

OPERATIONAL STRUCTURE

This section of the report provides general information about the agency, such as its name, Minister and the legislation it administers.

Elements of the operational structure are addressed comprehensively throughout the report.

Overview of Agency – Performance Management Framework addresses:

- agency level desired outcomes for each service and changes to these outcomes, objectives and functions; and
- likely developments and forecast results of operations.

Report on Operations under Goal 5 Governance and Public Sector Improvement addresses:

- Ministerial directives;
- Employment matters including staff profile, recruitment, the Graduate Development Program, payroll systems, staff development, performance management, industrial relations and workers' compensation; and
- Insurance paid to indemnify a director against liability.

Enabling legislation

The Office of Energy (the Office) was established on 1 January 1995 under Section 35 of the *Public Sector Management Act 1994*.

Responsible Minister

As at 30 June 2008, the Office was responsible to the Honourable Francis Logan BA(Hons), Member of the Legislative Assembly, Minister for Energy; Resources; Industry and Enterprise.

Address

The Office is located on Levels 8 and 9, Governor Stirling Tower, 197 St Georges Terrace, Perth Western Australia 6000.

Mission

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

Vision

The Office is striving towards its **vision** of '**...reliable, sustainable and competitively priced energy services for the benefit of all Western Australians.**'

The Office will achieve its vision by ensuring that:

- householders, businesses, government and other organisations throughout Western Australia enjoy a choice of secure, reliable, sustainable and competitively priced energy services;
- the Western Australian energy sector is competitive and efficient with new entrants and new energy services;

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- efficient regulation applies where necessary, and is well accepted and supported;
- there is a high level of knowledge, understanding and application of sustainable energy principles and practices by energy suppliers and consumers;
- stakeholders see the Office as being accessible, knowledgeable and helpful, and are keen to work with us;
- the Office is strategic, proactive and excels in developing and implementing policy and programs to meet the State's energy needs; and
- the Office is an employer of choice that attracts, develops and retains the best people for the job.

Objectives

The principal objectives of the Office are to:

- encourage and facilitate the provision of secure, reliable and sustainable energy services, at competitive prices, to meet the needs of households, businesses, Government and other organisations in Western Australia;
- implement appropriate market and regulatory arrangements to achieve a competitive, dynamic and sustainable energy sector;
- ensure the Government-owned Electricity Corporations participate in the energy industry in a competitively neutral manner, while they endeavour to make a profit, consistent with maximising their long-term value to the State;
- raise awareness and provide the information and tools by which consumers can make informed choices about the level, source and cost of their energy consumption; and
- be credible and capable in shaping and delivering the Government's energy policy.

Services

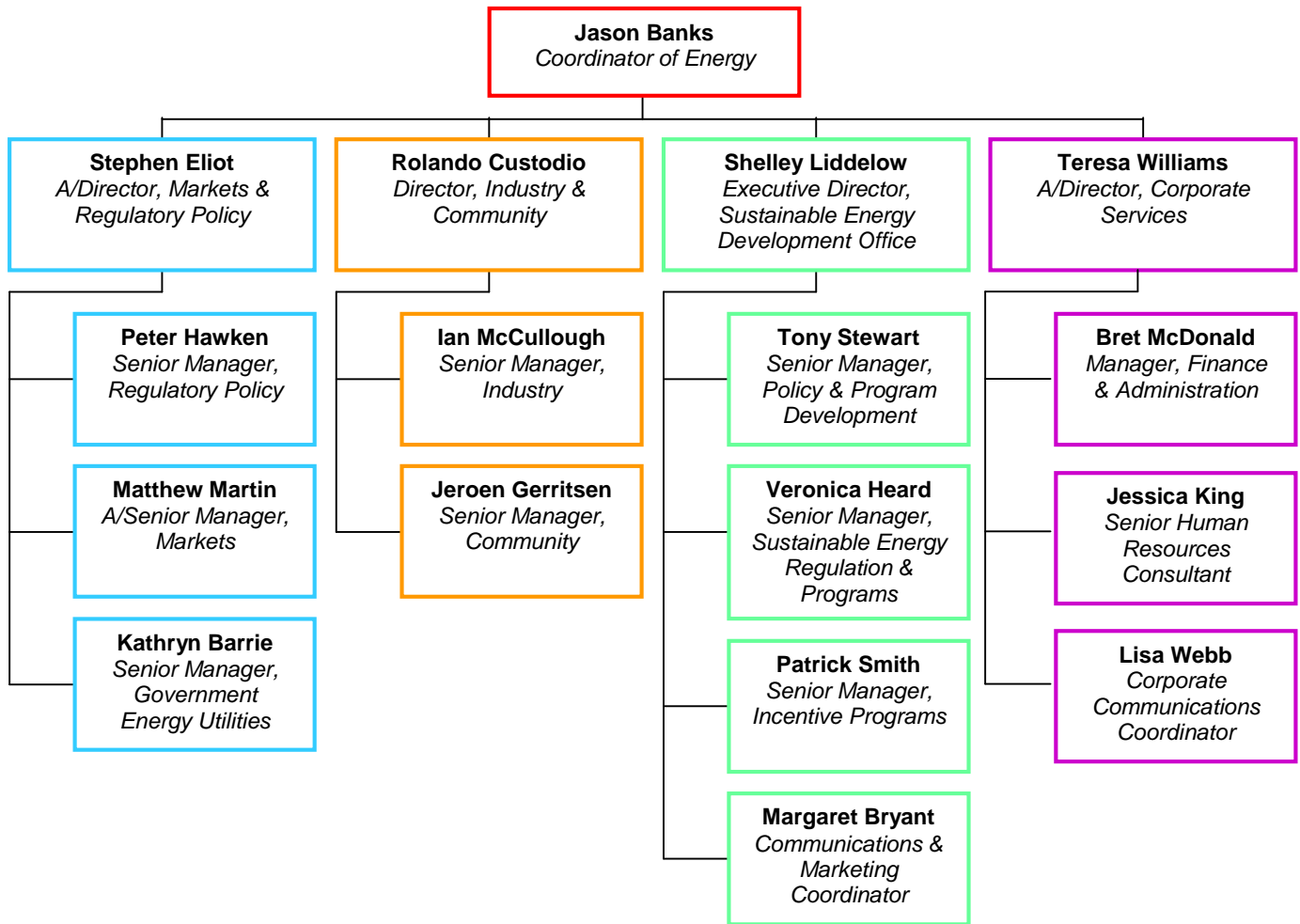
The Office provides a range of services on energy matters to the Minister for Energy, Government, the energy sector and the Western Australian community. The Office:

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

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Organisational structure and profile

Organisational chart as at 30 June 2008



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Summary of activities and responsibilities of each division

The **Markets and Regulatory Policy Division**:

- provides policy advice on flexible and balanced market and regulatory arrangements to deliver competitive and efficient investment, and supply and use of electricity and gas services;
- provides advice to the Minister on management of shareholder interests in the Government Energy Utilities ensuring value creation and consistency with Government policy and competitive neutrality; and
- ensures that national energy policy development is consistent with State policy.

The **Industry and Community Division**:

- provides policy advice to Government on the way energy is supplied, used by and contributes to the sustainable well being of the Western Australian community; and
- develops and implements specific Government energy policies to facilitate the efficient and equitable provision of energy to consumers.

The **Sustainable Energy Development Office (SEDO)** is focussed on delivering the Government of Western Australia's sustainable energy policy and increasing the sustainability of non-transport related energy supply and use. Its role is to:

- accelerate the adoption of renewable energy and energy efficiency; and
- support the sustainable energy industry to deliver economic, environmental and social benefits to the State.

The **Corporate Services Division** is focused on office services and corporate governance processes. Processes including administration, corporate communications, fleet management and records management are performed by the Office's staff. Support for transactional level functions including finance, human resource and information technology, are provided by the Department of Treasury and Finance via a Service Level Agreement.

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Senior staff profiles

The Coordinator of Energy is ultimately accountable for all of the Office's activities.

Jason Banks, Coordinator of Energy

The Coordinator of Energy is appointed under the *Energy Coordination Act 1994*. Mr Banks was permanently appointed to this position on 25 September 2007 for a term of five years. Mr Banks' appointment was approved by the Public Sector Management Division of the Department of the Premier and Cabinet and the Minister for Energy.

Stephen Eliot, A/Director, Markets and Regulatory Policy

The position of Director, Markets and Regulatory Policy is substantively vacant. The position was advertised during the reporting year and will be resolved later in 2008. Mr Eliot is currently acting in this role.

Rolando Custodio, Director, Industry and Community

Mr Custodio substantively occupies the position of Director, Industry and Community. His appointment is for a term of five years which commenced on 16 January 2007. His tenure is due to finish in January 2012.

Shelley Liddelow, Executive Director, Sustainable Energy Development Office

Ms Liddelow substantively occupies the position of Executive Director, Sustainable Energy Development Office. Her appointment is for a term of five years which commenced on 10 June 2004. Her tenure is due to finish in June 2009.

Teresa Williams, A/Director, Corporate Services

The position of Director, Corporate Services is substantively vacant. The position will be advertised during the 2008/09 reporting year. Ms Williams is acting in this role.

Corporate Executive

The Corporate Executive aims to achieve best practice in corporate governance. This entails the consideration and approval of Office policies, strategic direction and resource allocation, as well as monitoring office performance, progress towards targets and use of resources.

The Corporate Executive is responsible for:

- prioritising and approving the Office budget and activities to meet the objectives of the organisation;
- monitoring progress to meet established objectives;
- establishing the strategic direction and policies of the office;
- providing leadership to support the Office's vision and promoting a culture that supports the values and direction of the Office;
- approving the scope of new major projects as they arise;
- approving structural changes; and
- advising the Coordinator of Energy on major decisions.

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Legislation administered

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

Other Acts administered by the Minister for Energy through the Office include:

Dampier to Bunbury Pipeline Act 1997
Electricity Corporations Act 2005
Electricity Industry Act 2004 (all parts other than Part A9)
Energy Corporations (Transitional and Consequential Provisions) Act 1994
Energy Operators (Powers) Act 1979
Electricity Transmission & Distribution Systems (Access) Act 1994
Fuel, Energy and Power Resources Act 1972
Gas Corporation (Business Disposal) Act 1999
Gas Pipelines Access (Western Australia) Act 1998
Liquefied Petroleum Gas Subsidy Act 1980
Petroleum Products Subsidy Act 1965
State Energy Commission (Validation) Act 1978

Changes within written law

The following changes and amendments to legislation were developed and/or implemented on behalf of the Government during 2007/08.

Nuclear Facilities Prohibition Bill 2007
The *Electricity Industry Amendment Bill 2007* received Royal Assent on 21 December 2007

Legislation affecting office activities

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

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

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Details of subsidiary, affiliated or related bodies

The Office provides executive support to the Ministerial Advisory Committee on Energy Supply. The Committee, comprising residential and small business representatives, was established in 2006 to provide independent advice to the Minister for Energy on the adequacy of electricity supply to consumers, particularly in relation to reliability and quality of supply. Members are appointed for a period of two years.

Declaration of interests

The Corporate Executive Team acknowledges the requirement to declare any existing or proposed contract between the Office and a senior officer and reports that during the financial year. There were no conflicts of this nature to declare.

Shares

The Corporate Executive Team acknowledges the requirement to declare any shareholdings that may cause a conflict of interest. There were no conflicts of this nature to declare.

Economic factors which affected achievement of operational objectives

There are no economic factors that affected the achievement of operational objectives during the reporting year.

Research and development

SEDO commissioned three pieces of research that were completed in 2007/08.

Through the Photovoltaic Working Group, research was commissioned to quantify the benefits that grid connected photovoltaic systems provide to electricity networks. The Office engaged the services on the Centre for Energy and Environmental Markets (CEEM) of the University of New South Wales to place a value on a range of parameters, including avoided energy losses, foregone investment in network expansion, the level of firm capacity provided and avoided conventional energy use. CEEM used data on system wide and individual feeder electricity use profiles obtained from the network service providers and compared that with real and modelled photovoltaic systems generation data in undertaking the study. It found that the electricity system benefits photovoltaic systems connected to the State's main grid provide range from 13 - 16 c/kWh. The benefits were generally greater in the smaller isolated grids, particularly those using diesel as the fuel source.

In the process of developing a state renewable energy target, the Sustainable Energy Development Office commissioned modelling from McLennan Magasanik Associates (MMA) and the Centre for Policy Studies at Monash University to analyse the impacts of various renewable energy targets on the electricity market, greenhouse gas emissions and the Western Australian economy. Additional modelling was commissioned in the second half of 2007 to explore the implications of the rapid rise in gas prices rises that had occurred since the original assumptions were made. The modelling indicated that the impact of the proposed scheme on electricity prices was modest and that impacts on economic and employment growth would be small.

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Modelling of the potential costs and benefits of a mandatory energy efficiency requirement for large to medium energy users was undertaken by the Office on behalf of the Ministerial Council on Energy. Allens Consulting Group was engaged to undertake analysis of requiring industry to identify and implement energy efficiency initiatives with a three year or less payback. The report used best available estimates of the magnitude and distribution of energy savings opportunities available to Australian sites, compared that with implementation rates from Australian and international voluntary programs to calculate the additional energy savings that could be expected. The analysis found that significant potential benefits were available that justified more stringent energy efficiency requirements for industry.

Promotions, public relations and marketing activities

SEDO continues to implement a communications and marketing strategy to accelerate the adoption of renewable energy and energy efficiency. The strategy is aimed at encouraging and assisting households, government agencies, businesses and industry in Western Australia to operate in ways that are economically, environmentally and socially sustainable.

Below are key highlights for 2007/08.

- More than 9,000 people attended the Sustainable Energy Expo 2008. The expo is sponsored by SEDO and showcased sustainable energy products and technologies from 150 companies.
- Highly successful television promotion through *Nuts and Bolts Goes Green*.
- Promotion of the State Government's Solar Schools Program. Solar Schools play an important role in educating the next generation about the need for, and role of, renewable energy.

The incident on Varanus Island on 3 June 2007 required an immediate public response from the Government. The Department of the Premier and Cabinet, the Government Media Office and the Office worked together to implement a communications strategy aimed at reducing the impact of the incident by raising awareness of methods of conserving energy.

Messages were crafted for industry, business, Government and the wider community. The Office worked with the Minister's office on public relations and media liaison.

The mass media campaign targeted householders and consumers. The campaign consisted of television, radio and press advertising, developed by Marketforce Productions. It commenced on 8 June. Outcomes of the communications strategy will be reported in the next reporting period.

Pricing policies on services

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

Major capital works projects

The Office undertook a computer replacement program during the year. This program was the only capital works program for 2007/08.

Subsequent events

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