



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

ENERGY SAFETY DIVISION BUSINESS PLAN 2014/15

December 2013

This Business Plan was approved under
Part 2 of the *Energy Safety Act 2006* by
the Hon Michael Mischin MLC
Minister for Commerce
on 4 February 2014



Government of **Western Australia**
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 Energy*Safety*

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FOREWORD

This document sets out the Business Plan 2014/15 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 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 2014/15 sets out:

- a statement of intent;
- the business environment and challenges, including major projects;
- the financial plan;
- details of the proposed 2014/15 energy industry levy; and
- a brief outline in Appendix A of the 2012/13 year outcomes (the seventh 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 2014/15 year.

Ken Bowron
DIRECTOR OF ENERGY SAFETY

13 December 2013

STATEMENT OF INTENT

1.0 INTRODUCTION

This Statement of Intent is part of the Business Plan 2014/15 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 ENERGY SAFETY

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 provides electricity and gas-related technical advice to the Department of Finance’s Public Utilities Office, the Economic Regulation Authority (ERA) and the Energy Ombudsman.

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 FOR ENERGY SAFETY

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 eight years and, as it has 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 COAG National Regulatory Reform Initiatives

The Council of Australian Governments (COAG) has initiated a number of national regulatory reform projects relevant to EnergySafety. The outcomes affect EnergySafety's role, structure, funding and the legislation it administers.

Since 2008 EnergySafety has made a significant commitment to a number of COAG projects, representing an extra workload for staff and affecting project priorities and costs. Work will continue for several years and funding has been included in the Business Plan.

3.2.1.1 National Occupational Licensing System (NOLS)

COAG had chosen electrical and gas-fitting licences as part of the first group of occupations under a national occupational licensing system (NOLS). It was proposed that one occupational licence would be valid in all Australian jurisdictions.

A new National Occupational Licensing Authority (NOLA) was established and a national database and IT system was proposed. NOLA would delegate its licensing activity to existing jurisdictional regulators such as EnergySafety.

In late 2013 the WA Government and COAG decided not to pursue the proposed model due to the potential costs and concerns raised by industry groups.

EnergySafety will continue to work with the other States and Territories to create more practical and less expensive means of improving labour mobility through licensing regulation, while maintaining WA's high standards for quality and safety.

3.2.1.2 Energy supply industry regulation

Safety regulation of energy supply industries affects several government departments and agencies of the Commonwealth and most jurisdictions. In 2010, the Ministerial Council on Energy (MCE) developed an Intergovernmental Agreement (IGA) to formalise the cooperation between the Commonwealth, State and Territory governments to develop a harmonised safety system for energy networks.

The MCE established the Energy Supply Industry Safety Committee (ESISC) to advise and assist with the development and implementation of the nationally harmonised system. EnergySafety represents Western Australia on the ESISC.

ESISC oversaw the development of the new Electricity Networks Safety Management System (ENSMS) Standard for electricity networks. The agreement was that all participating jurisdictions would call up the new Standard in their respective legislation. The new AS5577:2013 - Electricity Networks Safety Management System was published on 12 April 2013. Under the terms of the IGA, all participating jurisdictions are now expected to amend their respective legislation to recognise the new Standard. See 3.2.2.2.

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.

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. It is expected that the following will affect EnergySafety's legislation and functions:

- Energy Supply Industry Safety Regulation;
- Electrical Equipment Safety System; and
- Gas Appliance Certification Review;

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.

3.2.2.1 Energy Legislation Amendment Bill 2014

During 2013/14 EnergySafety has continued to work on proposed legislation reforms which were approved by Cabinet in November 2011, essentially amending 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:

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

On 24 June 2013, cabinet approved merging the *Electricity Act 1945*, *Gas Standards Act 1972* and *Energy Safety Act 2006* into a consolidated *Energy Safety Act 2014*. Legislative drafting began in 2013/14 and is expected to be completed during 2014.

3.2.2.2 Electricity (Network Safety) Regulations 2014

These regulations will replace the *Electricity (Supply Standards and System Safety) Regulations 2001* when they are published in the Gazette.

The significant difference between the two sets of regulations is the change from a safety case approach to a risk-based network safety management system approach which complies with the new Australian Standard AS 5577:2013.

Many of the provisions in the existing regulations have been retained and some have been deleted. In some instances provisions have been expanded.

Rather than prescribing a standard Safety Management System (SMS), the new regulations will delegate responsibility for identifying, removing and controlling hazards to each network operator.

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.

Progress has been made towards drafting of the relevant amendments to the legislation. The *Energy Legislation Amendment Bill 2014*, approved by Cabinet and being drafted now by the Parliamentary Counsel, incorporates amendments which give effect to 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, by the end of 2014.

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 work to 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 who offer the service. Such an assessment should provide comfort to home-owners, tenants and potential purchasers that the electrical installations 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. pastoralist's facilities, mine sites, and Rottneest, Christmas and Cocos [Keeling] Islands).

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 evolves from a construction phase to an operational phase, the influx of interstate and overseas electrical and gas operatives will slow down and plateau. There has been no sign of this during 2013 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.

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.

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.

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 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 of the integrity of flues and inappropriate flue connections.

This is a concern for 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 2014/15.

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 have been encouraged to continue their engagement with EnergySafety throughout the process of developing their new Plans. Regular meetings are being held to monitor their progress. It is anticipated that the new Plans will be implemented by 1 July 2014. Once the Plans are implemented, EnergySafety will be conducting 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 devotes 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 rigorously 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.

3.3.3.6 Streetlight Switchwire Removal

Streetlight switchwire is a separate and dedicated overhead conductor component which supplies power to streetlights and enables them to be switched on and off. There have been two fatalities in the last twenty years and two potentially fatal electric shock incidents involving the public in the past four years from fallen streetlight wires.

EnergySafety monitors the progress of Western Power's Switchwire removal program.

3.3.3.7 PowerWatch

PowerWatch is a security lighting project introduced in 1995 to provide cost-efficient security lighting to customers by allowing floodlights to be installed on Western Power poles.

In 2011, an audit revealed that 178 "PowerWatch" lights mounted on metal poles presented a risk of electric shocks and were to be replaced with double-insulated light fittings.

EnergySafety monitors the progress of this project through quarterly reports.

3.3.3.8 Replacement of Overhead Service Aerials

Following a double fatality in 2002, in 2005, Western Power commenced a program to replace estimated 300,000 overhead service aerials.

At the request of EnergySafety, Western Power has completed a survey to identify all immediate "at risk" services and increased the annual rectification rate. EnergySafety has been monitoring the progress of this project through the quarterly reports.

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 applies a combination of industry-specific activities, including safety sessions during regional visits, publications aimed at industry and the public (eg Energy Bulletin and the EnergySafety website), and through television, radio, newspaper advertisements and articles in industry publications.

It has been shown that there is a clear correlation between safety promotion and safety improvement. Television has proven to be the most effective medium for reaching the general community. However a substantial campaign is required to have any worthwhile impact. Given that the cost of such campaigns is significant, EnergySafety has run a major TV campaign approximately every two years. In future, provision has been made to enable the conduct of safety campaigns on an annual basis, alternating between gas and electrical themes, to ensure that public awareness is high and to improve the State's gas and electrical safety performance generally.

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 competent grasp of industry-specialist technical practices (including safe field work practices), energy legislation and occupational health and safety obligations, industrial relations implications 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 is high.

EnergySafety has attempted 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 late 2013, 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 arrangements have proved to be successful and are essential to sustained employment success in this area. EnergySafety's financial forecasts have been set accordingly.

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

3.4.2 Compliance Management System

During 2010/11, EnergySafety obtained approval to develop a new Compliance Management System (CMS). This computer system will replace out-dated and unsupported electricity and gas inspections software. It will also improve productivity and efficiency by supporting a mobile inspection workforce and aligning the workflows across directorates. EnergySafety processes have been rigorously mapped to ensure consistency between directorates and to ensure efficient processes. Based on industry presentations, the decision was made to seek a commercial off-the-shelf (COTS) system. Tenders were called in November 2011, and the successful provider was appointed in October 2012.

During 2012/13, the Project Board determined that the provider could not deliver a system that meets the business' requirements nor deliver the project as per the contract for reasons that include:

- fundamental architectural design issues;
- inability to meet the agreed budget outcomes;
- significant underestimation of project scope and implementation effort; and
- a detailed business process was not used to develop the IT solution.

The Department of Commerce Information Services Branch is working with the State Solicitor's Office to terminate this contract.

Given that the research to date has not identified any existing, suitable CMS systems and that the specialised nature of the EnergySafety business requires significant changes to any known COTS or packaged applications, a review was made of platform and in-house options. Platform technologies use existing configurable systems such as those developed by Microsoft and Oracle that are claimed to be suitable to develop a wide variety of business solutions. The Department has no internal skills on these technologies and they do not reduce project risk. The Department has had recent success in developing in-house software and it is believed that this is the least risk option for the development of a system that will suit EnergySafety requirements and integrate with current Commerce architecture.

Preliminary budget estimates indicate that although further costs are required for this project, EnergySafety has sufficient funds to meet this expense. While an accurate timetable has yet to be determined, it is anticipated that the new computer system (and processes) will be progressively delivered during 2014/15. The financial forecasts include the expected budget for this major project.

4.0 ENERGY SAFETY'S 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 2001

- *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

- *Gas Supply (Gas Quality Specifications) Act 2009 (Part 5, Division 2)*

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;

- requiring gas network operators, gas pipeline licensees and LPG 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 LPG 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;
 - 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, *Energy Safety*:

- 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 and 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	12/13 Target	12/13 Actual	13/14 and beyond Target
GAS			
Gas related deaths	0	1	0
Gas related accidents ² (including fatalities)	10	23	10
Gas installations inspected and found non-complying (includes matters not directly affecting safety)	7%	7.62%	7%
Number of EnergySafety audits of gas network operators' Inspection Plans ³	2	1	2
Investigations under Acts and Regulations	200	675	200
Number of Type B gas appliance variations/exemptions granted	60	81	60 [∞]
Presentations to Industry or other Groups	25	47	25

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

MEASURES	12/13 Target	12/13 Actual	13/14 and beyond Target
ELECTRICITY			
Electricity related deaths	0	2	0 ^{**}
Electricity related accidents ² (including fatalities)	12	18	12
Electrical installations inspected and found non-complying (includes matters not directly affecting safety)	14%	17.2%	14%
Number of EnergySafety audits of electricity network operators' Inspection Plans ³	2	2	2
Investigations under Acts and Regulations	650	923	650
Presentations to Industry or other Groups	5	180	5

* 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.

² 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.

³ 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

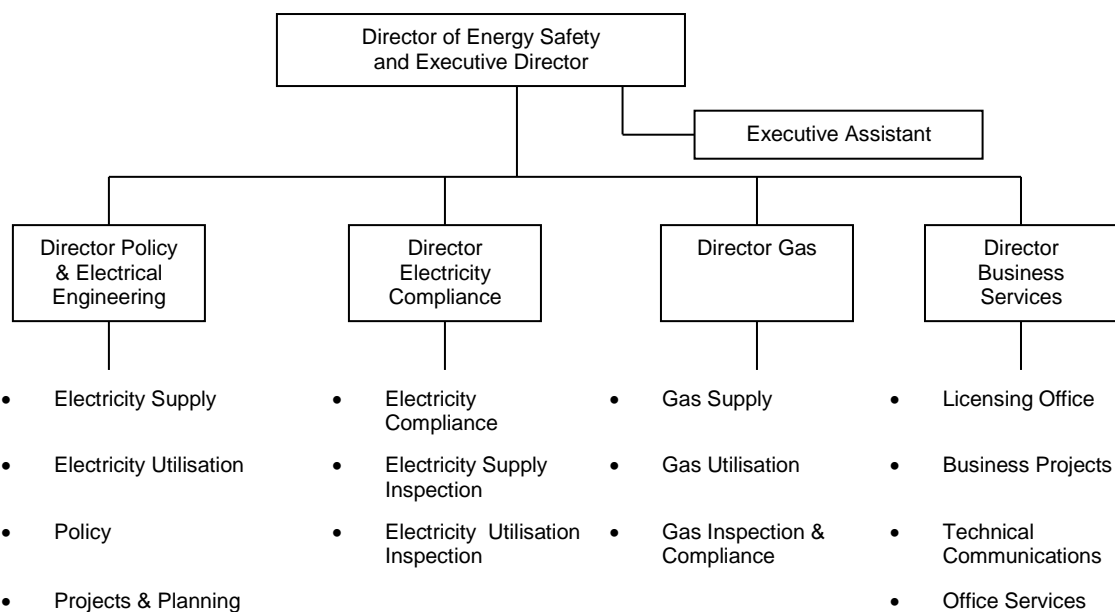
During the next five years, existing shortcomings with Western Power's electricity supply network will continue to require major attention as will, to a lesser extent, the networks of Horizon Power. The younger age and generally better state of the gas distribution networks operated by ATCO Gas and others mean they require comparatively less regulatory attention from safety and performance perspectives. However, older gas networks such as Albany now 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 is reflective of EnergySafety's response 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 years at an extraordinary rate, fuelled by the growing economy, mining boom and high population growth in WA. EnergySafety's resources to undertake the necessary safety functions have not kept pace and are not able to support the increased load.

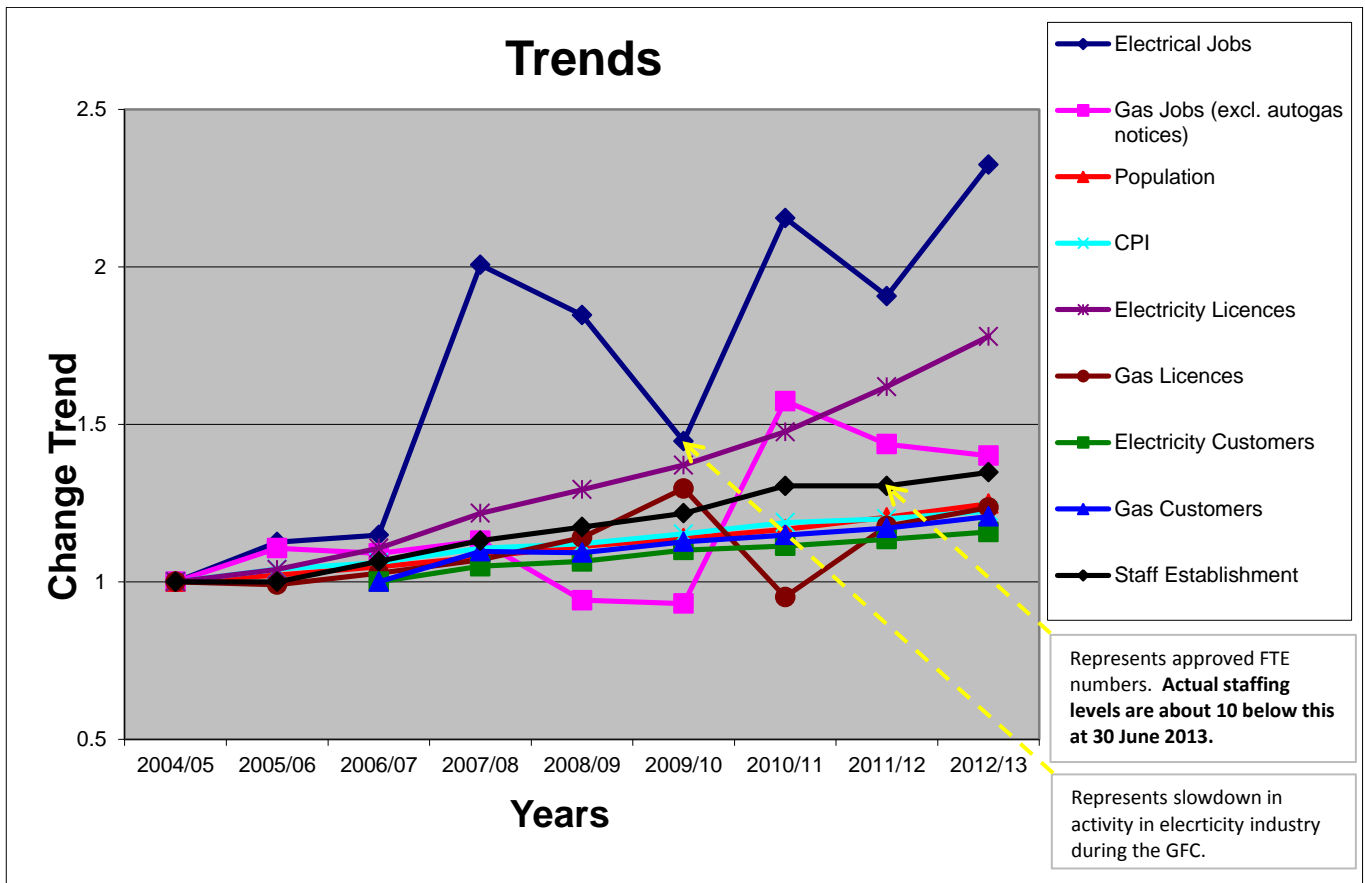
Increased FTE levels have been approved and this should help to manage the growing workloads into the future.

The total number of licensed electricians and gas workers has increased by almost 128% and 24% respectively over the past nine years.

In 2006 (the year industry funding was implemented), 2,280 new electrical worker's licences were issued. In 2012, 6,385 were issued, an increase of 180%. Increased licensing activity is accompanied by a commensurate increase in inspection and compliance work.

In 2012/13 a total of 1,325 electrical investigations were opened and 293 of these were outstanding at 30 June 2013.

In 2012/13, 81 electrical prosecutions were completed. One hundred and twelve 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 rectify this situation.



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 2013, the approved FTE was 62, but actual FTEs employed were 49. Work continues to successfully recruit adequate 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, as follows:

- ❖ Electricity Supply Inspection
- ❖ Electricity Utilisation Inspection
- ❖ 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 24/7 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 deal 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 (eg 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 NG and LPG 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 (eg 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 24/7 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
- ❖ 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 2014/15 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 new Attraction and Retention Incentive (ARI) payment, mentioned in Section 3.4.1, is expected to continue to help attract suitable candidates for these vacancies.

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 June 2013.

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.

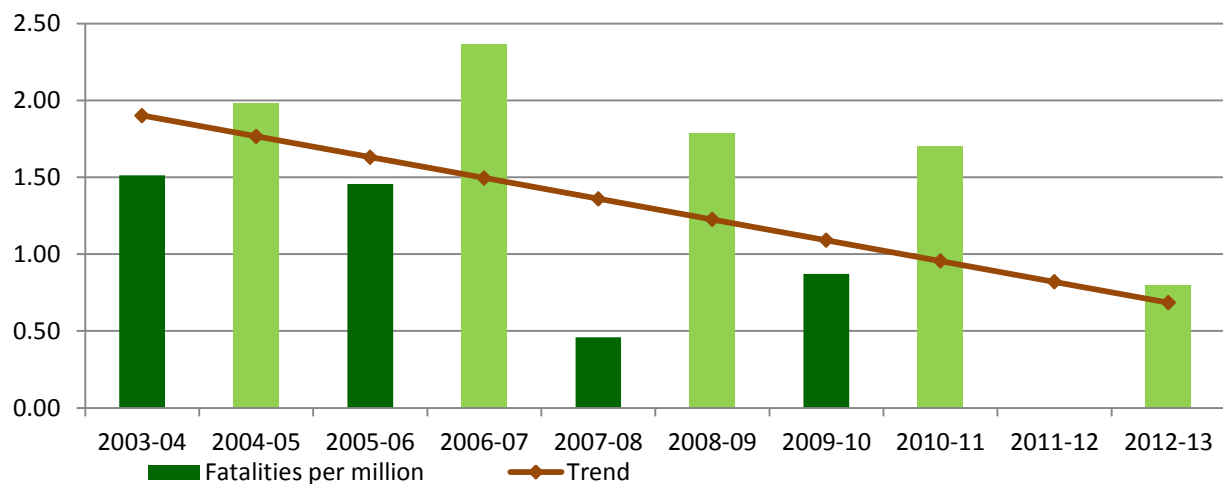
Additionally, safety awareness campaigns may have contributed to the declining fatality rate.

Electrical Fatalities

In 2012/13 there were two electricity-caused fatalities recorded in WA. The details are:

- a portable generator was being used to charge a car battery. The victim mistakenly plugged in the 12 volt DC charging cord into the generator's 240 ac volt socket outlet and received a fatal electric shock; and
- a tradesman's assistant was working in a roof space assisting an electrician by pulling cables through a conduit into the roof space. The cables were live as they had not been isolated. The tradesman's assistant received a fatal electric shock when he made contact with the cable.

CHART A: WA ELECTRICAL FATALITIES PER MILLION POPULATION (2003-04 TO 2012-13)



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

WA's trend in the number of fatalities per year continues to decrease steadily (Chart A).

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.

CHART B: WA SERIOUS ELECTRICAL ACCIDENTS (NON-FATAL) PER MILLION POPULATION (2003-04 TO 2012-13)



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

Sixteen non-fatal serious electrical accidents were reported in 2012/13 compared with eight in 2011/12. Although this represents an increase compared to the previous year, overall the rate of accidents has been decreasing over the past ten years. Analysis of serious electrical accidents indicates that 78 per cent of these occurred in the workplace. Electrical workers were involved in 36 per cent of serious electrical accidents.

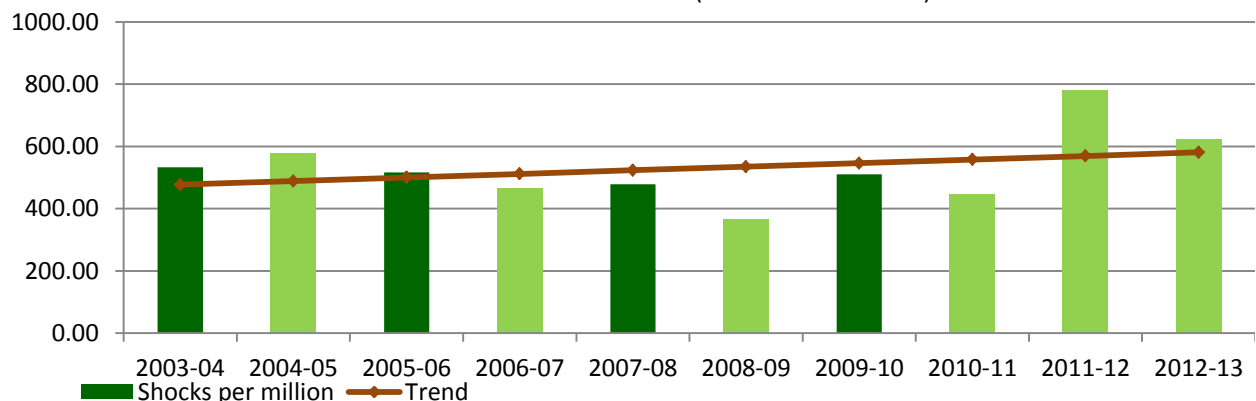
Electric Shocks

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 (eg 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.

CHART C: WA ELECTRICAL SHOCKS PER MILLION POPULATION (2003-04 TO 2012-13)



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

During 2012/13 there were 1,564 electrical shocks reported compared with 1,889 in 2011/12, which represents a 17% reduction from 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.

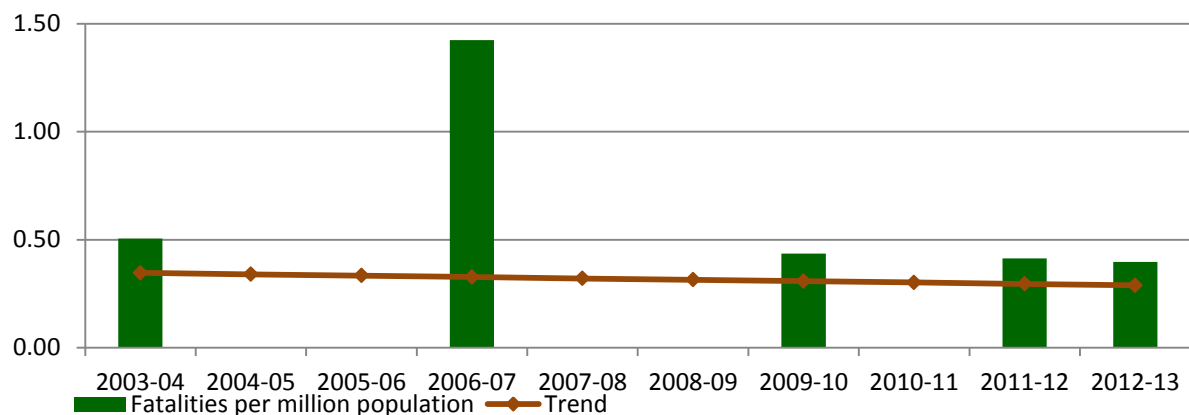
7.2.3 Gas Safety

There was one gas-related fatality reported in 2012/13.

The fatal incident occurred when LPG was leaking from a mechanical bolted sleeved coupling on a gas main in the verge, near the residence at 282 Middleton Road, Centennial Park, Albany and permeated into the lower ground floor bedroom of this residence. The presence of an LPG as vapour cloud in the bedroom was ignited by an electrical source. The explosion and fire that followed proved fatal to a resident.

Despite fatalities in WA during 2009/10, 2011/12 and 2012/13, the trend line has not been affected and is still moving slightly downward since 2003/04 (Chart D).

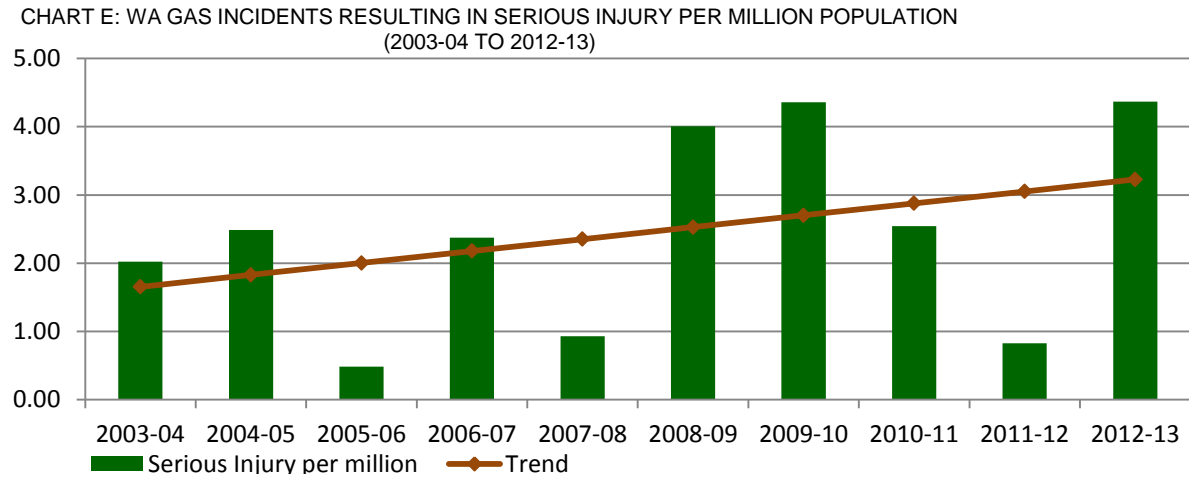
CHART D: WA GAS RELATED FATALITIES PER MILLION POPULATION (2003-04 TO 2012-13)



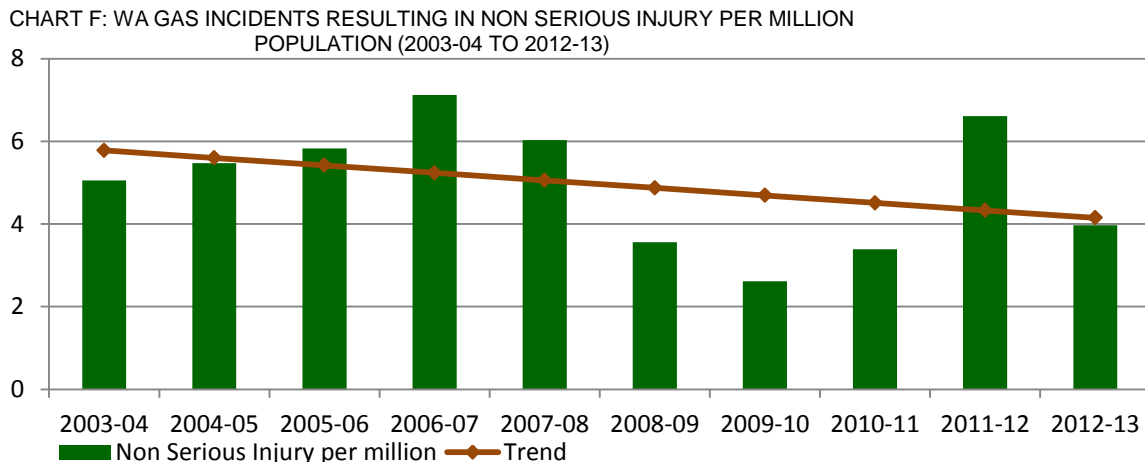
Gas incidents by their very nature can harm several people in a single incident. The figures for gas-related fatalities have shown a positive outcome. However, serious injuries have increased over the reporting period.

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, 2007/08 and 2011/12 had the lowest number of recorded serious injury incidents and 2009/10 and 2012/13 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 positive gradual decline during the ten year period (Chart F).



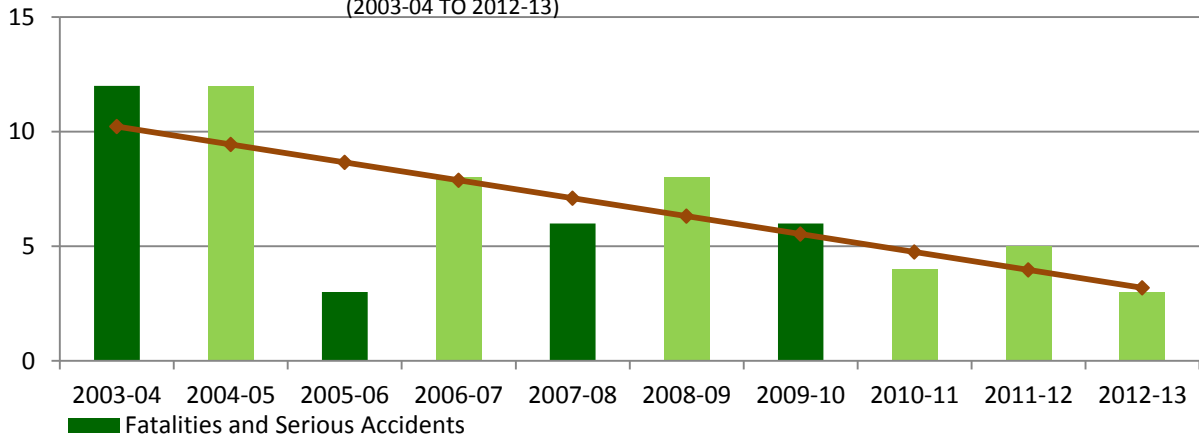
7.2.4 Electrical & Gas Worker Safety

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.

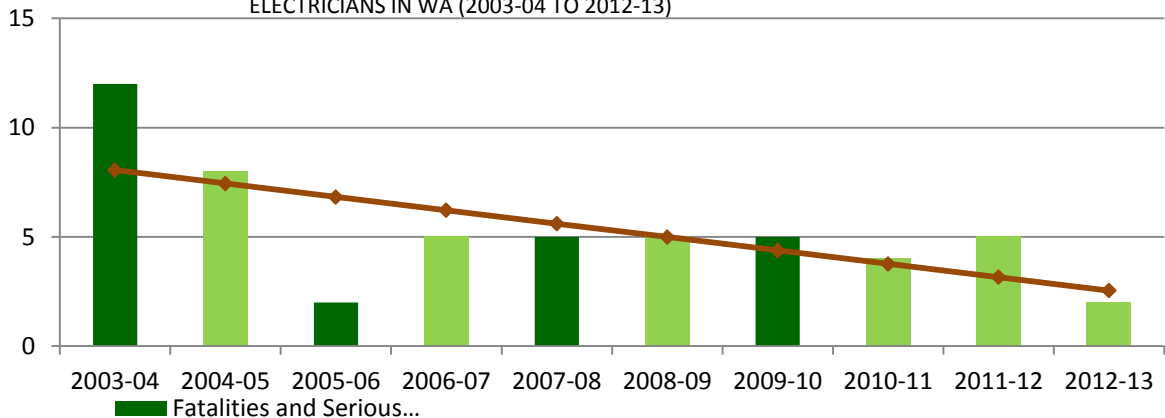
The trends are moving in the right direction which suggests that the efforts by EnergySafety warning workers of the dangers of performing live work are effective (Charts G and H).

CHART G: FATALITIES AND SERIOUS ACCIDENTS INVOLVING ELECTRICAL WORKERS IN WA
(2003-04 TO 2012-13)



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 (2003-04 TO 2012-13)



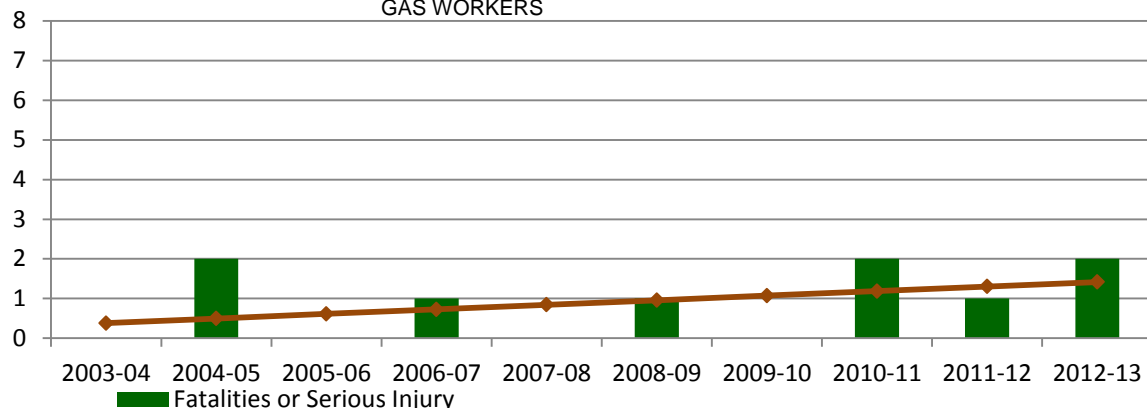
Note: Light green indicates that a safety campaign was conducted in the year.

During the ten year period from 2003/04, there have been no gas-related fatalities involving gas workers.

Serious injuries involving gas workers are lower compared with electricians (Chart I).

However, the trend shows an increase and it is essential that workplace practices and procedures for gas workers are confirmed to be rigorous and effective in ensuring safety of workers.

CHART I: WA GAS INCIDENTS RESULTING IN FATALITY OR SERIOUS INJURY INVOLVING GAS WORKERS



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, such as:

- 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,

rather than incorrect installation of electrical or gas equipment causes many safety incidents.

The frequency of such incidents can also 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, LPG 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 LPG supplier has an approved inspection system plan, on a sample basis. The energy industry engages some 157 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 (15 electrical and 5 gas), who conduct regulatory inspections and compliance inspections for installations not connected to a network operator. There are a further 27 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 regular safety promotion activities.

Experience here and elsewhere shows campaigns should be aimed at both the public and energy workers in industry, to improve safety awareness.

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

Campaigns need to continue, as the message requires constant reinforcement to be effective.

The 2012 campaign focussed on encouraging householders not to attempt their own electrical wiring work or appliance repair and to insist on receiving an Electrical Safety Certificate from electrical contractors upon completion of their work. The campaign's effectiveness was assessed as very high and was well received by the public and workers in the electricity industry.

TV advertising is expensive and requires substantial planning and funding to be effective. For this reason, TV campaigns have historically been planned to run approximately every two years to limit costs.

EnergySafety now provides for resources in its budget to conduct annual campaigns to help improve public awareness and to reduce electrical and gas incidents. It is envisaged that the annual campaigns will alternate between electrical and gas related themes, targeting topical issues of the time.

FINANCIAL PLAN

8.0 INTRODUCTION

The following Financial Plan presents EnergySafety's expenditure (both capital and operating) and revenue budget forecasts over the 2014/15 financial year and four out-years.

In previous Business Plans, the Financial Plan had been presented on a cash basis, which accounted for only the cash costs and revenues of EnergySafety. The 2014/15 Business Plan presents the full accrual costs and revenues of EnergySafety. The reasons for this change include:

- it is consistent and better aligns with the presentation of the State Budget for all other government entities;
- it is consistent and better aligns with the internal budget requirements of the Department of Commerce;
- monthly management reports and the Department's annual reports have always been prepared on a full accrual basis and this change to the budget presentation will ensure greater consistency between budget estimates and reporting of actual results. This will result in better financial management information;
- previous years' Financial Plans used present year dollar values in their out-year projections and only cash expenses, which meant that the impact of non-cash costs, CPI increases and other factors in cost escalation were not sufficiently understood. Decisions about revenue sources (ie industry levy levels) were not made in view of full cost expectations;
- some licence types can be paid/renewed over various periods (either one year, three years or five years), and the cash presentation of licensing revenue did not sufficiently recognise the accounting treatment that accrued future-year related revenues; and
- the industry funding model requires that licensing activity and the industry levy provides sufficient funds to meet the full cost of the operation of EnergySafety, which includes recognition of non-cash expenses such as depreciation and leave liability expenses.

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

8.1 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) numbers employed by EnergySafety.

Estimates are provided for the next financial year (2014/15) and the subsequent four years.

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 each year 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 Consumer Price Index (2.6% annually at the time of writing).

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 above a minimum level (in the order of \$3.3m) 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.

Under normal circumstances the industry levy should have been set at a level to cover non-cash, full costs for EnergySafety. (ie 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, due principally 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 the past three 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 is a need to increase 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 because of the ARI that was implemented in 2012.

As the costs of EnergySafety have been steadily increasing over the past four years without a commensurate increase in the levy, the levy will need to increase. The Financial Plan indicates increases only by a factor of CPI 2.6% in future years, but forecasts indicate this level of funding will result in cash reserves reducing to a level below that considered prudent (see section 8.3). As this is the first year of full accrual budgeting and the cost estimates are less defined in the out-years, EnergySafety will review this in the next Business Plan to ascertain whether increases greater than CPI may be required.

The single most significant risk to EnergySafety's budget stems from economic factors. 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 the functions of EnergySafety, or further offsetting increases to the industry levy.

The financial plan has been prepared on the accrual basis to be consistent with annual financial reporting requirements and with internal Department of Commerce budgeting processes.

Escalated \$

Financial Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1. Expenses						
1.1 Recurrent Expenditure						
a) Employee benefits expense	9,681	10,737	10,984	11,237	11,495	11,759
b) Corporate service charges	1,480	1,480	1,510	1,540	1,571	1,602
c) Depreciation expense	89	96	98	100	103	105
d) Safety advertising campaigns	300	300	300	300	300	300
e) Legal services	100	226	231	237	242	248
f) Accommodation expenses	722	646	661	676	692	708
g) IS support/maintenance (CMS)	111	250	256	262	268	274
h) Digitisation of files	250	250	250	50		
i) Other recurrent expenses	2,535	2,052	2,099	2,147	2,196	2,247
Total Recurrent	15,268	16,037	16,388	16,548	16,866	17,242
1.2 Capital Expenditure						
a) Desktop IT	40	37	38	39	40	41
b) Software replacements (CMS)	157	1,000	1,000			
c) IS Support	442	250	250			
d) Mobile Computing	50	50				
Total Capital	689	1,337	1,288	39	40	41
Total Expenses	15,957	17,374	17,676	16,587	16,906	17,283
2. Income						
a) Industry levy	6,444	6,612	6,784	7,361	7,986	8,665
b) Licensing revenues	6,654	6,518	6,978	7,209	7,178	7,358
c) Indian Ocean Territories	74	74	76	78	80	82
d) Other revenues	55	48	49	50	51	52
Total Income	13,227	13,251	13,886	14,697	15,295	16,156
Surplus/(Deficit) for the period	(2,730)	(4,122)	(3,790)	(1,890)	(1,610)	(1,127)
FTE	62	64	64	64	64	64

On a cash basis the above budget is reflected as:

Financial Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated Opening Cash Balance		12,800	9,039	5,997	3,986	2,276
Licensing revenue	6,654	6,783	7,628	6,987	6,975	7,149
All other revenue	6,573	6,734	6,908	7,488	8,117	8,799
Total cash expenses	(15,957)	(17,278)	(17,578)	(16,486)	(16,803)	(17,178)
Estimated Closing Cash Balance	12,800	9,039	5,997	3,986	2,276	1,046

8.2 NOTES AND EXPLANATIONS

8.2.1 EXPENSES – RECURRENT EXPENDITURE

- a) **Employee benefits expense:** 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, superannuation and the Attraction and Retention Incentive. The estimates provide for all positions in EnergySafety's staffing structure to be filled on a full-time basis.
- 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.
- c) **Depreciation expense:** covers the cost of depreciation of EnergySafety's assets, including software systems.
- 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 (eg safe work practices videos) are covered under Other Recurrent Expenditure.
- 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, utility costs etc.
- 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:** includes the expected labour and operational costs involved in completing the digitisation of historical licensing files.
- i) **Other recurrent expenses:** includes all insurance premium costs, 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.

8.2.2 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 current corporate IS includes:
- the Electrical Inspection System (EIS) which supports the operational work of the Electricity Compliance Directorate and records vital data; and
 - the Gas Inspection System (GIS) which supports the operational work of the Gas Directorate and records vital data.

These systems are in the process of being replaced with the new CMS. The item at b) reflects the anticipated capital costs 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 inspection staff.

8.2.3 **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 make EnergySafety fully funded and is comparable with the amounts applied in other jurisdictions for similar purposes. Due to EnergySafety's historically high levels of cash holdings, the levy has been frozen for the past three years. Cost escalation and the expectation that EnergySafety will soon achieve full employment levels means that the levy will be required to increase by CPI in 2014/15.

- 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 2014/15 this is \$6.518m. On a cash basis the amount is \$6.783m.

- 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.

8.3 CASH BALANCES

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

EnergySafety estimates a cash bank balance of \$12.80m at the end of 2013/14. This is a slight growth in the balance from 2012/13 (\$12.30m) and remains higher than budget. The bank balance has grown and stabilised in the past at this level due to:

- underestimates of revenues (the effect of the WA resources boom was underestimated and the effect of the Global Financial Crisis 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 (CMS).

It is proposed to utilise this cash balance as a source of funds and to reduce the closing balance at the end of each year.

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 accounted for. The leave liability value recognised is presently in the order of \$1.2m.

EnergySafety 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 should 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 \$600k.

The reasonable, targeted cash balance at any given time is therefore in the order of \$3.30m.

In addition to this on-going cash balance target, the forecast end of 2013/14 cash balance includes moneys budgeted for the replacement of out-dated and unsupported electricity and gas inspection systems with a new Compliance Management System. Progress has been slow on this project for several years since it was first approved in 2010 and it is yet to be implemented. Underspend to date on this project has meant that cash currently held by EnergySafety includes funds earmarked for this project. It is expected that most of this is likely to be spent over the latter stages of 2013/14 and through 2014/15.

8.4 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 \$6.612m is proposed in this Business Plan.

This represents the first increase in the levy for four years and enables sufficient funds for the full structure of EnergySafety to operate, continue to undertake the CMS project for replacement of aging compliance systems and to meet the costs of its liabilities.

The increase is in line with CPI of 2.6% and is commensurate with increased expenses for EnergySafety. It also reflects that the cash balances have been historically high, but will be consumed in coming years.

It is expected that EnergySafety will be able to recruit to all vacant positions through 2013/14 and 2014/15 and surplus funds will not be realised from under-expenditure as has been the case in prior years. Increases to the levy will be necessary in future years to keep pace with the costs of operating the functions of EnergySafety. These increases are presently forecast at a level commensurate with CPI but, depending on actual out-turns as financial years conclude, may need to increase in excess of CPI in the years after 2014/15.

The manner in which the levy of \$6.612m in 2014/15 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 2014/15, the proposed industry levy will be \$6.612m. The Act allows the responsible Minister to determine the levy for the financial year, for notice of this amount 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 2014/15 industry levy of \$6.612m 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 \$4.430m and from participants in the gas industry it will be \$2.182m.

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 LPG distributors supplying LPG 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-2013 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 LPG 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-2014, determining the levy contributions for each supplier in the 2014/15 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 2012/13 year outcomes for information purposes only</p>

The following are details of significant work undertaken during 2012/13:

OPERATIONAL WORK INCLUDING COMPLIANCE ENFORCEMENT ACTIVITIES

Gas Appliance Rectification Programme

The objective of this Programme was to facilitate the rectification and/or removal of pre-1980 domestic natural gas appliances to allow the supply of a broader gas specification into the market, facilitating competition in the supply of natural gas. Safety ramifications for some pre-1980 domestic natural gas appliances still operational in homes around the State were identified and were investigated for replacement, servicing or certification that they were safe. The Programme was a success and was substantially completed at the end of 2012/13. In conjunction with Alinta Assist, almost ten thousand appliances were replaced and a further eight thousand serviced.

National Regulatory Reform – Electricity and Gas Licensing

Work continued throughout the year to prepare departmental IT systems to accommodate the proposed uniform national licensing scheme for electrical contractors, electricians, electrical fitters, restricted electrical workers and gas fitters. Considerable effort has been devoted to refining the uniform national legislation required for the scheme through committee work and detailed technical consultations with the federal task force and other jurisdictions. A consultation Regulation Impact Statement was released for stakeholder comments early in the 2012/13 year. The Government has since confirmed that Western Australia will not adopt the NOLS.

Bush fire investigations

Under EnergySafety's leadership, a new protocol governing how investigations are to be managed for bushfires suspected to have been caused by electricity was completed. Along with EnergySafety, protocol participants include the Department of Fire and Emergency Services, the Department of Environment Regulation, WA Police and Western Power. The protocol has been converted into a formal memorandum and signed by all participants. This MOU will help ensure that all electrically-caused fires are properly investigated while allowing all parties to perform their statutory functions.

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

During 2010/11, EnergySafety obtained approval to develop a new Compliance Management System (CMS). This computer system was to replace out-dated and unsupported electricity and gas inspections systems. It will also improve productivity and efficiency by supporting a mobile inspection workforce and aligning the workflows across directorates. EnergySafety processes have been rigorously mapped to ensure consistency between directorates and to ensure efficient processes. Based on industry presentations, the decision was made to seek a commercial off-the-shelf (COTS) system. Tenders were called in November 2011, and the successful provider was appointed in October 2012.

During 2012/13, the project Board determined that the provider could not deliver a system that meets the business' requirements nor deliver the project as per the contract for reasons that include:

- fundamental architectural design issues;
- inability to meet the agreed budget outcomes;
- significant underestimation of project scope and implementation effort; and
- a detailed business process was not used to develop the IT solution.

The Department of Commerce Information Services Branch is working with the State Solicitor's Office to terminate this contract.

Given that the research to date has not identified any existing, suitable CMS systems and that the specialised nature of the EnergySafety business requires significant changes to any known COTS or packaged applications, a review was made of platform and in-house options. Platform technologies use existing configurable systems such as those developed by Microsoft and Oracle that are claimed to be suitable to develop a wide variety of business solutions. The Department has no internal skills on these technologies and they do not reduce project risk. The Department has had recent success in developing in-house software and it is believed that this is the least risk option for the development of a system that will suit EnergySafety requirements and integrate with current Commerce architecture.

Preliminary budget estimates indicate that the project budget has sufficient funds to meet this expense. While an accurate timetable has yet to be determined, it is anticipated that the new computer system (and processes) will be progressively delivered during 2014/15.

Energy Acts Amendments

The proposed *Energy Acts Amendment 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:

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

The Bill is planned to be introduced to Parliament in the Spring Session of 2014.

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 2013, there were 43,152 electrical workers, 4,595 electrical contractors and 256 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 2013 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 25 times during the year.

Gas Licensing

As at 30 June 2013, there were 6,801 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 20 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 2012/13.

Summary of prosecution actions for breaches of electricity related legislation

Summary of prosecution action for breaches of electricity related legislation				
1 July 2012 – 30 June 2013				
Legislation	Breach	Number of Offences	Fines \$	Court Costs \$
Electricity (Licensing) Regulations 1991	19(1)	2	12,500	654
Electricity (Licensing) Regulations 1991	33(1)	2	5,000	654
Electricity (Licensing) Regulations 1991	49(1)	25	99,500	16,236
Electricity (Licensing) Regulations 1991	50(1)	1	5,000	575
Electricity (Licensing) Regulations 1991	50A	1	1,000	2,671
Electricity (Licensing) Regulations 1991	52(3)	16	96,000	6,249
Electricity (Licensing) Regulations 1991	52C(1)(b)(i)	5	16,000	4,835
Electricity (Licensing) Regulations 1991	53(3)	3	27,500	1,228
Electricity (Licensing) Regulations 1991	63(2)	1	*	*
Electricity (Supply Standards and System Safety) Regulations 2001	10(1)(a)	1	101,250	6,245
Electricity (Supply Standards and System Safety) Regulations 2001	10(1)(c)	2	12,500	3,425
Electricity (Supply Standards and System Safety) Regulations 2001	A25(1)(A)	4	120,000	3,184
TOTAL		63	496,250	45,957

Summary of prosecution actions for breaches of gas related legislation

Summary of prosecution action for breaches of gas related legislation				
1 July 2012 – 30 June 2013				
Legislation	Breach	Number of Offences	Fines \$	Court Costs \$
Gas Standards Act 1972	13 (A)(2)	1	5,000	575
Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999	18 (2)(a)(i)	1	5,000	575
Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999	30	1	*	*
TOTAL		3	10,000	1,150

* 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 78 (7 Electricity and 71 Gas) Infringement Notices issued by EnergySafety between the period 1 July 2012 and 30 June 2013.

The following tables provide summaries of Infringement Notices issued during 2012/13.

Summary of Infringement notices issued for breaches of electricity related legislation

Summary of Infringement Notices issued for Breaches of electricity related legislation 1 July 2012 – 30 June 2013			
Legislation	Section / Regulation	Number of Offences	Fines \$
<i>Electricity (Licensing) Regulations 1991</i>	52(3)	6	21,000
<i>Electricity Act 1945</i>	33B(2)	3	11,250
TOTAL		9	32,250

Summary of Infringement notices issued for breaches of gas related legislation

Summary of Infringement Notices issued for Breaches of gas related legislation 1 July 2012 – 30 June 2013			
Legislation	Section / Regulation	Number of Offences	Fines \$
<i>Gas Standards Act 1972</i>	13A(2)	5	5,000
	13D(1)	1	1,000
<i>Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999</i>	18(2)(a)	10	6,000
	20(1)(b)	5	3,000
	26(1)(a)	2	1,200
	28(2)	28	11,200
	28(3)	9	3,600
TOTAL		60	31,000

MAJOR POLICY WORK

Committee Participation

Aside from major work on several key technical standards committees, Energy Safety 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 Energy Safety during 2012/13:

Electricity related incidents and fatalities

Electric shocks	1,564
Serious electricity related accidents	18
Fatalities (included in serious electrical accidents):	2

Details of the fatalities are:

1. A portable generator was being used to charge a car battery. The victim mistakenly plugged in the 12 volt DC charging cord into the generator's 240 ac volt socket outlet and received a fatal electric shock; and
2. A tradesman's assistant was working in a roof space assisting an electrician by pulling cables through a conduit into the roof space. The cables were live as they had not been isolated. The tradesman's assistant received a fatal electric shock when he made contact with the cable.

Gas related incidents and fatalities

The following were reported to Energy Safety during the year:

Incidents	82
Serious gas related accidents (persons injured)	22
Fatalities	1

Details of the fatality are:

1. LPG was leaking from a mechanical bolted sleeved coupling on a gas main in the verge, near the residence at 282 Middleton Road, Centennial Park, Albany and permeated into the lower ground floor bedroom of this residence. The presence of an LPG as vapour cloud in the bedroom was ignited by an electrical source. The explosion and fire that followed proved fatal to a resident.

FINANCIAL OUTTURN

The surplus available for carry forward at the end of 2012/13 was higher than expected.

It had been forecast that \$12.17m would be carried forward into 2013/14. The actual amount carried forward was \$12.30m.

It is anticipated that the cash carried into 2014/15 will be slightly higher (\$12.80m), but will be used in operational costs as Energy Safety moves into full employment and its expenses meet budget expectations.