with current regulatory initiatives.

7.1 EnergySafety Structure, Resources and Powers

7.1.1 Introduction

EnergySafety is located on the corner of Sevenoaks Street and Grose Avenue, Cannington and is headed by the Executive Director. The incumbent also holds the statutory office of Director of Energy Safety.



This structure has enabled EnergySafety to respond effectively to the rapid growth in the electricity sector over the past decade and allows for the future development and maintenance of critical technical expertise relevant to each industry sector.

The rate of defects found in new and modified electrical installations continues to be too high and is not reducing. This means the number and technical complexity of investigations into breaches of regulations must continue and be increased to address the growing backlog.

The workload across all of EnergySafety's directorates has increased over the past five to eight years at an extraordinary rate, fuelled by the growing economy, mining boom and high population growth in WA.

Although sufficient FTE levels are approved, difficulties with recruitment to critical inspector positions has meant that EnergySafety's resources have not kept pace and are not able to support the increased load or undertake the necessary safety functions.

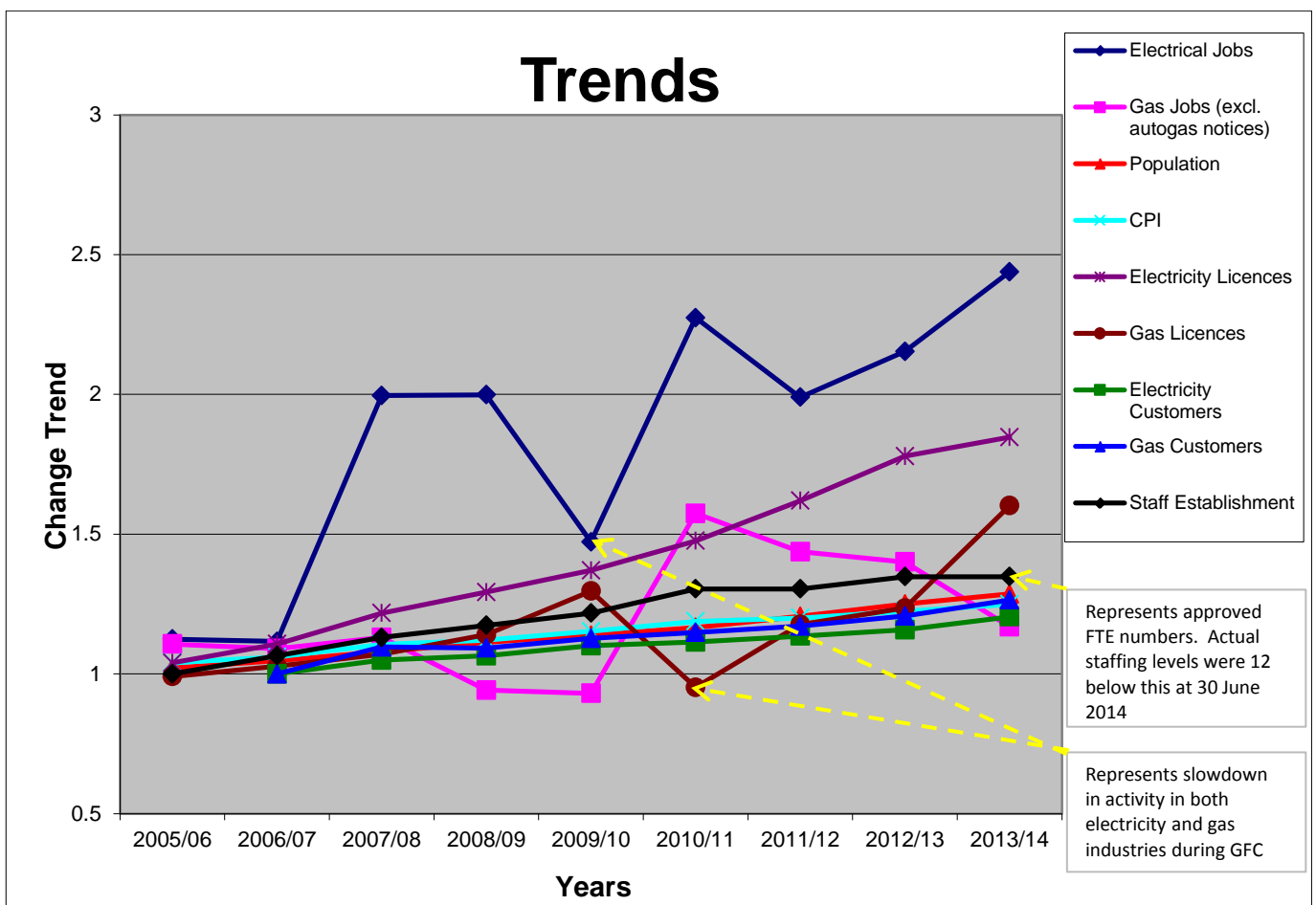
Increased FTE levels have been approved and this is expected to help to manage the growing workloads into the future, assuming recruitment to the required levels is successful.

The total number of licensed electricians and gas workers has increased by approximately 50% and 33% respectively over the past seven years.

In 2006 (the year industry funding was implemented), 2,280 new electrical worker's licences were issued. In 2013, 5,216 were issued, an increase of 78%. Increased licensing activity is accompanied by a commensurate increase in inspection and compliance work.

In 2013/14 a total of 1,849 investigations were opened and 532 of these were outstanding at 30 June 2014.

In 2013/14, 107 prosecutions were completed. 15 potential prosecutions lapsed as they exceeded the two-year statutory limitation timeframe. Increased FTEs and proposed changes to legislation, incorporating provisions to change statutory timeframes, should further improve the situation so that fewer prosecutions lapse.



The table above shows that, while approved FTE numbers are consistent with movements in CPI and population growth in Western Australia, the workload for EnergySafety has increased at a significantly greater rate over the past nine years, particularly in the areas of electrical licensing and electricity related jobs (inspections and investigations).

As at 30 June 2014, the approved FTE was 62, but actual FTEs employed were 50. Work continues to successfully recruit adequate staff numbers to perform the functions required of EnergySafety.

7.1.2 Policy & Electrical Engineering Directorate

This Directorate is headed by the Director Policy & Electrical Engineering and is responsible for:

- all EnergySafety policy coordination, including ministerial advice, new legislation and regulatory reform proposals;
- all electricity-related technical and safety policy work, including ministerial advice, new legislation, regulatory reform proposals, technical standards development, industry liaison and assessment of requests for variations to regulatory requirements; and
- coordinating major electrical projects and planning initiatives.

There are two engineering branches:

- ❖ Electricity Supply Branch, comprising two Principal Engineers; and
- ❖ Electricity Utilisation Branch, headed by a Principal Engineer.

Each deals with policy work, including ministerial advice, new legislation, regulatory reform proposals, technical standards development, industry liaison and requests for variations to regulatory requirements. They also provide specialist direction and assistance to the Electricity Compliance Directorate, when the latter is carrying out complex investigations (such as those dealing with electricity industry design failures, major bushfires and industry work practices) and corporate compliance audits of electricity network operators and licensed contractors.

7.1.3 Electricity Compliance Directorate

The Directorate is headed by the Director Electricity Compliance and is responsible for:

- ministerial advice, regulatory reform proposals, industry liaison and assessment of requests for variations to regulatory requirements; and
- all electrical operational activities.

The Directorate has three Branches:

- ❖ Electricity Supply Inspection;
- ❖ Electricity Utilisation Inspection; and
- ❖ Electricity Compliance.

These Branches deal with the following key activities:

- conducting corporate compliance audits of electricity suppliers concerning network safety;
- guiding and approving electricity supplier Inspection Plans, which set out electricity consumer installation inspection practices and commitments, and conducting audits to ensure compliance;
- inspecting electricity consumers' installations in remote locations (not connected to networks);
- conducting compliance audits of electrical equipment retailers for compliance with safety requirements;

- recommending to the Director of Energy Safety the appointments of all electrical inspectors in the State, monitoring their performance, maintaining codes of conduct, monitoring compliance;
- carrying out investigations into serious accidents (fatalities, injury and damage) and recommending safety promotion, warnings, prosecutions or disciplinary actions as appropriate;
- advising consumers and electrical businesses and tradespersons about energy safety and compliance matters;
- technical and investigative support to the Electrical Licensing Board and the Licensing Office;
- monitoring safe work practices used in industry;
- participating in industry safety promotion campaigns; and
- assisting the Director with appeals against network operator inspector's rulings.

The Electricity Compliance Directorate is based at the Cannington Office, but also has senior electrical inspector positions at Geraldton, Kalgoorlie and Bunbury. The North West and far North of the State are covered by a senior electrical inspector based in the Perth office, who conducts regular programmed inspections in these areas.

The branch operates on a 24-hour/7-day basis to respond to electrical incidents.

7.1.4 Gas Directorate

This Directorate is headed by the Director Gas and is responsible for:

- all gas-related technical and safety policy work, including ministerial advice, new legislation, regulatory reform proposals, technical standards development, industry liaison and assessment of requests for variations to regulatory requirements; and
- all gas related operational work.

The following two Branches:

- ❖ Gas Supply Branch, headed by a Principal Engineer; and
- ❖ Gas Utilisation Branch, also headed by a Principal Engineer.

Each deals with gas industry policy work, including ministerial advice, new legislation, national policy issues, regulatory reform proposals, and requests for variations to regulatory requirements. They also provide specialist direction and assistance to the Gas Inspection Branch, when the latter is carrying out complex investigations and corporate compliance audits of gas utilities (e.g. ATCO Gas Australia) and licensed gasfitting contractors, as well as enforcement activities.

The Directorate's Gas Inspection Branch, headed by the Chief Gas Inspector is responsible for the following key activities:

- conducting corporate compliance audits of gas suppliers concerning network safety and quality (composition) of natural gas and LP Gas supplied;
- guiding and approving gas supplier Inspection Plans, which set out gas consumer installation inspection practices and commitments, and conducting audits to ensure compliance;
- inspecting gas consumers' installations in remote locations (not serviced by networks), with special focus on industrial installations such as mine sites with industrial gas appliances;
- conducting compliance audits of gas appliance retailers, and gas appliance re-conditioners, for compliance with safety requirements;

- recommending to the Director of Energy Safety the appointments of all gas inspectors in the State, maintaining codes of conduct, monitoring compliance, especially in relation to the approval of industrial gas appliances;
- carrying out investigations into serious accidents (injury and damage) and incidents, and recommending safety promotion, warnings, prosecutions and disciplinary actions as appropriate;
- advising consumers and gas businesses and tradespersons about energy safety and compliance matters;
- technical and investigative support to the Gas Licensing Committee and the Licensing Office;
- monitoring safe work practices used in industry;
- participating in industry safety promotion campaigns (e.g. regional presentations); and
- assisting the Director with appeals against external inspector's rulings and requests for variations from prescribed requirements.

The Gas Inspection Branch is based at the Cannington Office. Support is provided from senior gas inspectors at country locations, where practicable.

The branch operates on a 24-hour/7-day basis to respond to gas incidents.

7.1.5 Business Services Directorate

This Directorate is headed by the Director Business Services and is responsible for the operation of the Licensing Office, the development and maintenance of electrical and gas licensing administration, support to the statutory Electrical Licensing Board and the Gas Licensing Committee, EnergySafety's administrative and office systems, the provision of a wide range of business planning, business performance measurement, financial planning and management accounting functions, and communication with industry.

The Directorate has three Branches, as follows:

- ❖ Licensing Office;
- ❖ Business Projects; and
- ❖ Technical Communications.

These Branches deal with:

- developing efficiency and quality improvements in licensing administration to service electrical contractors, electricians, restricted electrical workers and the various types of gas fitters;
- administering the Licensing Office, which deals with all electrical and gas licensing enquiries, applications, renewals, and manages the licence holder databases and related applications;
- supporting the Electrical Licensing Board in the discharge of its statutory functions (including provision of its Executive Officer);
- supporting the Gas Licensing Committee in its discharge of the statutory functions delegated by the Director of Energy Safety (the Director Business Services is chairman of the Gas Licensing Committee);
- managing formal disciplinary proceedings against electrical licensees for the Electrical Licensing Board, and gasfitting licensees for the Director of Energy Safety. Serious proceedings are forwarded to the State Administrative Tribunal;
- administration of the Division's industry levy scheme, including data collection and modelling, licence revenue forecasting, expenditure budget development;
- internal audit, expenditure tracking and projection, performance indicator development and progress monitoring;

- overseeing the development of the annual Business Plan and maintenance of the Division's Operational Plan;
- overseeing and coordinating office services, including records management, FOI, IT services, building services, fleet management; finance and administration services (as provided by Corporate Services Division);
- statistical analysis and reporting in respect of electricity and gas related incidents, and EnergySafety's key performance indicators; and
- industry technical (regulatory) communication, annual reporting and safety promotion.

7.1.6 EnergySafety's Staff Resources

In 2006/07 EnergySafety's establishment level was 56 FTEs.

In 2011 the Government approved increasing the FTE level from 56 to 64 by 2014/15, with all the new positions being required in the rapidly expanding electricity sector. The approved FTE level for 2015/16 is 64.

As identified above, EnergySafety has encountered considerable difficulty attracting and retaining the highly skilled and experienced technical staff it requires to perform its statutory functions. The remuneration it can offer has not been competitive compared with equivalent roles in the private sector and energy industry.

The Attraction and Retention Incentive (ARI) scheme, mentioned in Section 3.4.1, is expected to continue to help in attracting suitable candidates for these vacancies.

The current ARI will lapse at 30 June 2015. A review of the current ARI will make recommendations as to whether this is to be replaced or amended. The results will not be known until after the State Budget process is finalised for 2015/16. EnergySafety has used the current level of ARI for the purpose of its budget projections.

7.2 Electrical and Gas Safety Outcomes

7.2.1 General

The electrical and gas safety outcomes for Western Australia (WA) have been summarised below, based on incidents reported by industry and the general public. The reported incidents are recorded in EnergySafety's inspection systems and the data presented in this Plan reflects the information available as of 1 July 2014.

7.2.2 Electrical Safety

Although WA's fatality rate is marginally above the national average the trend line is moving downward. Uniform national definitions and criteria for electrical and gas fatalities and serious accidents do not exist. WA figures include all electricity-caused fatalities but some jurisdictions exclude certain categories, therefore inter-jurisdictional comparisons should be viewed with caution.

The installation of RCDs in all new homes, additions/alterations and upon sale or renting should produce a declining trend in the number of fatalities. In October 2009, it was made mandatory that properties being sold or leased in WA were fitted with at least two RCDs.

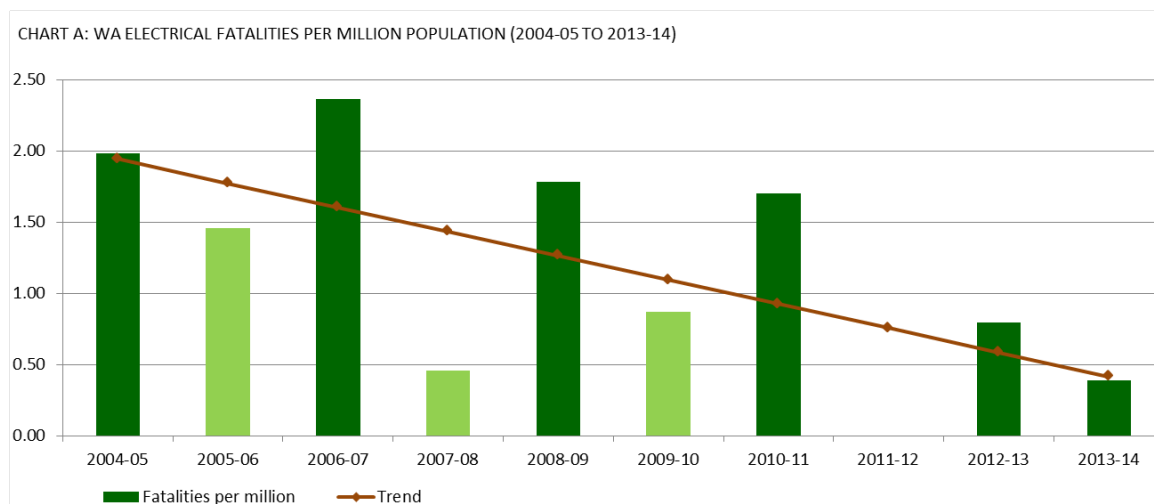
Additionally, safety awareness campaigns may have contributed to the declining fatality rate.

Electrical Fatalities

During 2013/14, there was one fatality reported in Western Australia where electricity was found to be the cause. A rigger received a fatal electric shock while constructing a new 330kV power line when he touched an active conductor after removing the safety earths. The conductor became live due to an induced voltage from a parallel 132kV power line.

The trend for fatalities however, continues to decrease steadily over the reported period.

Chart A shows results of the electrical fatalities per million of population over the past ten years.

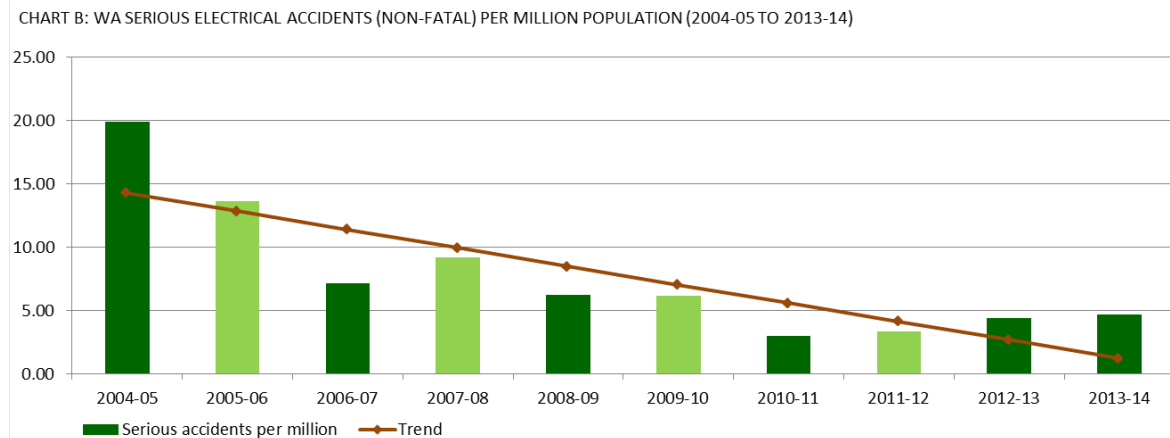


Note: Light green indicates that a safety campaign was conducted in the corresponding financial year. A safety awareness campaign was conducted in 2011/12 with no fatalities reported for that year.

Chart A demonstrates a general correlation between media awareness campaigns and electrical safety. Usually, a corresponding reduction occurred in the number of electrical fatalities in years following EnergySafety conducting a safety awareness campaign.

Serious Electrical Accidents – Non fatal

WA’s serious non-fatal electrical accidents per million decreased over the past ten years (Chart B). Serious non-fatal accidents are those where victims require the assistance of health professionals but do not include accidents resulting in persons receiving a precautionary electro-cardiograph (ECG) assessment where treatment is not required.



Note: Light green indicates that a safety campaign was conducted in the year.

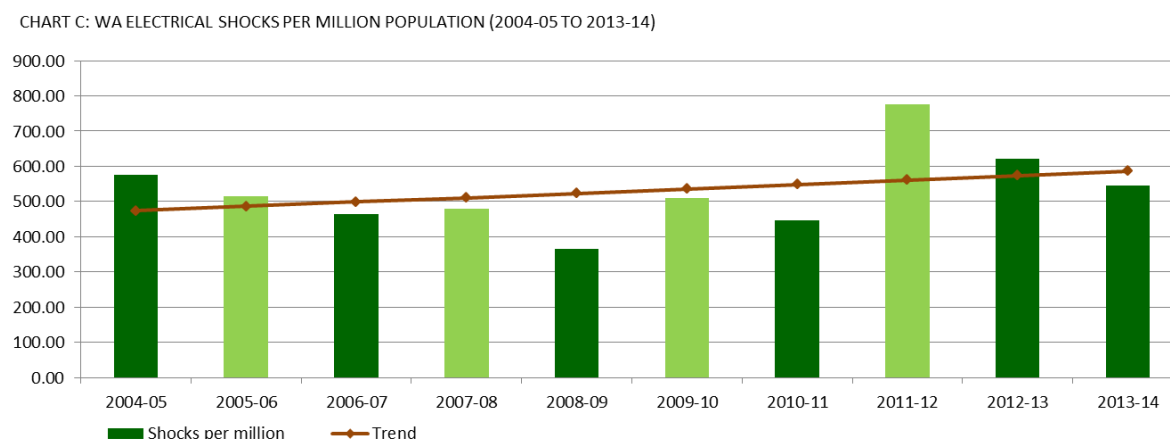
During 2013/14 there were 12 non-fatal accidents compared with 11 in 2012/13. Overall the rate of accidents has been decreasing over the past ten years.

Analysis of serious electrical accidents indicates that 58 per cent of these occurred in the workplace. Electrical workers were involved in 17 per cent of serious electrical accidents.

Electric Shocks

An electric shock is an indicator of community electrical safety and over the past few years has become a valuable source of information. This is because a shock incident reported can often identify potential safety hazards which need to be fixed and it has been a useful indicator for EnergySafety to recognise trends. Generally, an electric shock that does not cause injury or harm may be experienced due to an error by that person (e.g. contacting live parts) or another person, to faulty equipment in the home or workplace or due to a fault or deficiency with the electricity supply network.

Chart C below demonstrates the number of electrical shocks per million population over the past ten years.



Note: Light green indicates that a safety campaign was conducted in the year.

During 2013/14 there were 1,413 electrical shocks reported compared with 1,564 in 2012/13, which represents a 10% decrease compared to the previous year.

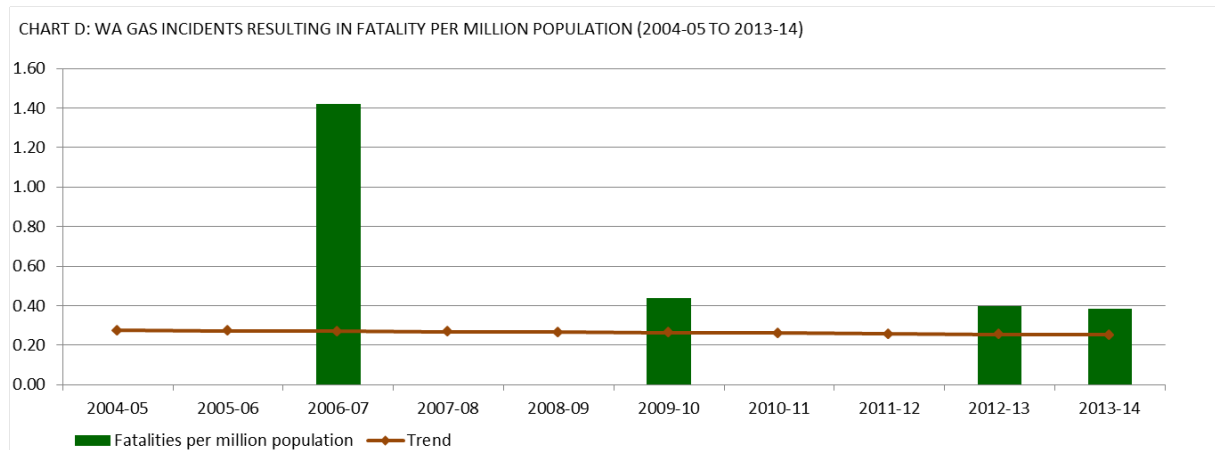
The upward trend in the numbers of reported shocks would indicate a greater general public and industry awareness, through publications and advertisements, of the fundamental dangers of minor electric shocks and the importance of reporting them.

7.2.3 Gas Safety

There was one gas-related fatality reported in 2013/14.

The victim in this fatality was alleged to have been using LP Gas during the manufacture of an illegal substance. There was a fire and an explosion in which the victim sustained burns and later succumbed to his injuries.

Despite fatalities in WA during 2009/10, 2012/13 and 2013/14, the trend line is still moving slightly downward since 2003/04 (Chart D).

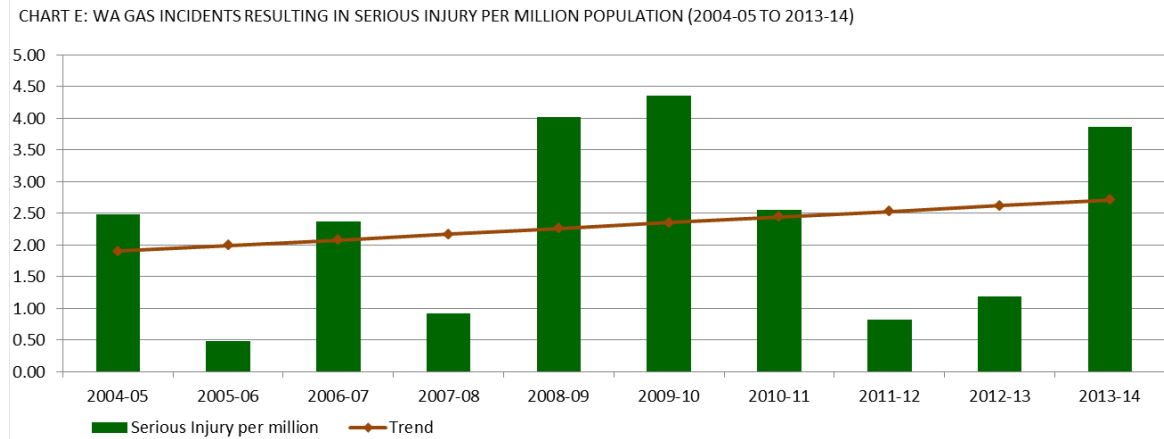


EnergySafety had previously reported a fatality in 2011/12. This fatality has been removed from the analysis as it was found that the cause of the incident was inebriation and related inattention. The presence of gas may have contributed to the fire and related explosion, but was not the primary cause.

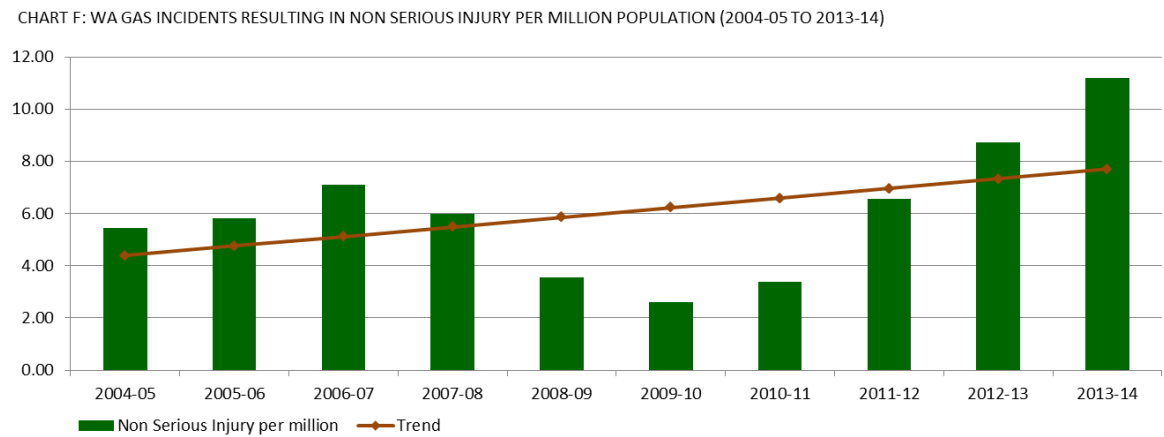
Gas incidents by their very nature can harm several people in a single incident. The figures for gas-related fatalities have shown a positive outcome. However, serious injuries have increased over the reporting period.

An analysis of the incidents indicates that the most common cause of gas-related serious injury is unskilled interference. Increasing awareness about the dangers of gas and utilising it safely should bring about a decrease in the current trend.

During the ten year period the trend for the number of serious gas injuries has been rising (Chart E). 2005/06 had the lowest number of recorded serious injury incidents and 2009/10 the highest.



Incidents that do not result in a fatality and/or do not require the victim to be hospitalised have been categorised as those resulting in 'non-serious injury'. The trend shows a gradual increase during the ten year period (Chart F).



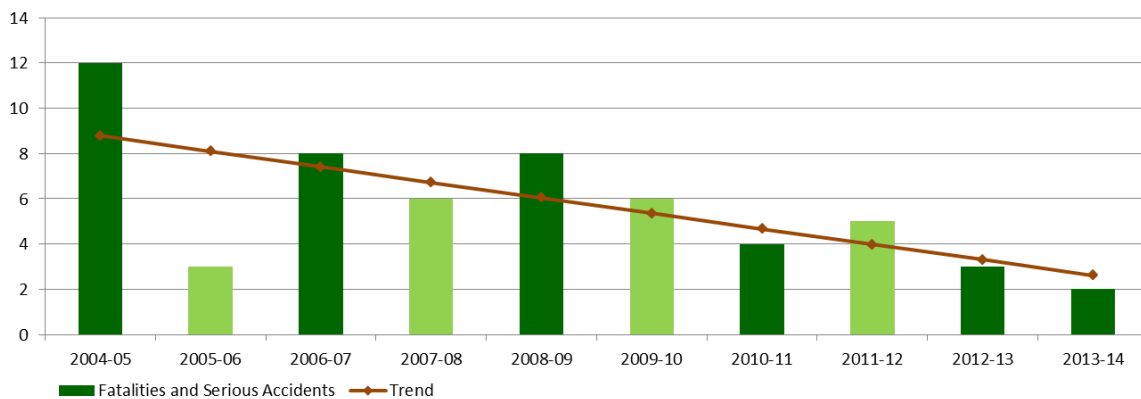
7.2.4 Electrical & Gas Worker Safety

Electrical workers are at greater risk of electrocution than members of the general public or workers in other occupations.

Despite their knowledge of working with electricity, most of the incidents involving electricians result from performing tasks on live equipment, which is contrary to EnergySafety’s published Code of Practice.

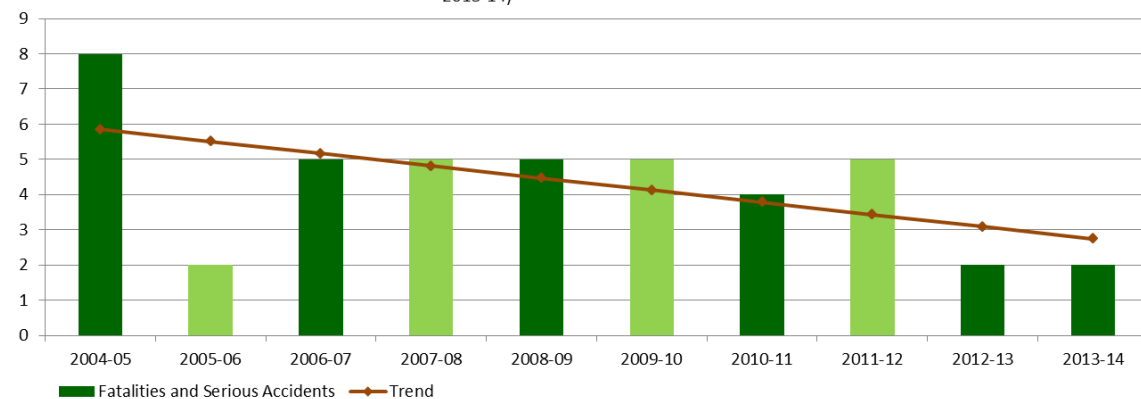
The trends are moving in the right direction which suggests that the efforts by EnergySafety warning workers of the dangers of performing live work are effective (Charts G and H).

CHART G: FATALITIES AND SERIOUS ACCIDENTS INVOLVING ELECTRICAL WORKERS IN WA (2004-05 TO 2013-14)



Note: Light green indicates that a safety campaign was conducted in the year.

CHART H: FATALITIES AND SERIOUS ACCIDENTS RESULTING FROM 'LIVE WORK' QUALIFIED ELECTRICIANS IN WA (2004-05 TO 2013-14)



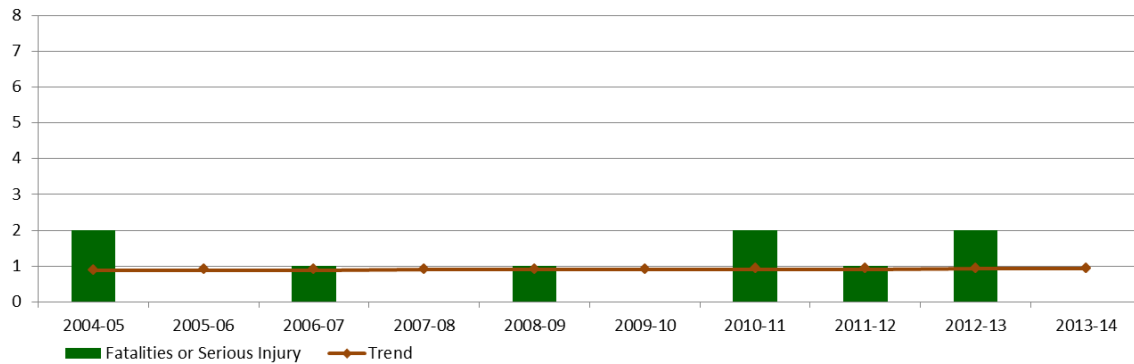
Note: Light green indicates that a safety campaign was conducted in the year.

During the ten year period from 2004/05, there have been no gas-related fatalities involving gas workers.

The results shown in Chart I below relate only to gas incidents that caused serious injury and involved hospitalisation. Serious injuries involving gas workers are lower compared with electricians.

The trend has remained stable over the reporting period. In general, the workplace practices and procedures for gas workers have been rigorous and effective in ensuring safety of workers.

CHART I: WA GAS INCIDENTS RESULTING IN FATALITY OR SERIOUS INJURY INVOLVING GAS WORKERS (2004-05 TO 2013-14)



7.2.5 Concluding Remarks

A statistical analysis of electricity and gas safety data indicates improving trends for fatal incidents. It has been demonstrated that lack of safety awareness leads to higher numbers of accidents. Media safety advertising campaigns increase awareness and where these have been conducted by EnergySafety it has generally correlated with improved safety outcomes.

Based on statistical trends highlighted in this report, it can be concluded that future projects focussed on increasing awareness of electrical and gas safety through advertising and education will prove to be of benefit to the people of Western Australia.

7.3 Measures to Improve Safety Outcomes

7.3.1 General

Human error on the part of the person affected, rather than incorrect installation of electrical or gas equipment causes many safety incidents. Such errors include:

- assuming something was disconnected when in fact it was live; or
- making unintended contact with live parts when using a tool; or
- failing to clear an area of gas before attempting to relight a gas appliance.

The frequency of such incidents can be reduced by improving technology, safety devices and compliance with prescribed installation and work practice standards.

7.3.2 Installation Compliance Inspections

EnergySafety oversees and manages an electrical and gas consumer installation safety inspection regime. This regime requires the electricity and gas network operators across WA, LP Gas suppliers and pipeline licensees to inspect the work of electricians and gas fitters at consumers' electrical and gas installations of all types (commercial, institutional, industrial and residential). This is done either on an individual basis or, if the network operator or LP Gas supplier has an approved inspection system plan, on a sample basis.

The energy industry engages some 184 installation compliance inspectors across WA through direct employment or on a fee-for-service basis.

The Director of Energy Safety authorises (designates) these compliance inspectors. In effect, they work jointly for EnergySafety and the network operator when conducting their inspection activities. EnergySafety also audits the network operators' approved inspection system plans.

In addition, EnergySafety has 20 inspector positions, who conduct regulatory inspections and compliance inspections for installations not connected to a network operator. There are a further 24 designations for engineering and senior staff who support the Inspectors or become involved in complex issues.

7.3.3 Electrical and Gas Safety Promotion

EnergySafety is committed to reminding the community of the hazards associated with unsafe electrical and gas installations and appliances through various safety promotion activities.

Experience in Western Australia and other jurisdictions shows campaigns should be aimed at both the public and energy industry workers to improve safety awareness.

Public safety and similar campaigns aimed at the general community have relied on media advertising. Surveys have shown that television advertising is most effective compared with other media. EnergySafety's 2008, 2011, 2012 and 2014 campaigns, for example, demonstrated high market penetration and good awareness recall by the public.

The 2014 campaigns focussed on:

- awareness of gas appliance maintenance and safety, particularly bringing the dangers of Carbon Monoxide poisoning to the fore; and
- awareness of the responsibilities for inspections and maintenance of privately owned wood power poles.

The campaigns' effectiveness was assessed as very high and was well received by the public and workers in the electricity industry.

Financial Plan

8.0 Introduction

The following Financial Plan presents EnergySafety's expenditure (both capital and operating) and revenue budget forecasts over the 2015/16 financial year and four out-years.

It also includes a comparison between the budget and actual out-turn for the 2013/14 financial year and revised budget forecast for the current (2014/15) financial year as required by the Economic and Expenditure Reform Committee (EERC) in its deliberations for the 2014/15 Budget.

The 2015/16 Business Plan presents the full costs and incomes of EnergySafety, to ensure:

- consistency and alignment with the presentation of the State Budget for all other government entities;
- consistency and alignment with the internal budget requirements of the Department of Commerce;
- consistency between budget estimates and reporting of actual results, resulting in strong financial management information to assist decision-making and planning;
- the impact of non-cash costs, CPI increases and other cost-escalation factors are understood and decisions about revenue sources (i.e. industry levy levels) are made in view of full cost expectations;
- accurate estimates being made of some licence types that can be paid/renewed over various periods (either one year, three years or five years); and
- the full cost of the operation of EnergySafety, which includes recognition of non-cash expenses such as depreciation and leave liability expenses are met by revenue from the industry funding model and licensing activity.

While the budget estimates are presented on a full accrual basis, the cash impact is also presented, including cash reserve estimates.

8.1 Review of 2014/15 Financial Plan

The Minister approved the 2014/15 EnergySafety Business Plan on 4 February 2014, including the Financial Plan (budget) for that year.

Following its decisions concerning the State Budget in March 2014, the EERC requested that the Minister for Commerce, as part of the Mid-year Review process, prepare a report back to EERC which reviews EnergySafety's 2014/15 Business Plan, including the review of total revenues and expenses, and the appropriate setting of the Energy Safety Industry Levy over the forward estimates.

Accordingly, EnergySafety has thoroughly reviewed its budget requirements for the current financial year (2014/15).

In previous Financial Plans, EnergySafety had budgeted for a full staff contingent, while the actual out-turns have reflected that there has been difficulty in recruiting and that there is a high likelihood of an ongoing vacancy rate in the order of 6%-7%, or four positions. The vacancy rate at 30 June 2014 was 19%, or 12 staff, mainly in the electrical inspection positions.

More accurate projections, incorporating understanding of the recruitment process and success rates, have been established and the estimates now provide for vacancy rates of 8 FTEs (12.5%) in 2015/16, reflecting the historical reality of difficulty in recruitment.

The vacancy rate used in estimates for 2016/17 is 6 FTEs (9.4%) reducing to 4 FTEs (6.25%) for each year beyond that. It is recognised that EnergySafety is unlikely to have a full staffing contingent at all times during any given financial year.

Historical vacancy rates, coupled with improved recruitment successes in recent years gives EnergySafety reasonable confidence that the vacancy rates will fall and remain relatively steady.

The review of the 2014/15 Financial Plan was undertaken with a view that the budget needed to be more sustainable over the future estimates periods, particularly ensuring cash reserves did not fall below that which EnergySafety considers optimal. The review therefore included all costs and revenues and considered the actual out-turns of prior years, as well as:

- a review of Corporate Services charges that has been undertaken by the Department of Commerce to ensure all appropriate expenses are reflected in the charge-out to EnergySafety;
- a review of accommodation expenses as the Department of Commerce relocates to Cannington;
- revised depreciation expenses as the development of the new Compliance Management System (CMS) moves from a development phase and becomes commissioned, requiring capitalisation of the value and consequently the recognition of a higher level of depreciation expense;
- a review of "Other Expenses" that includes temporary hire staff, technical contract staff and consultancies. The expense shown here is expected to reduce slightly as permanent staff are recruited and permanent capacity grows;
- a review of licensing revenue estimates data and future projections, to ensure this is as accurate as possible.

The review did not seek to revise the Energy Safety Industry Levy that has already been set and approved by Parliament for the 2014/15 year. The current quantum of \$6.612m will remain fixed for the year.

EnergySafety did, however, review the Levy requirements for 2015/16 and beyond. Increases shown in the revised Financial Plan are at 4% for 2015/16, 2016/17, 2017/18 and 2018/19. This recognises that the Levy has not increased for three years up until 2014/15, after it was set at \$6.444m in 2010/11. However, prior to 2014/15 the budget was presented on a cash basis and did not recognise or cover non-cash expenses (depreciation and leave liability growth) at that time. The cumulative increase in the Levy from 2010/11 to 2014/15, if actual CPI had been applied each year during that period, would be 12.27%. EnergySafety proposes to increase the Levy on a gradual basis to bring it to a point of equilibrium with what it should have been by 2019.

Additionally, the review of the 2014/15 Financial Plan did not seek to amend any other elements of the 2014/15 Business Plan, including Major Policy Initiatives, Activities and Programs, Performance Targets or the apportionment of the Levy between each energy sector.

In accordance with the *Energy Safety Act 2006* s.12(1), the Business Plan may be amended by the Director General and the Director of Energy Safety with the agreement of the Minister.

To meet the requirements of the EERC, EnergySafety prepared this 2015/16 Business Plan and incorporated a review of the revised financial needs for the current (2014/15) year, and submitted this to the EERC for its consideration as part of the Mid-year Review process.

The Minister was requested to agree an amended budget for EnergySafety for 2014/15 as detailed in the table below, which is a comparison between what was sought in the 2014/15 Business Plan and the revised budget requirement for 2014/15.

Financial Year	2014/15 Original	2014/15 Revised	Change
	\$'000	\$'000	\$'000
1. Expenses			
1.1 Recurrent Expenditure			
a) Employee benefits expense	10,737	7,703	(3,034)
b) Corporate service charges	1,480	1,480	0
c) Depreciation expense	96	98	2
d) Safety advertising campaigns	300	300	0
e) Legal services	226	208	(18)
f) Accommodation expenses	646	715	69
g) IS support/maintenance (CMS)	250	250	0
h) Digitisation of files	250	250	0
i) Other recurrent expenses	2,052	2,960	908
Total Recurrent	16,037	13,964	(2,073)
1.2 Capital Expenditure			
a) Desktop IT	37	30	(7)
b) Software replacements (CMS)	1,000	1,000	0
c) IS Support	250	250	0
d) Mobile Computing	50	50	0
Total Capital	1,337	1,330	(7)
Total Expenses	17,374	15,294	(2,080)
2. Income			
a) Industry levy	6,612	6,612	0
b) Licensing revenues	6,518	6,524	6
c) Indian Ocean Territories	74	45	(29)
d) Other revenues	48	50	2
Total Income	13,252	13,231	(21)
Surplus/(Deficit) for the period	(4,122)	(2,063)	2,059
Approved FTE	64	64	0
FTE Actual/Estimate	64	56	(8)

8.2 2015/16 Financial Plan

EnergySafety's Financial Plan provides details of:

- planned operating and capital expenditure, including the non-cash expenses of depreciation and leave liability movement;
- estimated revenue from electrical and gas licence fees and other minor revenue-generating activities;
- the energy industry levy required to make up the shortfall between expenses and revenues; and
- Full Time Equivalent (FTE) staffing numbers employed by EnergySafety.

Estimates are provided for the next financial year (2015/16) and the subsequent four years and by their nature, projections for the out-years are less accurate and are subject to review prior to each year. Expenditure estimates have been escalated based on known incremental factors (such as salary increments that are established in Awards) or on an average at a rate commensurate with the projected CPI.

Licensing revenue projections have been based on known rates of licensing activity growth and take into account the known cycles of licence renewals (which, as identified above, can be annual, three-yearly or five-yearly, dependent on the licence type) and expected effect of licences and economic cycles. Licensing revenues have also been escalated in subsequent years where appropriate by a rate commensurate with expected CPI levels.

Although EnergySafety's cash reserves remained high to the end of 2013/14 (for the reasons detailed at section 8.3), there is recognition that the cash reserves are required to remain at an optimal level (in the order of \$4.3m from 2016/17) to recognise leave liability, accumulated depreciation to replace assets as they come to the end of their useful lives, cover unplanned extraordinary expenses associated with major investigations (such as large electricity-caused bushfires, for example) and to provide sufficient funding for EnergySafety to operate for at least a quarter should it encounter funding collection challenges. The 2015/16 Financial Plan will see a gradual and sustainable reduction to cash reserves over the forward estimates period that will see the optimal level of cash reached in 2019/20.

Under normal circumstances the Energy Safety Industry Levy should have been set at a level to cover the non-cash, full costs of EnergySafety (i.e. there should not be a deficit position at the end of each year [costs higher than revenues] as the Financial Plan indicates). However, cash reserves have remained high because of abnormal circumstances, principally due to the inability to attract sufficiently skilled and experienced staff, particularly in electrical inspection roles. Historically, actual expenditure did not meet expected budget targets and as a result EnergySafety chose to freeze the levy at its 2010/11 level (\$6.444m) for 3 years.

EnergySafety has been successful in establishing an Attraction and Retention Incentive (ARI) scheme, and is experiencing better success in recruitment to positions it had traditionally found difficult to fill. While it has sufficient cash reserves, there was an increase to the levy in 2014/15 and beyond to meet EnergySafety's revised forecast expenses. This situation has come about due to increasing costs of EnergySafety from 2014/15 to accommodate full accrual budgeting principles and to cover the costs of the ARI that was implemented in 2012.

As the costs of EnergySafety have been steadily increasing over the past five years without a commensurate increase in the levy, the levy will need to increase by 4% for 2015/16, 2016/17, 2017/18 and 2018/19 to ensure sustainability of EnergySafety's ability to carry out its functions and maintain the necessary cash balances.

The single most significant risk to EnergySafety's budget stems from economic factors outside its control. Electrical and gas licences have been growing at an exponential rate for the past ten years or so, reflecting the resources boom experienced in that time in Western Australia. Approximately 28% of electrical licences are issued currently to persons with an interstate address.

Should the resources sector slow-down affect EnergySafety's licensing activity, without another trades-related sector experiencing significant growth, revenues from licensing activity may decline over several years. If this eventuates, decisions will need to be made concerning either the functions of EnergySafety, further commensurate increases to the industry levy or increases to licensing fees above CPI in order to bring them closer to full cost recovery rates.

The financial plan has been prepared to be consistent with financial reporting requirements and with internal Department of Commerce budgeting processes. The current year (2014/15) budget estimates reflect the revised budget agreed by the Minister for the year.

Financial Year	2013/14 Budget	2013/14 Actual	2014/15 Budget	Escalated \$			
				2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1. Expenses							
1.1 Recurrent Expenditure							
a) Employee benefits expense	9,681	6,309	7,703	8,131	8,333	8,424	8,578
b) Corporate service charges	1,480	1,480	1,480	2,959	3,033	3,109	3,187
c) Depreciation expense	89	100	98	98	1,046	1,046	1,046
d) Safety advertising campaigns	300	187	300				
e) Legal services	100	271	208	200	175	179	184
f) Accommodation expenses	722	696	715	741	768	1,175	1,220
g) IS support/maintenance (CMS)	111	17	250	200	150	100	100
h) Digitisation of files	250	95	250				
i) Other recurrent expenses	2,535	3,696	2,960	2,700	2,768	2,823	2,879
Total Recurrent	15,268	12,850	13,964	15,029	16,272	16,856	17,194
1.2 Capital Expenditure							
a) Desktop IT	40	16	30	30	30	30	30
b) Software replacements (CMS)	157	1,017	1,000	1,000			
c) IS support	442	204	250	200			
d) Mobile computing	50	0	50				
Total Capital	689	1,237	1,330	1,230	30	30	30
Total Expenses	15,957	14,088	15,294	16,259	16,302	16,886	17,224
2. Income							
a) Industry levy	6,444	6,444	6,612	6,876	7,152	7,438	7,735
b) Licensing revenues	6,654	6,157	6,524	6,791	6,719	6,557	6,493
c) Indian Ocean Territories	74	46	45	45	45	45	45
d) Other revenues	55	61	50	51	53	54	55
Total Income	13,227	12,708	13,231	13,764	13,968	14,094	14,329
Surplus/(Deficit) for the period	(2,730)	(1,380)	(2,063)	(2,495)	(2,334)	(2,792)	(2,895)
Approved FTE	62	62	64	64	64	64	64
FTE Actual/Estimate		50	56	56	58	60	60

The above budget will have the following cash impact:

Financial Year	2013/14 Budget	2013/14 Actual	2014/15 Budget	Escalated \$			
				2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated Opening Balance	15,530	13,232	11,772	10,317	8,189	7,230	6,171
Licensing revenue	6,654	6,785	7,034	7,060	7,048	7,244	7,315
All other revenue	6,573	6,892	6,707	6,973	7,249	7,537	7,835
Total cash expenses	(15,957)	(15,137)	(15,196)	(16,161)	(15,256)	(15,840)	(16,178)
Cash movement	(2,730)	(1,460)	(1,455)	(2,128)	(959)	(1,059)	(1,027)
Estimated Closing Balance	12,800	11,772	10,317	8,189	7,230	6,171	5,144

8.3 Notes and Explanations

8.3.1 Expenses – Recurrent Expenditure

- a) **Salaries:** include all expenditure associated with permanent, contract and temporary employees, known salary increases under awards and direct on-costs such as leave entitlements, employee entitlements and the Attraction and Retention Incentive.

The current ARI will lapse at 30 June 2015. A review of the current ARI will make recommendations as to whether this is to be replaced or amended. The results will not be known until after the State Budget process is finalised for 2015/16. EnergySafety has used the current level of ARI for the purposes of its budget projections.

The estimates provide for a vacancy rate of 8 FTEs (12.5%) in 2015/16, reflecting the historical reality of difficulty in recruitment. The vacancy rate used in estimates for 2016/17 is 6 FTEs (9.4%) reducing to 4 FTEs (6.25%) for each year beyond that. It is recognised that EnergySafety is unlikely to have a full staffing contingent at all times during any given financial year. Historical vacancy rates, coupled with improved recruitment successes in recent years gives EnergySafety reasonable confidence that the vacancy rates will fall and remain relatively steady.

- b) **Corporate service charges:** EnergySafety relies on central departmental corporate services support (covering finance, HR and IT support) to be provided by the Department of Commerce. The amounts shown are the estimated costs provided by the Department's Corporate Services Division.

The Department undertook a review during 2014/15 with the view to allocating all appropriate costs to the Divisions, including EnergySafety. The increase in 2015/16 reflects the preliminary outcomes of this review.

- c) **Depreciation expense:** covers the cost of depreciation of EnergySafety's assets, including software systems. From 2016/17 the new CMS will be commissioned and will start to have a significant impact on depreciation expenses.
- d) **Safety advertising campaigns:** These costs are for running a major safety advertising campaign each year, alternating between a gas and electrical theme. Industry presentations and safety material (e.g. safe work practices videos) are covered under Other Recurrent Expenditure. Recent budget reduction strategies have resulted in provision not being made in EnergySafety's budget to enable the conduct of safety campaigns from 2015/16.
- e) **Legal services:** are chiefly provided by the State Solicitor's Office.
- f) **Accommodation expenses:** covers all expenses relating to EnergySafety's office accommodation, including maintenance, lease charges, minor works, cleaning and utility costs.
- g) **IS support and maintenance, Compliance Management System (CMS):** includes all the anticipated recurrent costs associated with support, licensing and maintenance of the new CMS.
- h) **Digitisation of files:** This shows the costs of implementing the digitisation process for new applications and licensing documentation during 2014/15. No provision is made for the large project of digitising a significant cache of historical licensing files.

- i) **Other recurrent expenses:** includes all insurance premium costs, superannuation, communications service charges, travel, training, printing, management and maintenance of a vehicle fleet, technical services, recruitment services, taxation expenses, various consumables and other services necessary for operating an office.

8.3.2 Expenses – Capital Expenditure

- a) **Desktop IT:** covers routine replacement of desktop PCs, local printers and related equipment. All general Commerce IT network infrastructure costs and software user licence costs are covered by the Corporate Services charge to EnergySafety.

- b) & c) **Software replacements (CMS):** EnergySafety's corporate IS environment has included:

- the Electrical Inspection System (EIS) which supported the operational work of the Electricity Compliance Directorate and records vital data; and
- the Gas Inspection System (GIS) which supported the operational work of the Gas Directorate and records vital data.

These systems are being replaced with the new CMS. The item at b) reflects the anticipated capital costs of completing development and implementation of the CMS system and the item at c) shows the expected internal IS project support costs.

- d) **Mobile computing:** covers the expected mobile computing costs associated with rolling out the new CMS system to all of EnergySafety's inspection staff.

8.3.3 Income – Sources of Funds

- a) **Industry levy:** This is the energy industry levy necessary to make up the difference between expected expenditure and the sum of the revenues of (b), (c) and (d) below for all of the five years of the forecast. The levy is the amount needed to ensure EnergySafety is fully funded to carry out its legislated functions. Due to EnergySafety's historically high levels of cash holdings, the levy was frozen for the three years up until 2012/13. Cost escalation and the expectation that EnergySafety will achieve significantly higher employment levels means that the levy was required to increase by CPI in 2014/15, and higher than CPI in 2015/16 and subsequent years.

- b) **Licensing revenues:** are derived from electrical worker, electrical contractor, and gas fitter licence fees. The total revenue per year fluctuates over a five year cyclical basis, as the electrical worker fees are for a five year term and renewals are not equally distributed over the period. Most fees are set within 10-20% of full cost recovery levels, with annual reviews undertaken to identify and amend these where necessary to reflect fees that are closer to full cost recovery.

The licensing revenue is presented here on an accrual basis. For 2015/16 this is \$6.791m. On a cash basis the amount is \$7.060m.

- c) **Indian Ocean Territories (IOT):** The Department of Commerce has a service agreement with the Commonwealth's Department of Regional Australia, Local Government, Arts and Sport (DORA) to supply regulatory services to the IOT similar to those it provides in the WA mainland, but at full cost to DORA. EnergySafety provides electricity and gas regulatory services under this agreement and the expected reimbursement is shown.

- d) **Other revenues:** covers the sale of publications to industry.

8.4 Cash Balances

EnergySafety's cash balance forms part of the Department of Commerce's bank account and is classified as restricted cash.

EnergySafety held a cash bank balance of \$11.77m at the end of 2013/14. The bank balance has historically grown and stabilised in the past at this level due to:

- underestimates of revenues (the potential negative effect on licensing activity as a result of the slow-down in WA's resources boom was overestimated);
- the underspend of the budget (mainly due to the long-term inability to recruit required staff resulting in continuing vacancies and the subsequent inability to complete projects);
- deferral of advertising; and
- the delay in implementing the Compliance Management System.

EnergySafety considers it prudent financial management to aim for a closing cash balance at the end of each budget period sufficient to cover potential cash costs (liabilities) where non-current expenses have been recognised. For example, leave liability growth is included in Employee Benefits Expenses and is paid for by the industry levy. The cash balance should therefore be sufficient to cover the cash value of the leave liability. Additionally, EnergySafety has a proportion of aging workforce higher than the average across the Public Sector (25% past retirement age and likely to be 40% over the life of this Plan). This brings some unique risks and potential absence expenses not traditionally accrued for, such as for staff requiring extended periods of absence due to illness for which staff coverage needs to be allowed. The leave liability value recognised is presently in the order of \$1.0m.

EnergySafety also considers it prudent to allow for fluctuations in revenues across years and/or potential non-receipt of quarterly levy payments, and to provide some level of insurance should there be large unplanned expenditure associated with one or more major investigations. It is considered that \$1.5m is a reasonable amount to be held for this purpose.

In addition, the depreciation of EnergySafety's assets is recognised as an expense each year, in line with normal accounting practice. The depreciation accumulates in recognition that it provides a source of funds to replace the asset at the conclusion of its useful life. Accordingly, the value of accumulated depreciation should be recognised and maintained as a cash-holding. The value of accumulated depreciation is presently \$700k. As the new CMS is commissioned and capitalised, the depreciation expense for EnergySafety will increase significantly to more than \$1m per year from 2016/17, bringing accumulated depreciation to approximately \$1.8m that year.

The reasonable, targeted cash balance at any given time from 2016/17 is therefore in the order of \$4.3m.

The 2015/16 Financial Plan will see a gradual and sustainable reduction to cash reserves over the forward estimates period that will see this optimal target level of cash reached in 2019/20.

8.5 Industry Levy Quantum

It is required that the levy be applied at a level sufficient to enable the full costs of EnergySafety to be met. Accordingly, a levy of \$6.876m is proposed in this Business Plan for 2015/16.

This enables sufficient funds for the full structure of EnergySafety to operate (less a forecast vacancy rate of 8FTEs (12.5%)), continue to undertake the CMS project for replacement of aging compliance systems and to meet the costs of its liabilities.

The increase is higher than CPI and reflects increased costs for EnergySafety. It also reflects that the cash balances have been historically high, but will be slowly reduced to an optimal level in ensuing years as well as the fact that the levy was frozen for three years prior to 2014/15. The increase set and forecast for future years will mean that, by 2019, the levy will be commensurate with the quantum it would have been had CPI increments been applied from 2010/11. EnergySafety is recovering to the Levy quantum level that it should have maintained from 2011/12.

It is expected that EnergySafety will be able to recruit successfully and to reduce its historically high vacancy rate over the forward estimates period. It is however recognised that EnergySafety is unlikely to have a full staffing contingent at all times during any given financial year. Historical vacancy rates, coupled with improved recruitment successes in recent years gives EnergySafety reasonable confidence that the vacancy rates will fall and remain relatively steady through 2015/16 and beyond, and surplus funds will not be realised from under-expenditure at the same levels as has been experienced in prior years.

Increases to the levy will be necessary in future years to keep pace with the full (cash and non-cash) costs of operating the functions of EnergySafety. These increases are presently forecasts but, depending on actual out-turns as financial years conclude, the levy increase will be re-evaluated.

The manner in which the levy of \$6.876m in 2015/16 is to be applied across various industry participants is outlined in Section 9.

Industry Levy Statement

9.0 Introduction

This Statement is produced in accordance with section 6 (1) of the *Energy Safety Act 2006* – “the Act”.

The Act makes provision for the collection of a levy from energy industry participants. The Levy is in accordance with the *Energy Safety Act 2006* section 6 (1) (c) and the related *Energy Safety Levy Act 2006*. Similar contribution schemes operate for other Department of Commerce divisions and are levied on the gas and electrical industries in other jurisdictions.

For 2015/16, the proposed Energy Safety Industry Levy will be \$6.876m. The Act allows the responsible Minister to determine the levy for the financial year, for notice of this to be published in the Gazette and for EnergySafety to issue notices of assessment accordingly. All revenue raised from the levy will be used solely for energy safety-related activities.

As required by the governing legislation, the next section of the Business Plan details the methodology for the calculation and allocation of the appropriate portions of the levy to individual industry participants.

9.1 Apportionment of Levy Between Energy Sectors

The proposed 2015/16 industry levy of \$6.876m will be apportioned as 67% to the electrical industry and 33% to the gas industry in accordance with Section 6(2) of the Act.

Therefore the total levy contribution to be received from participants in the electrical industry will be \$4.607m and from participants in the gas industry it will be \$2.269m.

9.2 Model for Allocation of Levy Within Each Energy Sector

To allocate the levy within each industry sector, EnergySafety will continue to use the model devised for the allocation of the 2006/07 levy after consultation with industry. The model is based on the following:

- a) Levy allocation across the gas sector to be based on the number of gas consumer sites supplied by each gas distribution system licence holder and LP Gas distributors supplying LP Gas in bulk and in portable 45kg cylinders in WA, subject to a minimum aggregate total of 500 sites. The aggregate may be based on multiple networks.
- b) Levy allocation across the electricity sector to be based on the aggregate number of consumer sites served by each network operator subject to a minimum aggregate total of 500 sites. The aggregate may be based on multiple networks.

In mid-2015 the Director of Energy Safety wrote to all participants in both energy sectors requiring them to confirm, in accordance with regulation 4(5) of the *Energy Safety Regulations 2006*, the number of LP Gas and consumer sites connected. Responses were received from all participants.

On the basis of the information received, EnergySafety calculated the proportion of all consumers supplied by each supplier within both industry sectors. This proportion was then used to calculate the annual levy contribution payable by each participant.

A similar survey will be carried in mid-2016, determining the levy contributions for each supplier in the 2016/17 financial year.

9.3 Administration of the Levy Scheme

EnergySafety maintains a confidential database of industry site or operator-specific information that provides an audit trail in support of the levy calculations for each participant.

In 2013/14, independent auditors were engaged to verify that the participants had systems and processes in place to support the customer numbers reported to EnergySafety, so that the apportionment of the levy was undertaken on a reasonable basis. It is expected that this audit will be conducted every three years.

Although the total levy amount falls due for payment at the beginning of each financial year, it is proposed to invoice industry participants quarterly, as in previous years.

The formal assessment for the year will be communicated to individual participants concurrently with an invoice for the first payment. In accordance with section 17(3) (b) of the Act, if an instalment is not paid at or before the due date, the whole of the annual levy becomes due and payable immediately. There will be no reductions in liability for departures from the industry during the year, or back accounts for arrivals into the industry during the year.

Appendix 'A'

<p>A brief outline of 2013/14 year outcomes for information purposes only</p>
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The following are details of significant work undertaken during 2013/14:

Operational Work Including Compliance Enforcement Activities

National Regulatory Reform – Electricity and Gas Licensing

Work continued throughout the year to progress the licence harmonisation initiative begun by the Council of the Australian Federation. Several video and telephone conferences took place with EnergySafety's counterparts in other jurisdictions. Existing arrangements under the Mutual Recognition Acts were found to work effectively in most cases where inter-state licensees moved to WA for work.

Private Poles and Overhead Power Lines

A joint EnergySafety and Public Utilities Office Options Paper for responding to the bushfire risk of failing private poles was completed. It formed the basis for a Cabinet Submission which was approved by the Government. The approval called for a wide-ranging public awareness program, changes to the WA Electrical Requirements to ban wood private poles and open overhead conductors in future and clarification of property owners' responsibility for maintaining their electrical assets in a safe condition.

Other Network Safety Risks

Community risks associated with electricity networks include: overhead conductors breaking and falling to the ground, conductors clashing and igniting fires, pollution build-up on pole cross-arms and insulators leading to pole-top fires and trees making contact with power lines. EnergySafety has worked closely with network operators throughout the year to help them develop effective measures to avoid or minimise these risks.

The Government has authorised legislation to be prepared to give legal backing to vegetation control practices which have evolved over many years through consultation and cooperation between all those involved.

Compliance Management System

Since 2010/11, EnergySafety has been developing a new Compliance Management System (CMS).

In 2013/14 EnergySafety commenced the development of an in-house software solution that will suit its requirements and integrate with the Department of Commerce's architecture. This will continue into 2014/15. EnergySafety processes have been rigorously mapped to ensure consistency between directorates and to ensure efficient processes.

Significant progress has been made during 2013/14 and it is expected that in 2014/15 the CMS will be commissioned and replace the out-dated and unsupported electricity and gas regulatory software.

The first stage of the project was implemented in the first quarter of 2015. This stage is limited to internal users and replaced the out-dated and unsupported electricity and gas inspections software with significant improvements to:

- Notifications (including notice sampling)
- Jobs – create and allocate, undertake (assess, plan, recommend, approve)
- Compliance Actions
- Reporting

Development also commenced on the subsequent stages which include support for:

- external users;
- notifications by external users, such as Network operators;
- functionality in the field (mobility);
- support for the recording of queries;
- business planning – work programming, complex audits, scheduling metro/regional activities;
- investigation cases; and
- operational/resource management

The first stage of the project has been completed within the budget provisions.

Energy Acts Amendments

The proposed *Energy Safety Bill* amends selected Acts and parts of Acts, for which EnergySafety has responsibility, to remove any inconsistencies between them and the suite of legislation associated with the *Electricity Industry Act 2004*. The Bill will also provide for:

- the rationalisation of statutory responsibilities for the control of vegetation near power lines;
- expiry dates for certificates of competency for gasfitting;
- removal of duplication between and overlap between existing legislative provisions;
- updating the systems for approval of electrical appliances to match national initiatives;
- amending the period within which proceedings may be commenced for gas and electricity offences in accordance with the Coroner's recommendations; and
- enabling proper investigation and the sharing of information between investigating agencies responsible for investigating electrical and gas accidents.

The Bill is intended to be introduced to Parliament in 2015.

Demand for Licensing Services

The Licensing Office at EnergySafety continues to process a high volume of electrical and gas licence applications. The applications are processed in a consistent and timely manner with the available resources.

Electrical Licensing

As at 30 June 2014, there were 44,727 electrical workers, 4,857 electrical contractors and 260 in-house licence holders registered.

The Electrical Licensing Board grants licences to eligible electrical operatives and conducts competency assessments of operatives when necessary. It also recommends disciplinary action when appropriate.

Membership of the Electrical Licensing Board as at 30 June 2014 was:

Mr K McGill – Chairman

Mr G Wilton – representing the interests of electrical workers

Mr P Beveridge – representing the interests of electrical contractors

Mr G Kelly – representing the interests of electrical workers with restricted licences

Mr P Tierney – representing the interests of large businesses, who are consumers of electrical services

Mr A Momcilo – representing the interests of small businesses, who are consumers of electrical services

Mr F Hough – a residential consumer of electrical services

Mr S Abdoolakhan – nominated by the Director of Energy Safety

The Electrical Licensing Board met 23 times during the year.

Gas Licensing

As at 30 June 2014, there were 7,481 persons registered for gasfitting work. Certificate of Competency holders are not included in this figure.

The Gas Licensing Committee operates under delegated authority of the Director of Energy Safety and considers applications for licences for gas operatives. Routine applications are dealt with by licensing staff under delegated authority, as in the case of electrical licences.

The Gas Licensing Committee met 14 times during the year.

Prosecutions

Prosecutions follow investigations by inspectors and review and authorisation by senior management of EnergySafety. The investigations are often initiated by inspectors of the electricity and gas distributors, as part of their consumer electrical or gas installation inspection work.

The following tables provide summaries of prosecutions finalised during 2013/14.

Summary of prosecution actions for breaches of electricity related legislation

Summary of prosecution action for breaches of electricity related legislation				
1 July 2013 – 30 June 2014				
Legislation	Breach	Number of Offences	Fines \$	Court Costs \$
<i>Electricity (Licensing) Regulations 1991</i>	19(1)	28	53,000	3,411
<i>Electricity (Licensing) Regulations 1991</i>	33(1)	1	*	*
<i>Electricity (Licensing) Regulations 1991</i>	49(1)	27	106,000	8,151
<i>Electricity (Licensing) Regulations 1991</i>	50(1)	1	4,000	667
<i>Electricity (Licensing) Regulations 1991</i>	51(1)	1	1,000	769
<i>Electricity (Licensing) Regulations 1991</i>	52(3)	13	105,500	6,959
<i>Electricity (Licensing) Regulations 1991</i>	52A(5)	1	15,000	771
<i>Electricity (Licensing) Regulations 1991</i>	52C(1)(b)(i)	13	125,500	5,336
<i>Electricity Act 1945</i>	242(1)(b)	3	120,000	2,439
TOTAL		88	530,000	28,504

Summary of prosecution actions for breaches of gas related legislation

Summary of prosecution action for breaches of gas related legislation				
1 July 2013 – 30 June 2014				
Legislation	Breach	Number of Offences	Fines \$	Court Costs \$
<i>Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999</i>	18(A)(2)	1	3,000	690
<i>Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999</i>	34	1	14,750	1,637
<i>Energy Coordination Act</i>	14(d)	1	*	*
<i>Energy Coordination Act</i>	20(3)	1	*	*
TOTAL		3	17,750	2,437

* Global Penalty (more than one offence)

Infringement Notices

EnergySafety continues to issue Infringement Notices as a system to provide an efficient and cost compliant regime for selected breaches. The system covers both gas and electricity and deals with non-compliance aspects of electrical and gas installations.

There were 52 (5 Electricity and 47 Gas) Infringement Notices issued by EnergySafety between the period 1 July 2013 and 30 June 2014.

The following tables provide summaries of Infringement Notices issued during 2013/14.

Summary of Infringement notices issued for breaches of electricity related legislation

Summary of Infringement Notices issued for Breaches of electricity related legislation 1 July 2013 – 30 June 2014			
Legislation	Section / Regulation	Number of Offences	Fines \$
<i>Electricity Act 1945</i>	33B(2)	4	12,500
<i>Electricity Act 1945</i>	33F	1	5,000
TOTAL		5	17,500

Summary of Infringement notices issued for breaches of gas related legislation

Summary of Infringement Notices issued for Breaches of gas related legislation 1 July 2013 – 30 June 2014			
Legislation	Section / Regulation	Number of Offences	Fines \$
<i>Gas Standards Act 1972</i>	13A(2)	6	6000
<i>Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999</i>	7(1)	1	10,000
	18(2)(a)	13	7,800
	26(1)(a)	2	1,200
	28(2)	12	4,800
	28(3)	9	3,600
	30	1	600
	34(1)	2	1,500
	35(1)	1	2,000
	37	1	10,000
TOTAL		48	47,500

Major Policy Work

Committee Participation

Aside from major work on several key technical standards committees, EnergySafety continued to be involved in a number of national regulatory coordination and other technical standards bodies.

The following is a summary list:

- National Regulatory Coordination Bodies
 - Electrical Regulatory Authorities Council (ERAC)
 - Gas Technical Regulators Committee (GTRC)
 - National Equipment Energy Efficiency Committee (Committee E3)
 - Energy Supply Industry Safety Committee (ESISC) (representing the Government of Western Australia)

- National Standards Councils, Boards and Committees
 - Member of Standards Australia (representing the Government of WA)
 - Council of Standards Australia (representing the Government of WA)
 - Standards Australia Standards Development Committee
 - AG-006 Gas Installations
 - AG-008 Gas Distribution Networks
 - AG-011 Industrial and Commercial Gas Fired Appliances
 - AG-013 Gas Components
 - ME-046 Gas Fuel Systems for Vehicle Engines
 - ME-15 Storage LP Gas
 - EL-01 AS/ NZS 3000 (Wiring Rules)
 - EL-001-20 AS/NZS 3018 Domestic Electrical Installations
 - EL-001-44 AS/NZS 4836 Safe working on LV electrical installations
 - EN-004 Energy Network Management and Safety Systems
 - EL-002 Safety of Household and Similar Electrical Appliances and Small Power Transformers and Power Supplies
 - EL-043 High Voltage Electrical Installations
 - EL-052 Electrical Energy Networks, Construction and Operation
 - National Occupational Licensing System – Interim Advisory Committee
 - National Occupational Licensing System – Electrical Occupations Regulators Working Group
 - National Occupational Licensing System – Gas Occupations Regulators Working Group
 - National Occupational Licensing System Implementation Committee

National Regulatory Reform Projects

Significant progress has been made in developing national regimes for electrical appliance safety approvals, gas appliance safety approvals, national electrical and gas occupational licensing, and the harmonisation of energy supply technical and safety regulation. This work continues to dominate the policy area and demands major commitments from senior staff.

Safety Statistics - Serious accidents and fatalities

The following were reported to EnergySafety during 2013/14:

Electricity related incidents and fatalities

- Electric shocks 1,648
- Serious electricity related accidents 21
- Fatalities (included in serious electrical accidents): 1

Details of the fatality are:

- A rigger received a fatal electric shock while constructing a new 330kV power line when he touched an active conductor after removing the safety earths. The conductor became live due to an induced voltage from a parallel 132kV power line.

Gas related incidents and fatalities

The following were reported to EnergySafety during the year:

- Incidents 89
- Serious gas related accidents (persons injured) 29
- Fatalities 1

Details of the fatality are:

- The victim in this fatality was alleged to have been using LP Gas during the manufacture of an illegal substance. There was a fire and an explosion in which the victim sustained burns and later succumbed to his injuries.

Financial Out-Turn

The surplus available for carry forward at the end of 2013/14 was slightly lower than budgeted for.

It had been forecast that \$12.80m would be carried forward into 2014/15. The actual amount carried forward was \$11.77m.

It is anticipated that the cash carried into 2015/16 will be slightly lower (\$10.31m), but will be used in operational costs as EnergySafety moves closer full employment and its expenses meet budget expectations.