



Government of Western Australia
Energy Policy WA

Annual Report 2020-21



Working together for a **brighter** energy future.

Energy Policy WA

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Welcome

Acknowledgement of Country

Energy Policy WA acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community.

We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

About this report

Energy Policy WA is pleased to present its second Annual Report, following its establishment under section 56 of the *Financial Management Act 2006* as a sub-department of the Department of Mines, Industry Regulation and Safety (DMIRS) on 5 September 2019.

This report details our operational and financial performance from 1 July 2020 to 30 June 2021.

Accessibility

We are committed to providing accessible services to our stakeholders. As such, this report is available online and in alternative formats upon request.

Feedback

We welcome feedback and questions on this Annual Report. You can contact us by email at info@energy.wa.gov.au or by phone on 08 6551 4600.

Statement of compliance

HON BILL JOHNSTON MLA
MINISTER FOR ENERGY

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit, for your information and presentation to Parliament, the Annual Report of Energy Policy WA for the period 1 July 2020 to 30 June 2021.

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



Kate Ryan

Coordinator of Energy
Energy Policy WA

28 September 2021





Executive summary

In the executive summary of Energy Policy WA's Annual Report for 2019-20, I described our first year of operation as challenging, exciting, productive and rewarding. I believe these words continue to perfectly describe our activity during our second year of operation.

As was the case for all public sector agencies and private sector businesses in Western Australia, the COVID-19 pandemic continued to affect our operations, causing delays to some of our reform projects and grant programs. While we continued to feel the effect of the pandemic, the ongoing adaptation of our systems, processes and staff to our 'new normal' business environment contributed to Energy Policy WA having another productive and rewarding year. The resilience and professionalism of our staff have been remarkable during these difficult and busy times.

The interests of Western Australian energy consumers were at the core of our work, particularly in the context of the pandemic, which placed many household and business budgets under pressure. We were tasked by government with the development and implementation of the Household Energy Efficiency Scheme, which aims to improve energy efficiency for households facing financial hardship. The continued development of consumer advocacy capability was another area of focus for the agency.

On the regulatory front, the implementation of a new framework for the North West Interconnected System in the Pilbara region was one of our main achievements. This framework will facilitate the more efficient use of existing electricity infrastructure in the region. It will also encourage more efficient investment in infrastructure going forward. In turn, the new regulatory framework will support economic growth in the Pilbara region, one of the driving forces of Western Australia's economy.

We also delivered on all our commitments in support of the Energy Transformation Taskforce, tasked with implementing the Energy Transformation Strategy – the Western Australian Government's program of work to enable the transition to low emissions and distributed energy sources, such as household solar and battery systems.

This included the delivery of the inaugural Whole of System Plan for the South West Interconnected System, the largest electricity grid in the State. The Whole of System Plan is a detailed study of how our major power system may evolve over the next 20 years, and is intended to inform future infrastructure

investment, as well as regulatory and policy decision making.

Our work under the umbrella of the Energy Transformation Taskforce also involved the implementation of changes to the Wholesale Electricity Market Rules, the rules governing the wholesale trade of electricity in the South West Interconnected System, and the Electricity Networks Access Code 2004, which governs connection (including for new generators) to Western Power's electricity grid. These changes, which provide greater opportunities for new renewable and low-emissions energy technologies to be connected to the system, will support the Western Australian Government's objective of ensuring the secure, reliable, sustainable and affordable supply of energy services to households and businesses.

While the Energy Transformation Taskforce concluded its two-year tenure on 19 May 2021, having completed its mandate, the transformation of the energy sector continues. This will require the continued oversight and modernisation of the energy sector's legislative and governance arrangements.

In recognition of this, during the reporting year, Energy Policy WA completed the initial phase of its review of the governance arrangements applying to the Western Australian energy sector. In response to the findings of this review, the Western Australian Government approved the transfer of market development and rule-making functions for the Wholesale Electricity Market Rules and the Gas Services Information Rules from the Rule Change Panel to the Coordinator of Energy (supported by Energy Policy WA). Government also gave us responsibility for market development, and rule changes for the new regulatory framework in the Pilbara, ongoing whole of system planning for the South West Interconnected System, and the delivery of several policy and technical reviews under the Wholesale Electricity Market Rules, which were previously undertaken by the Economic Regulation Authority. The Coordinator of Energy, and by extension Energy Policy WA, commenced the performance of these functions on 1 July 2021.

In addition, during the reporting year, the Western Australian Government tasked Energy Policy WA with the implementation of an election commitment, the establishment of an Energy Industry Development Team to promote the use of locally-supplied renewable energy in remote mining sites, and the delivery of stage

two of the Energy Transformation Strategy, covering the period 2021 to 2025. This second stage will focus on implementing Energy Transformation Taskforce decisions, integrating new technologies such as electric vehicles, ensuring we 'keep the lights on' as the power system transitions, and continuing the reform of the energy sector's regulatory and governance arrangements.

In order to ensure we are well positioned to deliver this large and important program of work, on 20 May 2021 Energy Policy WA underwent an organisational restructure. Key features of the restructure were the establishment of two Assistant Coordinator roles to lead the agency's two core business groups, and the expansion of our Wholesale Electricity Market team, which included the transfer of Rule Change Panel staff to Energy Policy WA on 1 July 2021.

We are very pleased to have been entrusted with such critical roles and responsibilities, and remain committed to working with our government and energy sector stakeholders in the coming years to achieve an even brighter energy future for Western Australia.

I would like to thank and acknowledge Mr David Smith, who made a tremendous contribution as the Director General of DMIRS

during the establishment and initial operations of Energy Policy WA, and wish him well in his retirement.

Last but not least, I would like to thank all those who have contributed to our achievements over the past year and, in particular, our very capable and committed staff.



Kate Ryan

Coordinator of Energy
Energy Policy WA

1. Overview



Horizon Power, Onslow microgrid.

1. Overview

1.1 Responsible Minister

The responsible Minister for Energy Policy WA is the Hon Bill Johnston MLA, Minister for Energy.

1.2 Our sub-department status

Energy Policy WA was established as a standalone sub-department of DMIRS on 5 September 2019.

Under the *Financial Management Act 2006*, Energy Policy WA has its own appropriation and division in the State Budget, and is responsible for the preparation of its own Annual Report to Parliament.

Energy Policy WA has a direct reporting line to the Minister for Energy and, for the most part, the agency operates independently from DMIRS, in accordance with powers delegated by the Director General of DMIRS to the Coordinator of Energy (the head of Energy Policy WA) under section 33 of the *Public Sector Management Act 1994*.

Up to 31 May 2021, Energy Policy WA undertook procurement of goods and services under DMIRS's partial exemption from section 19(1) of the *State Supply Commission Act 1991*. Following the abolition of the *State Supply Commission Act 1991* and the commencement of the *Procurement Act 2020*,

Energy Policy WA has undertaken procurement activities in its own right from 1 June 2021.

1.3 Our functions

Energy Policy WA is responsible for the delivery of energy policy advice to the Minister for Energy to assist government in making well-informed decisions that contribute to the supply of secure, reliable, sustainable and affordable energy services to Western Australian households and businesses.

Energy Policy WA provides advice to the Minister for Energy on all aspects of energy policy, including in relation to issues affecting energy consumers, such as electricity and gas prices; the operation of wholesale and retail energy markets; the arrangements for generators, retailers and large consumers to connect to electricity grids and gas pipelines; the licensing of energy sector participants; the supply of energy services to regional and remote areas; emerging technologies and their impact on the energy sector and consumers; the medium to long-term need for energy infrastructure investment in the State; energy efficiency; clean energy and climate change; and national energy policy matters.

As part of this role, during the reporting period Energy Policy WA supported the delivery of the first stage of the Western Australian

Government's Energy Transformation Strategy by the Energy Transformation Taskforce. The Energy Transformation Strategy comprises government's work program to respond to the challenges, and make the most of the opportunities, presented by the rapid transformation being experienced by the energy sector as a result of the unprecedented uptake of large-scale renewable generators and distributed energy resources, such as rooftop solar and household batteries.

The Energy Transformation Taskforce concluded its two-year tenure on 19 May 2021, following the completion of its work program, which was delivered under three work streams.

- **Distributed Energy Resources**, which involved the development of a Distributed Energy Resources Roadmap to support the ongoing uptake of technologies such as rooftop solar and household batteries in a way that integrates them into the power system for the benefit of consumers and the energy sector.
- **Whole of System Planning**, which entailed the delivery of a long-term plan for the South West Interconnected System, the largest electricity system in the State, to assist in the transition to a lower emissions economy, identify the best options for investment in our power system, and inform the work of policy-makers and regulators.

- **Foundation Regulatory Frameworks**, which involved the modernisation of the regulatory framework governing the operation of the market for the wholesale trade of electricity in the South West Interconnected System, and the access of generators to Western Power's electricity grid.

In collaboration with the Department of Treasury, Energy Policy WA provides advice to the Minister for Energy on the activities of the State-owned electricity corporations (Western Power, Synergy and Horizon Power).

Energy Policy WA also chairs the State Underground Power Steering Committee responsible for the management of the State Underground Power Program, supports the Coordinator of Energy in performing statutory functions under the *Energy Coordination Act 1994*, including the management of fuel, gas and electricity supply disruptions, and delivers the Western Australian Advocacy for Consumers of Energy (WA ACE) program, including grants funding, to help improve energy consumer advocacy and capability in Western Australia.

In late 2020, Energy Policy WA was tasked with the development of the Household Energy Efficiency Scheme, an initiative in the Western Australian Climate Policy released in late 2020.

Then in 2021, Energy Policy WA was tasked

with the implementation of the Western Australian Government's election commitment to promote the use of locally-supplied renewable energy in remote mining sites.

In addition, on 1 July 2021, the Coordinator of Energy (supported by Energy Policy WA) acquired the following additional functions as a result of government's review of the governance arrangements applying to the Western Australian energy sector.

- Rule administration and rule-making functions for the Wholesale Electricity Market Rules applying to the market for the wholesale trade of electricity in the South West Interconnected System, a function previously undertaken by the Rule Change Panel.
- Rule administration and rule-making functions for the Gas Services Information Rules, which detail the roles and functions of various parties in the Western Australian gas market, and govern the operation of the Gas Bulletin Board and the preparation of the Gas Statement of Opportunities. These functions were previously undertaken by the Rule Change Panel.
- Market development for the Wholesale Electricity Market and the Gas Services Information arrangements.
- Market development, rule administration

and rule-making responsibilities for the new Pilbara Network Rules, which were established under the *Electricity Industry Amendment Act 2020*.

- Responsibility for a number of policy and technical reviews under the Wholesale Electricity Market Rules previously undertaken by the Economic Regulation Authority.
- Responsibility for the development of periodic Whole of System Plans for the South West Interconnected System.

Also on 1 July 2021, Energy Policy WA acquired the responsibility for the provision of administrative services to the Western Australian Energy Disputes Arbitrator.

1.4 Our Strategic Plan

Our inaugural Strategic Plan, covering the period 2019 to 2021 has continued to provide Energy Policy WA with a clear direction during the reporting period. It has enabled us to align our priorities with those of the Minister for Energy, and to clearly communicate our mandate to government, industry and community stakeholders. Importantly, it has also enabled us to continue to shape our identity and culture, and to create a shared purpose for all Energy Policy WA staff.

Our values:



Integrity



Leadership



Excellence



Collaboration



People

Our vision – **to be a world class energy agency, leading Western Australia's energy future** – reflects the drive and ambition of a young agency charged with a key role in a rapidly changing energy sector.

So does our purpose, which is **to deliver innovative and quality advice and initiatives that shape the energy sector for the benefit of Western Australians now and into the future.**

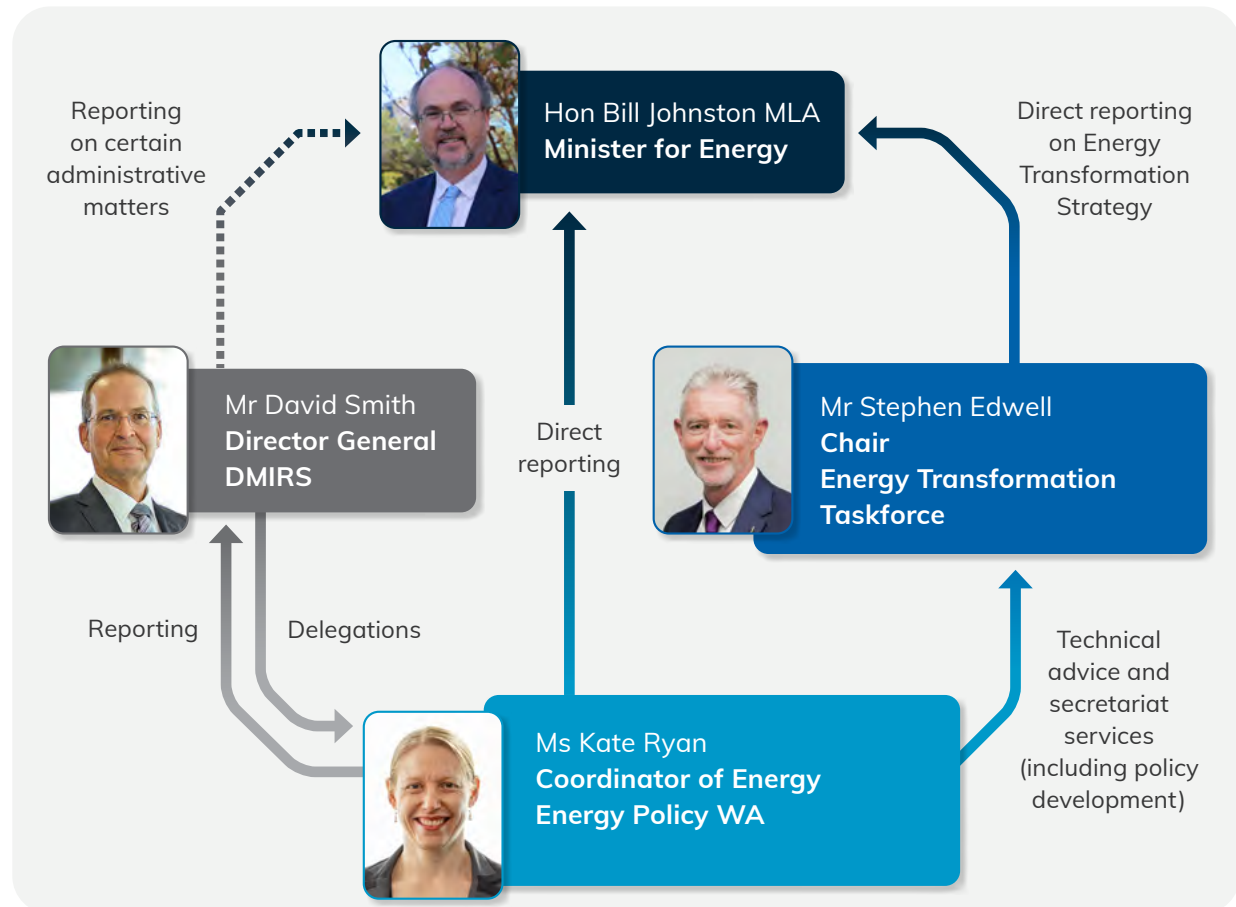
Our Strategic Plan identifies four strategic focus areas to assist us in fulfilling our purpose and vision.

- Improving outcomes for Western Australia's energy customers.
- Leading Western Australia's energy transition.
- Engaging with strategic partners.
- Developing our people and culture.

Our values – **integrity, leadership, excellence, collaboration and people** – describe who we are as an organisation and underpin the delivery of initiatives under our four strategic focus areas.

1.5 Our reporting arrangements

As shown in the chart below, our reporting arrangements for the period 1 July 2020 to 19 May 2021 reflected Energy Policy WA's establishment as a sub-department, and our role in supporting the Energy Transformation Taskforce.



Energy Policy WA reports directly to the Minister for Energy on the performance of its functions as described in this Overview. Administratively, as a sub-department of DMIRS, Energy Policy WA also reports to the Director General of DMIRS.

In addition, up to 19 May 2021, Energy Policy WA provided secretariat, energy policy development and technical advisory services to the Energy Transformation Taskforce, which was established by the Hon Bill Johnston MLA, Minister for Energy in May 2019 to deliver the Western Australian Government's Energy Transformation Strategy.



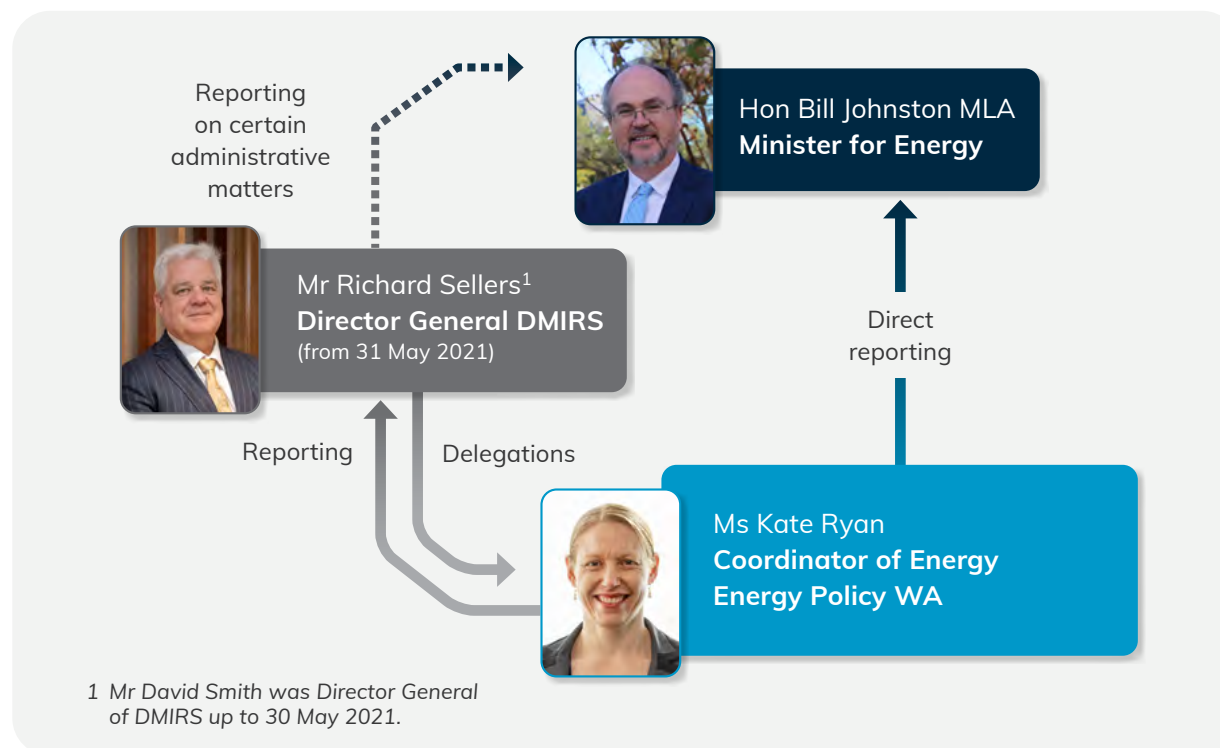
Energy Transformation Taskforce members Brett Sadler, Michael Court, Stephen Edwell, Kate Ryan, Katharine McKenzie with Program Director Jai Thomas and Minister for Energy Hon Bill Johnston MLA.

The Energy Transformation Taskforce reported directly to the Minister for Energy and comprised five members.

- Mr Stephen Edwell, Independent Chair
- Mr Michael Court, Department of Treasury, Deputy Chair
- Mr Brett Sadler, Department of the Premier and Cabinet

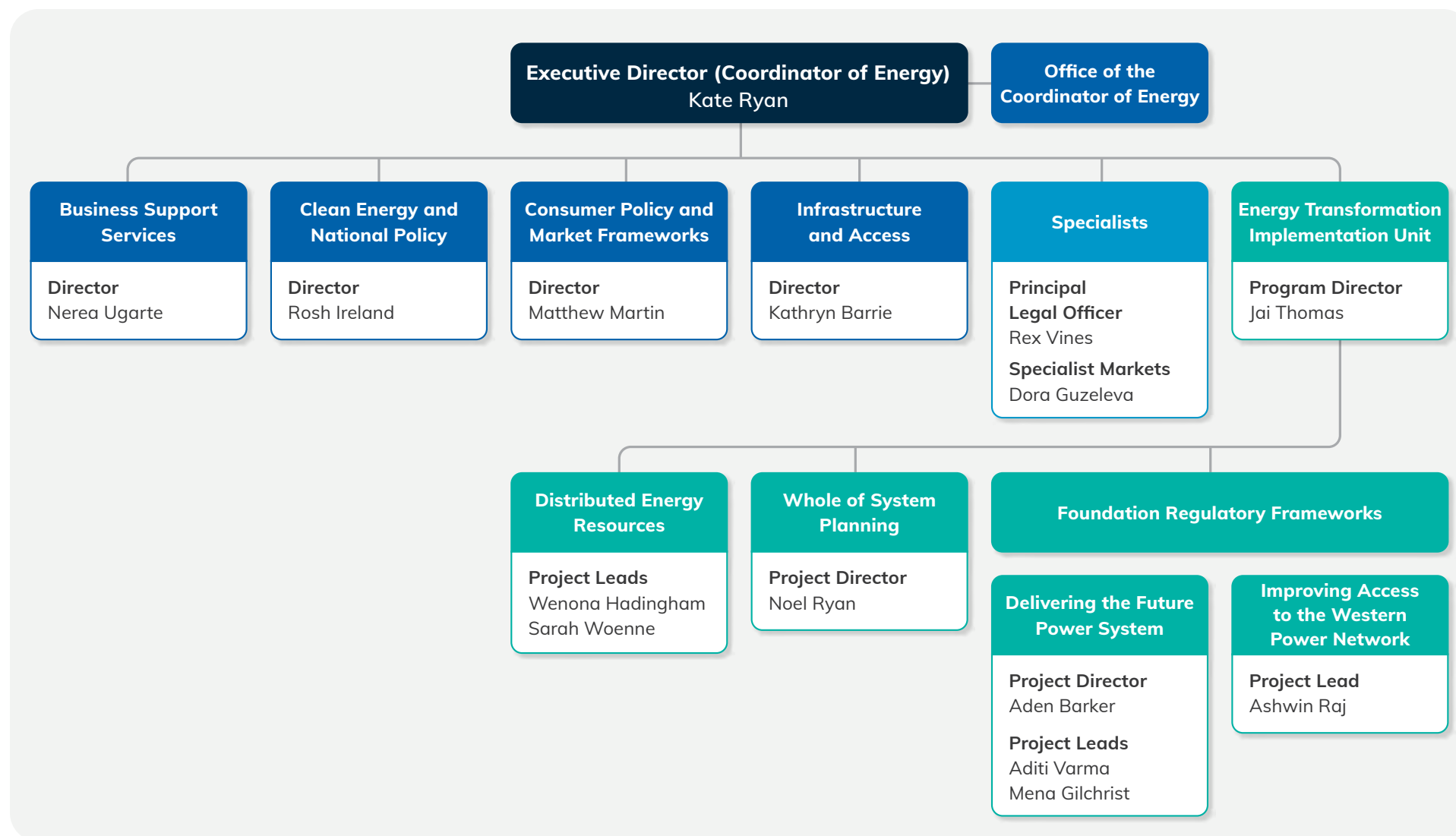
- Ms Kate Ryan, Energy Policy WA
- Ms Katharine McKenzie, Office of the Minister for Energy

The chart below shows Energy Policy WA's reporting arrangements from 20 May 2021, following the conclusion of the Energy Transformation Taskforce.



1.6 Our organisational structure

1 July 2020 to 19 May 2021





From 1 July 2020 to 19 May 2021, our organisational structure included four operational areas.

- **Clean Energy and National Policy**, responsible for the development of policy advice on clean energy technologies, energy efficiency and national energy policy matters.
- **Consumer Policy and Market Frameworks**, responsible for the development of policy advice on wholesale and retail energy market frameworks and consumer related matters.
- **Infrastructure and Access**, responsible for the development of policy advice on electricity and gas networks, and the management of fuel, gas and electricity supply disruptions.
- **Energy Transformation Implementation Unit**, responsible for the provision of secretariat, energy policy development and technical advisory services to the Energy Transformation Taskforce.

On 20 May 2021, Energy Policy WA adopted a new organisational structure to position the agency to deliver its existing and new functions following the Energy Transformation Taskforce's completion of its two-year tenure.

A key feature of the new structure is the establishment of two Assistant Coordinator positions, reporting directly to the Coordinator of Energy and assuming the leadership of the two business groups responsible for Energy Policy WA's core functions.

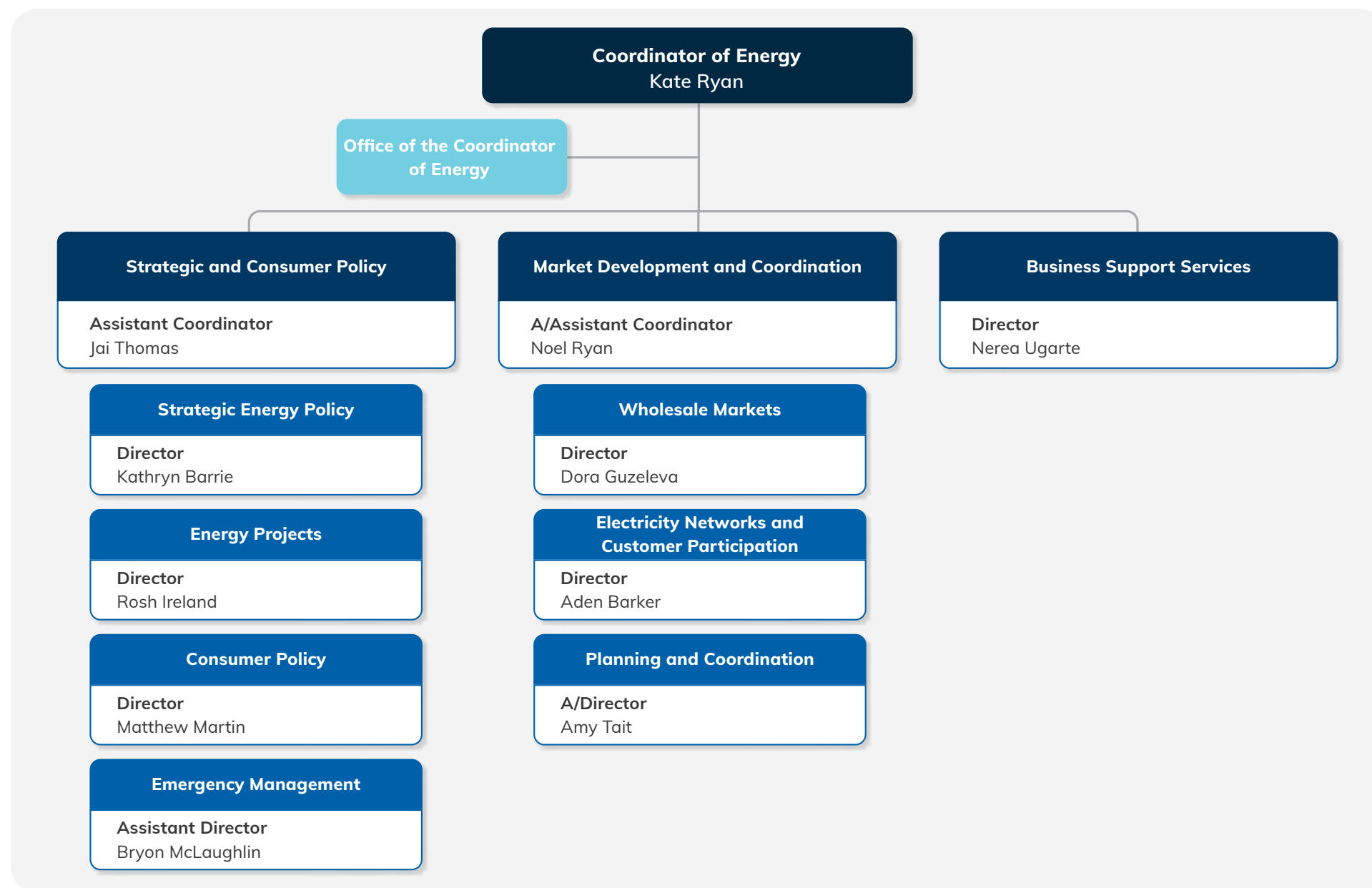
- The **Strategic and Consumer Policy** business group is responsible for national energy policy matters; whole-of-government initiatives; gas policy and regulatory matters; issues affecting energy consumers including consumer advocacy; the licencing of energy sector participants; the supply of energy services to regional and remote areas; the promotion of the use of locally-sourced renewable energy on remote mining sites; emissions reduction and energy efficiency policy; and emergency management.
- The **Market Development and Coordination** business group is responsible for matters related to the operation of the Wholesale Electricity Market; administration and rule-change functions for the Wholesale Electricity Market Rules, the Gas Services Information Rules and the Pilbara Network Rules; policy and technical reviews under the Wholesale Electricity Market Rules; the arrangements

for generators, retailers and large consumers to connect to electricity grids; the implementation of Distributed Energy Resources Roadmap actions; whole of system planning; emerging technologies; oversight of the operation of the State-owned electricity corporations; and energy data management.

These operational areas are supported by two support areas.

- **Business Support Services**, responsible for the provision of corporate services to Energy Policy WA, and the oversight of Energy Policy WA's arrangements with the Department of Finance for the provision of financial, human resources, information technology, occupational safety and health, recordkeeping and Freedom of Information services.
- **Office of the Coordinator of Energy**, responsible for the provision of executive support services to the Executive Director and the Executive Leadership Team of Energy Policy WA, including ministerial services and specialist legal advice.

From 20 May 2021



1.7 Our Executive Leadership Team

The Executive Leadership Team is Energy Policy WA's main governing body. It supports the Coordinator of Energy in providing strategic guidance to, and overseeing the operation of, the sub-department. It also ensures Energy Policy WA's observance of all legal and other government compliance requirements.

From 1 July 2020 to 19 May 2021, the Executive Leadership Team included the following members.

- Kate Ryan – Coordinator of Energy (Chair)
- Nerea Ugarte – Director, Business Support Services
- Rosh Ireland – Director, Clean Energy and National Policy
- Matthew Martin – Director, Consumer Policy and Market Frameworks
- Kathryn Barrie – Director, Infrastructure and Access
- Jai Thomas – Program Director, Energy Transformation
- Aden Barker – Project Director, Future Power System Delivery
- Noel Ryan – Project Director, Whole of System Planning

Following Energy Policy WA's internal organisational restructure on 20 May 2021, the Executive Leadership Team includes the following members.

- Kate Ryan – Coordinator of Energy (Chair)
- Jai Thomas – Assistant Coordinator, Strategic and Consumer Policy
- Noel Ryan – Acting Assistant Coordinator, Market Development and Coordination
- Nerea Ugarte – Director, Business Support Services.

1.8 Administered legislation

Energy Policy WA supports the Minister for Energy in the administration of the following legislation.

- *Dampier to Bunbury Pipeline Act 1997*
- *Electricity Corporations Act 2005*
- *Electricity Industry Act 2004 (except Parts 9A and 9B)*
- *Electricity Transmission and Distribution Systems (Access) Act 1994*
- *Energy Arbitration and Review Act 1998*
- *Energy Coordination Act 1994 (except Parts 2 and 3)*
- *Energy Corporations (Transitional and Consequential Provisions) Act 1994*

- *Energy Operators (Powers) Act 1979*
- *Fuel, Energy and Power Resources Act 1972*
- *Gas Corporation (Business Disposal) Act 1999*
- *Gas Services Information Act 2012*
- *Gas Supply (Gas Quality Specifications) Act 2009 (except Part 5, Division 2)*
- *National Gas Access (WA) Act 2009*
- *State Energy Commission (Validation) Act 1978*



The Executive Leadership Team: Nerea Ugarte, Director, Business Support Services; Noel Ryan, Acting Assistant Coordinator, Market Development and Coordination; Kate Ryan, Coordinator of Energy (Chair); Jai Thomas, Assistant Coordinator, Strategic and Consumer Policy.

2. Significant issues impacting us



2. Significant issues impacting us

2.1 The COVID-19 pandemic

Last financial year, the COVID-19 pandemic tested our business continuity arrangements, the capacity of our emergency management and business support services to rapidly respond to a potential business disruption, and our staff and stakeholders' adaptability and resilience.

We have continued to refine the systems and processes we implemented at the beginning of the pandemic. We are now able to have all our staff working from home with very little or no disruption to our business.

While this is the case, the impact of the pandemic on staff wellbeing remains an area of concern, particularly during lockdown periods. In June 2021, we undertook a survey to help us understand, amongst other things, the effect of the pandemic on staff wellbeing. The survey results showed that, overall, our staff have embraced working from home arrangements and are showing a high level of resilience during these uncertain times.

While the systems and processes we have implemented have supported our business continuity, the pandemic has caused some delays to a small number of our reform projects

and grant programs. These include the Pilbara electricity reforms, and Round 1 of the WA ACE grant funding program. In both cases, stakeholders participating in these initiatives were required to divert resources to the management of the impact of the pandemic on their respective organisations, and Energy Policy WA delayed its activities to support stakeholders in managing these emergent needs.

2.2 The energy transformation

In recent years, the Western Australian energy sector has experienced an unprecedented change in the way electricity is supplied and used. We have seen a substantial increase in the number of large renewable generators connected to the South West Interconnected System, while households and businesses have embraced rooftop solar generation.

The growth in renewable and low-emissions technologies presents exciting opportunities for a lower-emissions power supply. However, the intermittent and uncontrolled nature of these energy sources presents challenges in maintaining the security, reliability and affordability of the power system.

In March 2019, the Western Australian Government launched the Energy Transformation Strategy, outlining government's plan to manage the energy sector's transformation in a careful and considered way. Government tasked the Energy Transformation Taskforce, supported by Energy Policy WA, with the implementation of the Energy Transformation Strategy.

While the work led by the Energy Transformation Taskforce has gone a long way in addressing the challenges presented by the energy transformation, Western Australia's energy sector transition has accelerated. In the two years since the launch of the Energy Transformation Strategy in March 2019, the amount of large renewable generators connected to the South West Interconnected System has more than doubled, while connection of rooftop solar systems has increased by 51%.

In light of this, during the reporting period, the State Government tasked Energy Policy WA with the implementation of stage two of the Energy Transformation Strategy, which was launched by the Minister for Energy in July 2021.

2.3 The review of energy sector governance arrangements

During 2020-21, Energy Policy WA completed the initial stage of its review of the Western Australian energy sector's governance arrangements, which were established during the 1990's and early 2000's. As part of the review, Energy Policy WA found elements of the arrangements to be obsolete, insufficiently flexible, and likely higher cost than necessary, partly due to the overlap and unclear delineation of responsibilities of governance bodies. We also found the arrangements lacked a governance body tasked with setting overall direction for the energy sector.

In response to these findings, as outlined in 'Our functions', the Western Australian Government transferred the functions of the former Rule Change Panel, and the Economic Regulation Authority's responsibility for a number of policy and technical reviews under the Wholesale Electricity Market Rules to Energy Policy WA. Government also tasked Energy Policy WA with broader market development functions for the Wholesale Electricity Market and Gas Service Information arrangements, the ongoing development of Whole of System Plans for the South West Interconnected System, and market

development, rule administration and rule-making responsibilities for the new regulatory framework applying to the North West Interconnected System in the Pilbara region.

An important feature of the review of the energy sector governance arrangements is the move to the partial funding of Energy Policy WA's market functions by energy sector participants from 1 July 2021. On behalf of the Coordinator of Energy, the Australian Energy Market Operator will collect fees from Wholesale Electricity Market and Gas Services Information participants to fund these functions.

During the reporting period, Energy Policy WA has developed a methodology to guide cost allocation to industry and arrangements to collect industry funds through the Australian Energy Market Operator. Energy sector participants had previously funded the Rule Change Panel and Economic Regulation Authority for the functions that were transferred to Energy Policy WA on 1 July 2021.



3. Our performance



3. Our performance

3.1 Key highlights

During the 2020-21 financial year, we delivered on our commitment to government to implement several major reform initiatives, including those led by the Energy Transformation Taskforce.

Implementation of the Distributed Energy Resources Roadmap

The Distributed Energy Resources Roadmap, released in April 2020, outlined 36 actions to be implemented by 2024 to support the ongoing uptake of distributed energy technologies, such as rooftop solar and household batteries, in a way that does not compromise the security and reliability of the power system. During the reporting period, Energy Policy WA coordinated and supported the implementation of several Roadmap actions, including the following.

- The deployment of community PowerBanks (batteries) in Canning Vale, Dunsborough, Ellenbrook, Kalgoorlie, Leda, Parmelia, Port Kennedy, Singleton, Two Rocks and Wanneroo. The PowerBanks will enable residents in these areas to store the excess electricity produced by their solar systems for use when needed, whilst supporting local network reliability.
- Requiring the development of a plan for Western Power to source additional network services, including energy storage services, from third-party suppliers to assist in managing the flow of electricity through the distribution grid. This will help Western Power and the power system operator to maintain the network within safe technical standards at the lowest cost.
- The installation of 350 MVar of reactive power compensation on Western Power's grid to assist in managing the impact of distributed energy resources on the network, including two-way power flows and fluctuations in voltage that could compromise the safe and reliable operation of the power system.
- The completion of a register of distributed energy resources connected to Western Power's network, which will inform the operation of the power system and planning for its future development.
- The implementation of tariff pilot programs to explore how different electricity tariff structures could encourage more efficient use and investment in distributed energy resources, and facilitate sharing of the benefits of distributed energy resources with all customers.



Photo by Selina Staples

- The facilitation of the connection of new technologies to the Western Power network by amending the Electricity Networks Access Code 2004.
- Supporting the development of revised Technical Rules by Western Power for distribution network visibility, which is essential to manage a network with a large number of distributed energy resources connected to it.

More information on the implementation of the Distributed Energy Resources Roadmap is available on the 12-month Roadmap Progress Report.¹

Reform of the Wholesale Electricity Market

Energy Policy WA completed key reforms to the Wholesale Electricity Market operating in the South West Interconnected System, which is the market for the wholesale trade of electricity between market participants (such as power generators, retailers, large electricity consumers and large energy storage service providers).

The changes were implemented through three tranches of Wholesale Electricity Market

Amendment Rules made in November and December 2020. The Amendment Rules constitute the most substantial reforms to the Wholesale Electricity Market since it commenced in 2006. Importantly, they will improve power system security and reliability, increase efficiency in the operation of the power system, and facilitate the connection of new generators and large energy storage systems to Western Power's network.

Two of the most significant market elements introduced by the Amending Rules, but are yet to commence, are the security-constrained economic dispatch framework and revisions to the provision of Essential System Services.

Under current arrangements, the number of generators allowed to be connected to Western Power's electricity grid is limited by the capacity of the network to transport the amount of electricity they generate. Security-constrained economic dispatch will enable a greater number of generators to be connected to Western Power's electricity grid. Given Western Power's network can only transport a limited amount of electricity at any given time, the generators capable of producing electricity at the lowest prices will be given priority to supply electricity to the market to meet demand.

The revisions to Essential System Services will enable generators and large energy storage facilities to offer their services to assist in maintaining the operation of the power system within its prescribed voltage and frequency limits.

Review of the Electricity Networks Access Code

The Electricity Networks Access Code 2004 provides the regulatory framework for energy sector participants to connect to and use Western Power's electricity grid. In 2020-21, Energy Policy WA completed the largest package of amendments to the Access Code since its establishment.

The amendments have streamlined the process for Western Power and the Economic Regulation Authority to establish the terms and conditions for energy sector participants to connect to and use Western Power's grid; allow Western Power to invest in new technologies, including energy storage and stand-alone power systems; support the delivery of initiatives under the Energy Transformation Strategy, such as the safe integration of distributed energy resources into the power system and the implementation of

¹ www.brighterenergyfuture.wa.gov.au/wp-content/uploads/2021/05/EPWA_DER-Roadmap-progress-update_April2021.pdf

security-constrained economic dispatch in the Wholesale Electricity Market; and recognise the potential for technological change to support environmental objectives.

Delivery of the inaugural Whole of System Plan

The inaugural Whole of System Plan for the South West Interconnected System was released in October 2020. The plan is a detailed study of the way the State's largest electricity grid may evolve over the next 20 years. Using data provided by industry, the plan models four scenarios of how changes in demand, technology, and the economy may shape the way we use electricity.

The Whole of System Plan is integral to the effective management of the energy transformation happening in Western Australia, and provides a guide to future investment. Detailed results from this study and an interactive dashboard are available online.²

Recent updates to the Wholesale Electricity Market Rules now require the Coordinator of Energy to prepare and publish a revised plan by September 2025 and at least once every five years thereafter.

Deployment of stand-alone power systems

Stand-alone power systems typically comprise solar panels, a battery, and a back-up diesel generator. They are designed to improve the reliability of power supply to customers, particularly those in regional and remote areas, and provide a lower-cost alternative to the replacement of old, long spans of traditional poles and wires.

Following the implementation of reforms to address the main regulatory barriers to the deployment of stand-alone power systems in the first half of 2020, including amendments to energy legislation, Energy Policy WA has completed a detailed review of other relevant policy and regulatory instruments to ensure customers who transition from a traditional network connection to a stand-alone power system continue to receive the same consumer protections as if they were connected to the grid.

This review identified that a number of regulatory amendments were required, specifically in relation to customer engagement, the obligation of network service providers to connect customers, and quality and reliability

² <https://www.wa.gov.au/organisation/energy-policy-wa/whole-of-system-plan-data-dashboard>



reporting. Following approval of the proposed amendments by the Minister for Energy in early 2021, Energy Policy WA commenced the drafting of regulatory instruments in the first half of 2021. These are expected to be finalised in late 2021.

Pilbara electricity reforms

Following passage of the *Electricity Industry Amendment Act 2020* on 6 April 2020, Energy Policy WA worked, in collaboration with industry, to finalise and implement a suite of subsidiary instruments to give effect to the Pilbara electricity reforms, which commenced on 1 July 2021.

The reforms include the implementation of the Pilbara Networks Access Code, a light-handed regulatory regime to facilitate third-party connection to, and use of, Horizon Power's coastal Pilbara network and Alinta Energy's Port Hedland network. By facilitating the connection of electricity retailers to these networks, the Access Code is expected to increase competition and, in turn, lower the cost of electricity for some larger customers in the Pilbara. Competition will initially be open to customers who consume more than 1,200 megawatt hours per annum.

The reforms also include the establishment

of an independent system operator, known as the Pilbara ISOCO, which is tasked with maintaining and improving system security, and facilitating network coordination and planning.

Energy consumer advocacy

During 2020-21, Energy Policy WA continued to facilitate the representation of consumer interests in energy sector decision-making through the WA ACE Program. The WA ACE Program seeks to upskill consumers and consumer advocates, facilitate stronger relationships with the sector, and help to build the State's energy consumer representation in the longer term.

Energy Policy WA hosted five meetings of the WA ACE Forum featuring discussion on matters such as consumer assistance during the COVID-19 pandemic, consumer engagement in Energy Transformation Strategy initiatives, and the provision of input into Western Power's 'access arrangement' process to establish the terms and conditions for third parties to connect to and use its electricity grid. The WA ACE Forum is chaired by the Coordinator of Energy. It brings together a range of representative consumer bodies from across Western Australia to streamline the process of providing consumer input into consultation on energy sector matters.

Energy Policy WA also issued the first round of the WA ACE Grants to assist consumer advocacy and research efforts. Fifteen applications were received across two funding rounds, with three projects being successfully awarded grants.

In recognition of the highly technical nature of the energy sector, Energy Policy WA also established a new Expert Consumer Panel to support interested consumers in making thorough and considered contributions to public consultations and rulemaking processes.

Support to the energy industry during the COVID-19 pandemic

Energy Policy WA provided ongoing support and advocacy services to the energy industry on matters relating to exemption requests under the State's COVID-19 State of Emergency Directions.

These services included interpretation of aspects of the Directions, assistance with the preparation of submissions for partial or full exemptions to the Directions, liaison with the Western Australia Police Force, representation on the G2G Industry Liaison Group, and sharing of information with energy sector stakeholders through strategic and operational groups established by Energy Policy WA.

Stakeholder engagement

Consistent with our value of collaboration, Energy Policy WA held approximately 75 stakeholder workshops, information and consultation sessions during 2020-21. Many of these sessions were attended by between 100 and 350 people. Most of them were held online due to the COVID-19 pandemic.

Energy Policy WA also undertook public and targeted consultation with government, industry and consumer stakeholders to inform the delivery of policy advice and projects.

In addition to the WA ACE Forum, the agency maintained several working groups, with a broad range of stakeholder representation, to provide input into the development and implementation of reform initiatives, including the following.

- **The Program Implementation Coordination Group**, which was established to facilitate the collaborative, coordinated and timely implementation of the Energy Transformation Strategy. Membership included the Chair of the Energy Transformation Taskforce and senior representatives from the Australian Energy Market Operator, Western Power and Energy Policy WA.
- **The Strategic Consultative Group**, which was originally established by the Public Utilities Office to inform its Wholesale Electricity Market Reform work program and was maintained by the Energy Transformation Taskforce. Membership included the Chair of the Energy Transformation Taskforce, Alinta Energy, the Australian Energy Council, the Australian Energy Market Operator, the Clean Energy Council, Horizon Power, Simcoa, Summit Southern Cross Power, Synergy, the WA Independent Power Association and Western Power.
- **The Transformation Design and Operation Working Group**, which provides a forum for stakeholders to offer expert and detailed technical input into the Energy Transformation Strategy work streams.
- **The WEM Reform Implementation Group**, a stakeholder forum to consult on the operational implementation of proposed reforms to the market for the wholesale trade of electricity in the South West Interconnected System.
- **The Behind the Meter Code Working Group**, tasked with developing a first-draft code of conduct for providers of behind the meter energy services, such as solar power purchase agreements.

3.2 Performance management framework

Outcome-based management performance

There are five government goals that guide the development of policies, programs and services by Western Australian government agencies. Given the variety and diversity of public agencies in Western Australia, not all government goals are equally applicable to all agencies.

As shown in the diagram below, Energy Policy WA contributes to the government goal of 'strong and sustainable finances' by developing and implementing energy policy that contributes to the sustainability, efficiency, security and affordability of the energy sector.

Energy Policy WA's performance is measured by one key effectiveness indicator and one key efficiency indicator.



Key effectiveness indicator

Energy Policy WA's key effectiveness indicator measures the extent to which policy and program development objectives for the year are achieved.

Results are calculated by monitoring the priorities set for a year. If the government's priorities change, for example if there is a Ministerial request to undertake a new policy project or cease working on an existing priority, this is considered in determining the number of items completed as planned. The results are presented as a percentage of planned priorities completed.

During the 2020-21 financial year, Energy Policy WA achieved a rate of completion of planned policy and program development of 94%.

Key effectiveness indicator	2019-20 Actual	2020-21 Target	2020-21 Actual
The extent to which policy and program development objectives for the year are achieved.	96%	100%	94%

Key efficiency indicator

Energy Policy WA's key efficiency indicator measures the average cost of policy and project activities that are significant in nature, requiring considerable investment of time and effort. This indicator measures the efficiency of Energy Policy WA in performing its role on an average cost per unit basis.

During the 2020-21 financial year, Energy Policy WA's average cost of policy and project development activities was \$17,971.

Key efficiency indicator	2019-20 Actual	2020-21 Target	2020-21 Actual
Average cost of policy/project development activities.	\$20,933	\$22,038	\$17,971



Transmission lines, Piara Waters



3.3 Shared responsibilities with other agencies

Energy Policy WA worked with its partners, Western Power and the Australian Energy Market Operator, to support the Energy Transformation Taskforce in delivering the Energy Transformation Strategy. Other key stakeholders assisting in the delivery of the Energy Transformation Strategy included the Department of the Premier and Cabinet, the Department of Treasury and the State-owned electricity corporations Synergy and Horizon Power.

During the reporting period, Energy Policy WA welcomed four staff placements from Western Power and Synergy to assist in the implementation of the Energy Transformation Strategy.

Energy Policy WA has shared responsibilities with Western Power to administer the State Underground Power Program, and with the Department of Treasury to oversee the performance of the State-owned electricity corporations (Western Power, Synergy and Horizon Power).

During 2020-21, we also:

- assisted the Department of Water and Environmental Regulation in developing

the Western Australian Climate Policy and Electric Vehicle Strategy, which were launched on 30 November 2020;

- commenced work with Synergy, Horizon Power and the Western Australian Council of Social Service to develop the Household Energy Efficiency Scheme, an initiative in the Western Australian Climate Policy;
- assisted the Department of Water and Environmental Regulation in developing guidelines and assessment processes for submissions to the Clean Energy Future Fund, and participated in the assessment process for the Fund's first and second rounds of applications;
- assisted the department of Jobs, Tourism, Science and Innovation in the delivery of the Western Australian Renewable Hydrogen Strategy;
- worked with Synergy and the Department of Communities to develop the Smart Energy for Social Housing Plan, which was launched in December 2020; and
- worked with government agencies and energy utilities to develop the \$66.3 million Renewable Energy Technologies Package aimed at funding renewable energy infrastructure in Western Australia.



Energy Policy WA staff. Photo by Alf Scalise.

4. Our people

4.1 Our staff profile

Our people are key to our success, and we proudly uphold our value of respecting and supporting each other.

Our staff profile shows a good balance of employment across age groups, with the exception of the under 25 age bracket. To address this, Energy Policy WA will be participating in a joint-agency graduate program in 2021-22.

We also have a good gender balance in senior management roles (at level 8 and above). As

at 30 June 2021, females comprised 57% of our senior management team, while males comprised 43%.

27% of our staff have elected to work on a part-time basis, an increase from last reporting year's figure (22%). A large percentage of our staff (36%) also opted to work from home on a part-time basis. This is evidence of Energy Policy WA's commitment to making flexible work arrangements to all employees.

With 27% of Energy Policy WA's staff having been born outside Australia, Energy Policy

WA is committed to maintaining an inclusive workplace where all people have equal access to employment and development opportunities.

At present, the agency does not have any staff who identify as being of Aboriginal and Torres Strait Island origin or having a disability.

As at 30 June 2021, 30% of our staff were employed on a temporary basis, reflecting Energy Policy WA's time-limited funding to undertake energy transformation work, with funding for this function now extending to 2023-24.

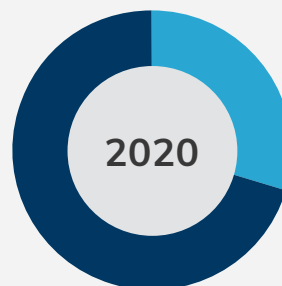


**Full Time
Equivalent
Position:**

68.5 FTEs

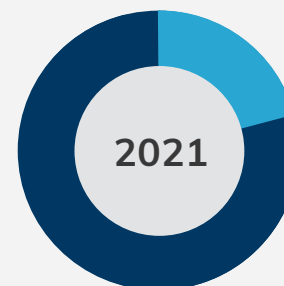
2021

*excludes Government Trading Enterprise placements



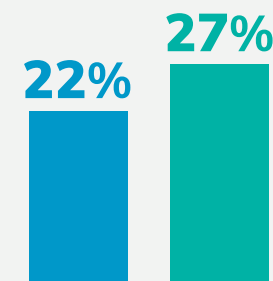
52.3 Permanent

22 Fixed term



47 Permanent

19 Fixed term



2020

2021

**of staff work
part time hours**

*based on headcount

Staff Diversity 2020 → 2021

0%

Disability

0%

Aboriginal

27%

country of birth
outside of Australia

↑ by 1% from 2020



62%

of women in
the workforce

↓ by 6% from 2020



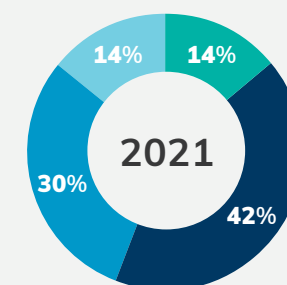
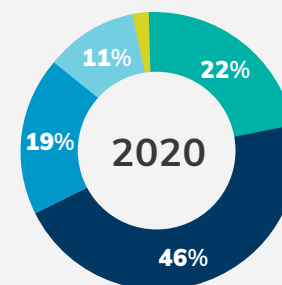
54%

of women in
management

↑ by 6% from 2020

*Level 8 equivalent and above

Age profile



● 55+ years ● 45-54 years ● 35-44 years
● 25-34 years ● Under 25

4.2 Disability access and inclusion

Energy Policy WA is committed to improving access to its information, services and facilities for people with disability.

In light of Energy Policy WA's office move from the David Malcolm Justice Centre to 66 St Georges Terrace in June 2020, Energy Policy WA decided to schedule the development of its Disability Access and Inclusion Plan for the 2020-21 financial year.

However, other business priorities associated with the adoption of new functions on 1 July 2021 and the organisational restructure undertaken in May 2021 have delayed the development of Energy Policy WA's Disability Access and Inclusion Plan. The Plan is now scheduled for completion in the 2021-22 financial year.

4.3 Multicultural policy framework

We believe a culturally diverse, inclusive and harmonious working environment contributes to better outcomes for both our staff and the community we serve.

As a recently established agency, Energy Policy WA has been required to develop a new

suite of corporate policies. While this work is progressing, with 26 corporate policies, guidelines, procedures and plans having been developed since our establishment in September 2019, a large body of work remains to be completed, including our Multicultural Plan.

As stated above, progress in this area has been affected by the adoption of new functions on 1 July 2021 and the organisational restructure undertaken in May 2021.

We intend to develop our Multicultural Plan in 2021-22 with input from our recently established People, Culture and Diversity Committee.

4.4 Occupational safety, health and injury management

Energy Policy WA and its Executive Leadership Team are committed to providing a safe and healthy work environment, and to maintaining the safety, health and wellbeing of all employees and visitors as far as reasonably practicable.

Consistent with this commitment, during the reporting period Energy Policy WA appointed one Occupational Safety and Health Officer, one First Aid Officer and two additional Fire Wardens (bringing the total number of Fire Wardens to four).

Energy Policy WA encourages open, honest and effective consultation and communication between managers, employees and Safety and Health Representatives, with the view to achieving a common understanding of occupational safety and health issues. Our Occupational Safety and Health Committee, which was established in May 2021, plays an important role in facilitating consultation and cooperation between employees and Energy Policy WA.

In March 2021, the Occupational Safety and Health Officer conducted the first occupational, safety and health inspection of Energy Policy WA. The implementation of the audit recommendations is being monitored by the Occupational Safety and Health Committee and the Executive Leadership Team.

During 2020-21, Energy Policy WA ensured its compliance with injury management requirements under the Workers' *Compensation and Injury Management Act 1981*. Energy Policy WA received no workers' compensation claims and there were no employees on return to work plans. Energy Policy WA's performance against indicators for fatalities, lost time injury and disease, return to work, and training of managers and supervisors was as follows.

Indicator	Results
Number of fatalities	0
Lost time injury/disease incidence rate	0%
Lost time injury/disease severity rate	0%
Percentage of injured workers returned to work within 13 weeks	N/A
Percentage of injured workers returned to work within 26 weeks	N/A
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	83%

4.5 Focus on mental health and wellbeing

Our staff are our most important asset and looking after their wellbeing, both physical and mental, has been a key area of focus for Energy Policy WA since its establishment in September 2019, particularly during the difficult and uncertain times we are experiencing as a result of the COVID-19 pandemic.

In May 2021, we engaged an external consultant to conduct a staff survey as a general 'health check' for staff and the business. Consistent with the staff survey undertaken in 2020, survey participants reported a positive level of wellbeing working from home and in

the office during the pandemic. Most of those who worked remotely noted this arrangement positively affected their productivity and motivation. Most staff also agreed their managers are great role models and are open to their ideas and concerns. Staff indicated their view that open communication is encouraged in the agency, and reported a high level of commitment to Energy Policy WA's values.

Energy Policy WA provides a free flu vaccination program to staff, encourages staff to participate in wellness programs such as the 15 Minute Exercise Challenge, as well as a free and confidential Employee Assistance Program service to all its employees and immediate family members. During the reporting period, the service was accessed on five occasions by staff members.

Our intranet has also been used to make physical and mental health information available to employees.



4.6 Developing our people

Energy Policy WA is committed to the development of its employees. As such, in 2020-21 Energy Policy WA commenced a full review of its own Performance and Development Framework to facilitate the ongoing development of employees' knowledge, skills and capabilities. The review, which aims to more clearly link individual performance with Energy Policy WA's strategic objectives and values, is scheduled to be completed in the first half of 2021-22.

Through its current Performance and Development Framework, Energy Policy WA is also identifying capability gaps, and training and development opportunities to inform staff training and development needs.

During the pandemic, and recognising that many in-person training opportunities have been postponed or moved to a virtual format, staff were encouraged to undertake online training.

Energy Policy WA encourages knowledge sharing through regular whole-of-office meetings, where the agency's different business groups are invited to share information on their areas of expertise and projects.

Kate Ryan (Coordinator of Energy) presenting the 15-Minute Exercise Challenge to the winning team.

5. Governance

5.1 Governance Committees

During our second year of operation, we have continued to refine our governance arrangements, including the implementation of Committees to provide support and guidance to the Executive Leadership Team.

The Executive Leadership Team meets at least once a month. The number of meetings increased during the COVID-19 pandemic to facilitate business continuity and the safety and wellbeing of staff.

Committee	Role	Outcomes over 2020-21
Executive Leadership Team	<ul style="list-style-type: none">• Provide direction in setting the agency's key strategic goals and outcomes for its strategic plan.• Oversee the agency's operational plans and work programs to deliver its key strategic goals and outcomes.• Establish and model the application of the agency's organisational values.• Ensure the agency's workplace is based on a culture of strong ethics and integrity.• Ensure the agency has effective systems and policies for managing its workforce in a fair, transparent and equal manner.• Ensure the effectiveness of the agency's programs and services, accountability and efficiency in the management of its finances.• Ensure communication is open, accessible and responsive.• Ensure good governance and management of material risks.	<ul style="list-style-type: none">• Executive Leadership Team Terms of Reference updated and approved.• Service Level Agreement with the Department of Finance completed and approved.• 20 corporate policies, procedures and guidelines reviewed and approved.• Governance Checklist (aligned to the Public Sector Commission's Good Governance Guide) developed and implementation monitored.• Strategic and project risks regularly reviewed and risk management strategies adjusted as required.• Monitored implementation of audit recommendations.• Monitored contracts register.• Staff wellbeing initiatives approved and implemented.• Maintained channels for communication with staff, including weekly and monthly staff meetings, weekly emails, intranet and a newsletter.

Committee	Role	Outcomes over 2020-21
Occupational Safety and Health Committee	<ul style="list-style-type: none"> • Perform functions as prescribed in the <i>Occupational Safety and Health Act 1994</i> (s40) and tasks that may be delegated to the Committee by Energy Policy WA • Enable and assist consultation and cooperation between employees and Energy Policy WA. • Keep itself informed about occupational safety and health standards and matters across the public sector. • Provide advice to Energy Policy WA on identified or emerging occupational safety and health matters. • Provide a forum in which occupational safety and health issues may be reviewed, discussed and recommendations made for resolution if required. • Review and consider matters referred to it by Human Resource or Safety and Health Representatives, or the Department of Finance's Occupational Safety and Health team and make recommendations to the Executive Leadership Team on matters not able to be resolved at the local level. • Review hazards, incidents and injury reports received within the agency, workplace inspection reports and related health, safety and wellness reports provided by the Department of Finance's Occupational Safety and Health team or Energy Policy WA's Human Resources team and make recommendations as required. 	<ul style="list-style-type: none"> • Committee established in May 2021. • First meeting of the Committee held on 14 May 2021. • First workplace inspection undertaken, report produced and recommendations being monitored by the Committee and the Executive Leadership Team. • Training of management team on Occupational Safety and Health undertaken on 30 June 2021. • Ergonomic assessments for staff undertaken, as required.
People, Culture and Diversity Committee	<ul style="list-style-type: none"> • Advance and monitor the development and implementation of strategies to enhance people and organisational effectiveness, with particular regard to workplace culture, talent management and development, staff engagement, cultural awareness and inclusion. 	<ul style="list-style-type: none"> • Expressions of interest process to seek nominations to the Committee completed. • Terms of Reference developed.
Finance and Risk Committee	<ul style="list-style-type: none"> • To be determined. 	<ul style="list-style-type: none"> • Establishment of Committee approved by the Executive Leadership Team in May 2021. • Committee to be established during 2021-22.

5.2 Internal audit

In accordance with the requirement for agencies to have an Internal Audit Committee independently chaired by a suitably qualified person who is not employed by the agency (Treasurer's Instruction (TI) 1201 – *Internal Audit*), auditing of Energy Policy WA's operations was undertaken by the Audit and Risk Committee established by DMIRS.

During the reporting period, we developed our Internal Audit Charter, appointed a Chief Audit Executive and commenced development of our Internal Audit Plan.

5.3 Project management

Energy Policy WA prides itself on its delivery of quality advice to the Minister for Energy and the completion of projects on time and within budget.

To achieve this, we followed a project planning and management framework administered in the Smartsheet platform. This framework enabled the Executive Leadership Team and the Energy Transformation Taskforce to regularly monitor progress of strategic projects being undertaken by the agency, as well as their budget situation, associated emerging issues, and the strategies implemented to manage project risks.



During 2021-22, Energy Policy WA will undertake a review of its project management framework taking into account the lessons learned to date on project management.

5.4 Business Continuity Plan

In 2021, Energy Policy WA undertook a review of its Business Continuity Plan, reflecting the lessons learned from the COVID-19 pandemic.

5.5 Risk management

In accordance with TI 825 – Risk Management and Security, Energy Policy WA has a Risk Management Framework in place, as well as strategic and project risk registers.

Risk management has been integrated into our strategic and project planning processes and is monitored on an ongoing basis.

5.6 Cyber security

Since its establishment, Energy Policy WA has worked with the Department of Finance to comply with the cyber security directives issued by the Security and Emergency Committee of Cabinet to improve public sector cyber resilience.

Energy Policy WA achieved compliance

with cyber security maturity level 1 in November 2020.

5.7 Freedom of Information

Energy Policy WA finalised its Freedom of Information Policy and Practice Guide in March 2021.

One Freedom of Information request was received and processed during the reporting period.

5.8 Public Interest Disclosures

Energy Policy WA completed its Public Interest Disclosure Procedures in October 2020.

No Public Interest Disclosures were received during the reporting period.

5.9 Ethics, Accountability and Integrity

Energy Policy WA developed a range of corporate policies, procedures, practices and plans to support and maintain the ethical standards, behaviours and values expected from staff, including the Fraud and Corruption Control Plan.

Energy Policy WA also updated its Code of

Conduct in February 2021. All employees are required to formally endorse their commitment to abide by the agency's Code of Conduct.

Energy Policy WA will continue the development of corporate policies and procedures during 2021-22. As an interim measure, where the development of a corporate policy or procedure is outstanding, the agency operates under policies from the Department of Treasury and the Department of Finance, as appropriate.

During the reporting period, there were no formal grievances or breaches of Public Sector Standards.

5.10 Record keeping

Energy Policy WA is in the process of developing its Record Keeping Plan, and associated policies, procedures and training program, in close consultation with the Department of Finance, which provides record keeping services to Energy Policy WA.

While the Record Keeping Plan is being developed, Energy Policy WA is operating under the Department of Finance's plan.



Photo by Selina Staples

6. Legal and financial disclosures

6.1 Ministerial directives

No ministerial directives were received during the reporting period.

6.2 Pricing policies of services provided

During 2020-21, Energy Policy WA did not charge fees or charges for services rendered.

6.3 Capital works

Energy Policy WA incurred \$225,000 in capital works for audio-visual equipment as part of its move to new accommodation at 66 St Georges Terrace.

6.4 Act of Grace payments

No Act of Grace payments were made during the reporting period.

6.5 Unauthorised use of credit cards

Energy Policy WA officers hold corporate credit cards where their functions warrant the use of this facility.

There were no instances of unauthorised use of corporate credit cards.

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

Section 175ZE of the *Electoral Act 1907* requires public agencies to report details of expenditure incurred in relation to advertising agencies, and market research, direct polling, direct mail and media advertising organisations.

Energy Policy WA incurred the following expenditure.

Concept	Organisation	Amount
Advertising – Public notices	Initiative Media	\$4,055
Direct electronic mail	Vision 6	\$2,416
TOTAL		\$6,471

6.7 Board and Committee remuneration

During the reporting period, Energy Policy WA incurred \$369,904.76 in remunerating the Chair of the Energy Transformation Taskforce.

Other Energy Transformation Taskforce members were employees of the Western Australian public service and did not receive any remuneration for their Taskforce activities.

7. Financial statements



Audit Opinion



Auditor General

INDEPENDENT AUDITOR'S OPINION 2021 Energy Policy WA

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Energy Policy WA which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Summary of Consolidated Account Appropriations for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Energy Policy WA for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of Energy Policy WA in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

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7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

Responsibilities of the Coordinator of Energy for the financial statements

The Coordinator of Energy is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Coordinator of Energy is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Energy Policy WA.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Energy Policy WA. The controls exercised by Energy Policy WA are those policies and procedures established by the Coordinator of Energy to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Energy Policy WA are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2021.

Page 2 of 5

Audit Opinion

The Coordinator of Energy's responsibilities

The Coordinator of Energy is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Energy Policy WA for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Energy Policy WA are relevant and appropriate to assist users to assess Energy Policy WA's performance and fairly represent indicated performance for the year ended 30 June 2021.

The Coordinator of Energy's responsibilities for the key performance indicators

The Coordinator of Energy is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Coordinator of Energy determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Coordinator of Energy is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

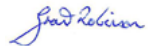
The Coordinator of Energy is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Audit Opinion

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Energy Policy WA for the year ended 30 June 2021 included on the Energy Policy WA's website. The Energy Policy WA's management is responsible for the integrity of the Energy Policy WA's website. This audit does not provide assurance on the integrity of the Energy Policy WA's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Grant Robinson
Acting Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
28 September 2021

Certification of Financial Statements

For the reporting period ended 30 June 2021

The accompanying financial statements of Energy Policy WA have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ending on 30 June 2021 and the financial position as at 30 June 2021.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'R. Gracias', with a horizontal line underneath.

Rudolph Gracias
Chief Finance Officer
28 September 2021

A handwritten signature in black ink, appearing to read 'K. Ryan', with a horizontal line underneath.

Kate Ryan
Coordinator of Energy
28 September 2021

Statement of Comprehensive Income

For the period ended 30 June 2021

		2021	2020 ^(a)
	Notes	(\$000)	(\$000)
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	9,501	7,481
Supplies and services	2.3	4,778	7,051
Depreciation and amortisation expense	4.1.1, 4.2	89	18
Finance costs	6.2	1	2
Accommodation expenses	2.4	623	668
Grants and subsidies	2.2	2,541	3,852
Other expenses	2.5	48	130
Total cost of services		17,581	19,202
Income			
Revenue			
Other revenue	3.2	12	673
Total income		12	673
NET COST OF SERVICES		17,569	18,529

		2021	2020 ^(a)
	Notes	(\$000)	(\$000)
Income from State Government			
Service appropriation	3.1	17,630	20,565
Services received free of charge	3.1	1,005	1,268
Total income from State Government		18,635	21,833
SURPLUS/(DEFICIT) FOR THE PERIOD		1,066	3,304
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,066	3,304

(a) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2021

		2021	2020 ^(a)
	Notes	(\$000)	(\$000)
ASSETS			
Current Assets			
Cash and cash equivalents	6.3	9,146	10,064
Receivables	5.1	140	273
Other current assets	5.2	22	2
Total Current Assets		9,308	10,339
Non-Current Assets			
Restricted cash and cash equivalents	6.3	118	90
Plant and equipment	4.1	300	99
Right-of-use assets	4.2	14	31
Total Non-Current Assets		432	220
TOTAL ASSETS		9,740	10,559
LIABILITIES			
Current Liabilities			
Payables	5.3	1,939	4,067
Lease Liabilities	6.1	5	17
Employee related provisions	2.1(b)	1,935	1,656
Total Current Liabilities		3,879	5,740

		2021	2020 ^(a)
	Notes	(\$000)	(\$000)
Non-Current Liabilities			
Lease Liabilities	6.1	10	14
Employee related provisions	2.1(b)	414	434
Total Non-Current Liabilities		424	448
TOTAL LIABILITIES		4,303	6,188
NET ASSETS			
		5,437	4,371
EQUITY			
Contributed equity	8.6	1,067	1,067
Accumulated surplus/(deficit)		4,370	3,304
TOTAL EQUITY		5,437	4,371

(a) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Contributed equity (\$000)	Accumulated surplus/ (deficit) (\$000)	Total equity (\$000)
Balance at 5 September 2019^(a)		-	-	-
Surplus/(deficit)		-	3,304	3,304
Total comprehensive income for the period		-	3,304	3,304
Transactions with owners in their capacity as owners:	8.6			
Transfer of net assets from Department of Treasury		1,067	-	1,067
Total		1,067	-	1,067
Balance at 30 June 2020		1,067	3,304	4,371
Balance at 1 July 2020	8.6	1,067	3,304	4,371
Surplus/(deficit)		-	1,066	1,066
Total comprehensive income for the period		1,067	4,370	5,437
Balance at 30 June 2021		1,067	4,370	5,437

(a) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the period ended 30 June 2021

	Notes	2021 (\$000)	2020 ^(a) (\$000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		17,630	20,565
Net cash provided by State Government		17,630	20,565
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(9,142)	(5,302)
Supplies and services		(4,229)	(4,328)
Finance costs		(1)	(2)
Accommodation		(621)	(653)
Grants and subsidies		(4,245)	(836)
GST payments on purchases		(489)	(522)
Other payments		(105)	(69)
Receipts			
GST receipts on sales		1	2
GST receipts from taxation authority		589	327
Other receipts		12	22
Net cash provided by/(used in) operating activities		(18,230)	(11,361)

	Notes	2021 (\$000)	2020 ^(a) (\$000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(272)	(97)
Net cash provided by/(used in) investing activities		(272)	(97)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(18)	(14)
Net cash provided by/(used in) financing activities		(18)	(14)
Net increase/(decrease) in cash and cash equivalents		(890)	9,093
Cash balance transferred from Department of Treasury		-	1,061
Cash and cash equivalents at the beginning of the period		10,154	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.3	9,264	10,154

(a) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Summary of consolidated account appropriations

For the year ended 30 June 2021

	2021 Budget	2021 Supplementary funding	2021 Revised Budget	2021 Actual	2021 Variance
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<u>Delivery of services</u>					
Net amount appropriated to deliver services	17,349	-	17,349	17,349	-
Amount authorised by Other Statutes					
- <i>Salaries and Allowances Act 1975</i>	281	-	281	281	-
Total appropriations provided to deliver services	17,630	-	17,630	17,630	-
<u>Capital</u>					
Capital appropriations	17	-	17	-	(17)
GRAND TOTAL	17,647	-	17,647	17,630	(17)

Notes to the Financial Statements

1. Basis of preparation

The sub-department is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The sub-department is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the sub-department on 28 September 2021

Statement of compliance

These general purpose financial statements are prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (TIs)
- 3) Australian Accounting Standards (AASs) - Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

Notes to the Financial Statements

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the sub-department's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the sub-department in achieving its objectives and the relevant notes are:

	Notes	2021 (\$000)	2020 (\$000)
Employee benefits expense	2.1(a)	9,501	7,481
Employee related provisions	2.1(b)	2,349	2,090
Grants and subsidies	2.2	2,541	3,852
Supplies and services	2.3	4,778	7,051
Accommodation expenses	2.4	623	668
Other expenditure	2.5	48	130

2.1 (a) Employee benefits expense

	Notes	2021 (\$000)	2020 (\$000)
Employee Benefits		8,697	6,862
Superannuation – defined contribution plans		804	619
Total employee benefits expenses		9,501	7,481
Add: AASB 16 Non-monetary benefit		19	17
Less: Employee Contributions		(12)	(9)
Net employee benefits		9,508	7,489

Employee Benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of Vehicle and Housing benefits are measured at the cost incurred by the sub-department.

Employee Contributions: This line item includes contributions made to the sub-department by employees towards employee benefits that have been provided by the sub-department. This includes both AASB 16 and non-AASB 16 employee contributions.

Notes to the Financial Statements

2.1 (b) Employee related provisions

	2021	2020
	(\$000)	(\$000)
Current		
<u>Employee benefits provisions</u>		
Annual leave	904	741
Long service leave	1,027	912
	1,931	1,653
<u>Other provisions</u>		
Employment on-costs	4	3
Total current employee related provisions	1,935	1,656
Non-current		
<u>Employee benefits provisions</u>		
Long service leave	413	433
<u>Other provisions</u>		
Employment on-costs	1	1
Total non-current employee related provisions	414	434
Total employee related provisions	2,349	2,090

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities: Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liabilities: Unconditional long service leave provisions are classified as **current** liabilities as the sub-department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as **non-current** liabilities because the sub-department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the sub-department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

Employment on-costs: The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 2.5 (apart from the unwinding of the discount (finance cost))' and are not included as part of the sub-department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2021	2020
	(\$000)	(\$000)
Employment on-costs provision		
Carrying amount at start of period	4	-
Additional/(reversals of) provisions recognised	4	4
Payments/other sacrifices of economic benefits	(3)	-
Unwinding of the discount	-	-
Carrying amount at end of period	5	4

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the sub-department's long service leave provision. These include:

- expected future salary rates
- discount rates
- employee retention rates; and
- expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Notes to the Financial Statements

2.2 Grants and subsidies

	2021	2020
	(\$000)	(\$000)
<u>Recurrent</u>		
Contributions to the Australian Energy Market Commission	1,070	836
Contributions to Energy Consumer Advocacy Training Workshop	4	-
Contributions to Energy Transformation Association for the Kimberly	18	-
Contribution to Western Australia ACE Forum	48	-
Contributions to the Council of Australian Governments Energy Council Work Program	101	195
<u>Capital</u>		
Contributions to Western Power for the State Underground Power Program	1,300	2,821
Total grants and subsidies	2,541	3,852

Transactions in which the sub-department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

2.3 Supplies and services

	2021	2020
	(\$000)	(\$000)
Supplies and services		
Communications	12	11
Consultants	370	368
Contractors	1,347	2,916
Service provided by State government agencies	1,005	1,269
Repairs and maintenance	7	12
Consumables	46	31
Travel	-	17
Legal costs	1,676	2,256
Other	315	171
Total supplies and services expenses	4,778	7,051

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Notes to the Financial Statements

2.4 Accommodation expenses

	2021	2020
	(\$000)	(\$000)
Accommodation expenses		
Lease rentals ^(a)	622	653
Repairs and maintenance	1	15
Total accommodation expenses	623	668

^(a) Includes lease rental payment to the Department of Finance.

Rental expenses include:

- i) Short-term leases with a lease term of 12 months or less;
- ii) Low-value leases with an underlying value of \$5,000 or less; and
- iii) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

2.5 Other expenses

	Notes	2021	2020
		(\$000)	(\$000)
Other expenses			
Minor purchases		25	125
Audit fees		23	-
Expected credit losses expenses		-	-
Employment on-costs		-	4
Other		-	1
Total other expense		48	130

Other expenses:

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Minor purchases includes purchases of minor equipment with a value of less than \$5,000.

Audit fees includes payment to the Office of Auditor General for the sub-department's financial audit and any other audit work undertaken by the sub-department.

Expected credit losses is an allowance of trade receivables and is measured at the lifetime expected credit losses at each reporting date. The sub-department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements

3. Our funding sources

How we obtain our funding

This section provides additional information about how the sub-department obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the sub-department and the relevant notes are:

	Notes	2021 (\$000)	2020 (\$000)
Income from State Government	3.1	18,635	21,833
Other Revenue	3.2	12	673

3.1 Income from State Government

	2021 (\$000)	2020 (\$000)
Appropriation received during the period:		
Service appropriation	17,630	20,565
Total appropriation received during the period	17,630	20,565
Resources received from other public sector entities during the period:		
Department of Finance	1,002	1,226
Department of Justice	3	42
Total services received	1,005	1,268
Total income from State Government	18,635	21,833

Service Appropriations are recognised as income at the fair value of consideration received in the period in which the sub-department gains control of the appropriated funds. The sub-department gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the cash component.

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

3.2 Other income

	2021 (\$000)	2020 (\$000)
Recoups	-	651
Government Vehicle Scheme (GVS)	12	9
Other	-	13
Total other income	12	673

Other income

Income from Recoups and Government Vehicle Scheme (GVS) are recorded as other income and is recognised in the accounting period in which the relevant performance obligations has been satisfied.

Notes to the Financial Statements

4. Key assets

Assets the sub-department utilises for economic benefit or service potential

This section includes information regarding the key assets the sub-department utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2021 (\$000)	2020 (\$000)
Plant and equipment	4.1	300	99
Right-of-use assets	4.2	14	31
Total key assets		314	130

4.1 Property, plant and equipment

	OFFICE EQUIPMENT (\$000)	OFFICE FIT-OUT (\$000)	TOTAL (\$000)
Period ended 30 June 2021			
1 July 2020			
Gross carrying amount	5	97	102
Accumulated depreciation	(1)	(2)	(3)
Accumulated impairment loss	-	-	-
Carrying amount at start of period	4	95	99
Additions	-	272	272
Transfers	-	-	-
Other disposals	-	-	-
Impairment losses	-	-	-
Impairment losses reversed	-	-	-
Depreciation	(2)	(69)	(71)
Carrying amount at 30 June 2021	2	298	300
Gross carrying amount	5	369	374
Accumulated depreciation	(3)	(71)	(74)
Accumulated impairment losses	-	-	-

Notes to the Financial Statements

Initial recognition

Items of plant and equipment costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

4.1.1 Depreciation and impairment

Charge for the period

	Notes	2021 (\$'000)	2020 (\$'000)
Depreciation			
Office Equipment	4.1	2	1
Office Fitout	4.1	69	2
Total depreciation for the period		71	3

As at 30 June 2021 there were no indications of impairment to Property, plant and equipment.

Finite useful lives

All Property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for the current period and prior years are included in the table below:

Asset	Useful life
Office Equipment	5 to 10 years
Office Fit-out	3 to 25 years or remaining lease term, whichever is lower

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However,

Notes to the Financial Statements

this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

4.2 Right-of-use assets

	2021	2020
	(\$000)	(\$000)
Right-of-use-assets		
Vehicles	14	31
Net carrying amount	14	31

Additions to right-of-use assets during the 2020-21 financial year were \$780.00 (2019-20: nil).

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

The sub-department has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Notes to the Financial Statements

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the sub-department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2021 (\$000)	2020 (\$000)
Vehicles	18	15
Total right-of-use asset depreciation	18	15
Lease interest expense	1	2
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2021 was \$19,496 (2020: \$14,610).

The sub-department's leasing activities and how these are accounted for:

The sub-department has leases for vehicles, office and residential accommodations.

The sub-department has also entered into a Memorandum of Understanding Agreements with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

The sub-department recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the sub-department's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

		2021 (\$000)	2020 (\$000)
	Notes		
Receivables	5.1	140	273
Other current assets	5.2	22	2
Payables	5.3	1,939	4,067

Notes to the Financial Statements

5.1 Receivables

	2021	2020
	(\$000)	(\$000)
<u>Current</u>		
Trade receivables	8	-
Allowance for impairment of trade receivables	-	-
GST receivable	132	273
Total current receivables	140	273

5.2 Other current assets

	2021	2020
	(\$000)	(\$000)
<u>Current</u>		
Purchase Leave - Debit position	3	2
Prepayments	19	-
Total other current assets	22	2

5.3 Payables

	2021	2020
	(\$000)	(\$000)
<u>Current</u>		
Trade payables	6	325
GST payables	-	-
Other tax payables	10	-
Accrued salaries	112	91
Accrued expenses	1,809	3,651
Other payables	2	-
Balance at end of period	1,939	4,067

Payables are recognised at the amounts payable when the sub-department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The sub-department considers the carrying amount of accrued salaries to be equivalent to its fair value.

Notes to the Financial Statements

6. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the sub-department.

	Notes
Leases liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3

6.1 Leases liabilities

	Notes	2021 (\$000)	2020 (\$000)
Current		5	17
Non-current		10	14
		15	31

Initial measurement

The sub-department measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the sub-department uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the sub-department as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the sub-department exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the sub-department if the lease is reasonably certain to be extended (or not terminated).

Notes to the Financial Statements

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the sub-department in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 4.2 Right-of-use assets.

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

6.2 Finance costs

	2021	2020
	(\$000)	(\$000)
Lease interest expense	1	2
Finance costs expensed	1	2

'Finance costs' includes the interest component of lease liability repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time payable to State Fleet.

6.3 Cash and cash equivalents

	2021	2020
	(\$000)	(\$000)
Cash and cash equivalents	9,146	10,064
Restricted cash and cash equivalents		
– Accrued salaries suspense account ^(a)	118	90
Balance at end of period	9,264	10,154

^(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand which are subject to insignificant risk of changes in value.

Notes to the Financial Statements

7. Financial instruments and Contingencies

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021 (\$000)	2020 (\$000)
Financial assets		
Cash and cash equivalents	9,146	10,154
Financial assets at amortised cost ^(a)	8	-
Total financial assets	9,154	10,154
Financial liabilities		
Financial liabilities at amortised cost ^(b)	1,940	4,098
Total financial liabilities	1,940	4,098

^(a) The amount of financial assets at amortised cost excludes GST recoverable from the Australian Tax Office (ATO) (statutory receivable).

^(b) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

The sub-department has no contingent assets and liabilities to report for the financial period 2020-21.

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Key management personnel	8.2
Related party transactions	8.3
Related and affiliated bodies	8.4
Remuneration of auditors	8.5
Equity	8.6
Supplementary financial information	8.7
Explanatory statement	8.8

Notes to the Financial Statements

8.1 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period.

8.2 Key management personnel

The sub-department has determined key management personnel to include cabinet ministers and senior officers of the sub-department. The sub-department does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the sub-department for the reporting period are presented within the following bands:

Compensation band (\$)	2021	2020
\$170,001 - 180,000	1	3
\$180,001 - 190,000	-	1
\$190,001 - 200,000	-	1
\$200,001 - 210,000	1	-
\$210,001 - 220,000	1	1
\$220,001 - 260,000	2	-
\$260,001 - 270,000	1	-
\$280,001 - 290,000	-	1
\$310,001 - 320,000	1	-
\$340,001 - 350,000	1	-

	2021	2020
	(\$000)	(\$000)
Short-term employee benefits	1,607	1,136
Post-employment benefits	166	117
Other long-term benefits	190	154
Termination Benefit	-	-
Total compensation of senior officers	1,963	1,407

Total compensation includes the superannuation expense incurred by the sub-department in respect of senior officers.

8.3 Related party transactions

The sub-department is a wholly owned public sector entity that is controlled by of the State of Western Australia.

Related parties of the sub-department include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- GESB.

Notes to the Financial Statements

Material transactions with related parties

Outside of normal citizen type transactions with the sub-department, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.4 Related and affiliated bodies

The sub-department has no related or affiliated bodies.

8.5 Remuneration of auditors

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

	2021	2020
	(\$000)	(\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	18	17
	18	17

8.6 Equity

	2021	2020
	(\$000)	(\$000)
Contributed equity		
Balance at start of period	1,067	-
<i>Transfer of net assets from other agencies:</i>		
<i>Transfer from Department of Treasury due to Machinery of Government Change</i>	-	1,067
Total contributions by owners	1,067	1,067
Balance at end of period	1,067	1,067

8.7 Supplementary financial information

(a) Write-offs

There were no write-offs during the reporting period.

(b) Losses through theft, defaults and other causes

There were no losses through theft, defaults and other causes during the reporting period.

(c) Gifts of public property

There were no gifts of public property provided by the sub-department during the reporting period.

Notes to the Financial Statements

8.8 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services for the Statements of Comprehensive Income and Statement of Cash Flows.

8.8.1 Statement of Comprehensive Income

	Variance note	Estimate ^(a) 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 ^(*) (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2021 and 2020 (\$000)
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	1	9,887	9,501	7,481	(386)	2,020
Supplies and services	a, 2	6,731	4,778	7,051	(1,953)	(2,273)
Depreciation and amortisation expense		87	89	18	2	71
Finance costs		1	1	2	-	(1)
Accommodation expenses		619	623	668	4	(45)
Grants and subsidies	b, 3	4,505	2,541	3,852	(1,964)	(1,311)
Other expenses		208	48	130	(160)	(82)
Total cost of services		22,038	17,581	19,202	(4,457)	(1,621)

(*) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

Notes to the Financial Statements

	Variance note	Estimate ^(a) 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 ^(*) (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2021 and 2020 (\$000)
<u>Income</u>						
Income		-	-	-	-	-
Other revenue	4	40	12	673	(28)	(661)
Total income other than income from State Government		40	12	673	(28)	(661)
NET COST OF SERVICES						
		(21,998)	(17,569)	(18,529)	4,429	960
Income from State Government						
Service appropriation	5	17,630	17,630	20,565	-	(2,935)
Services received free of charge	c, 6	1,892	1,005	1,268	(887)	(263)
Total income from State Government		19,522	18,635	21,833	(887)	(3,198)
SURPLUS/(DEFICIT) FOR THE PERIOD		(2,476)	1,066	3,304	3,542	(2,238)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD						
		(2,476)	1,066	3,304	3,542	(2,238)

(*) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

Notes to the Financial Statements

Major Estimate and Actual (2021) Variance Narratives

- a. The 2021 actual reflected a lower value attributed to resources received free of charge from the State Solicitors Office and the Department of Finance along with underspends relating to the Energy Transformation Implementation Unit.
- b. The lower 2021 actual when compared to the estimate is mainly attributable to the deferral of expenditure related to the State Underground Power Program to the 2021-22 financial year.
- c. The 2021 actual was lower than estimate mainly due to the reduced resources received free of charge from the State Solicitors Office and the Department of Finance.

Major Actual (2021) and Comparative (2020) Variance Narratives

1. The lower 2020 actual represents Energy Policy WA ten months of operation when compared to the full twelve months of operation in 2021. Energy Policy WA was established as a sub-department in September 2019.
2. The 2020 actuals are higher than 2021 mainly due to the increased volume of work undertaken by the Energy Transformation Implementation Unit.
3. The higher 2020 spend is mainly due to the payment acquittal relating to the State Underground Power Program.
4. The 2020 actual is higher mainly due to a one-off recoup of revenue relating to the State Underground Power Program.
5. The reduction in service appropriation is primarily associated with the finalisation of the Energy Transformation Implementation Unit program.
6. The reduced 2021 actual mainly represents a reduction in resources received free of charge from the Department of Finance.

Notes to the Financial Statements

8.8.2 Statement of Financial Position Variances

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020(*) (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2021 and 2020 (\$000)
<u>ASSETS</u>						
<u>Current Assets</u>						
Cash and cash equivalents		7,427	9,146	10,064	1,719	(918)
Receivables		274	140	273	(134)	(133)
Other current assets		2	22	2	20	20
Total Current Assets		7,703	9,308	10,339	1,605	(1,031)
<u>Non-Current Assets</u>						
Holding account receivables		23	-	-	(23)	-
Restricted cash and cash equivalents		90	118	90	28	28
Property, plant and equipment	1	318	300	99	(18)	201
Right-of-use assets		-	14	31	14	(17)
Total Non-Current Assets		431	432	220	1	212
TOTAL ASSETS		8,134	9,740	10,559	1,606	(819)

(*) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

Notes to the Financial Statements

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 ^(*) (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2021 and 2020 (\$000)
LIABILITIES						
<u>Current Liabilities</u>						
Payables		3,976	1,939	4,067	(2,037)	(2,128)
Lease liabilities		17	5	17	(12)	(12)
Employee related provisions	a, 2	1,747	1,935	1,656	188	279
Total Current Liabilities		5,740	3,879	5,740	(1,861)	(1,861)
<u>Non-Current Liabilities</u>						
Lease liabilities		47	10	14	(37)	(4)
Employee related provisions		434	414	434	(20)	(20)
Total Non-Current Liabilities		481	424	448	(57)	(24)
TOTAL LIABILITIES		6,221	4,303	6,188	(1,918)	(1,885)
NET ASSETS		1,913	5,437	4,371	3,524	1,066
<u>EQUITY</u>						
Contributed equity		1,084	1,067	1,067	(17)	-
Accumulated surplus/(deficit)		829	4,370	3,304	3,541	1,066
TOTAL EQUITY		1,913	5,437	4,371	3,524	1,066

(*) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

Notes to the Financial Statements

Major Estimate and Actual (2021) Variance Narratives

- a. The 2021 actual is higher when compared to the estimate due to the actuarial assessment which resulted in a reduction in the Commonwealth Bond rate and consequently increasing the liability in 2021.

Major Actual (2021) and Comparative (2020) Variance Narratives

1. The 2021 actual is higher when compared to 2020 mainly due to the capitalisation of office fit-out following the relocation of Energy Policy WA offices.
2. The higher 2021 actual when compared to 2020 is due to the actuarial assessment which resulted in a reduction in the Commonwealth Bond rate and consequently increasing the liability in 2021.

Notes to the Financial Statements

8.8.3 Statement of Cash Flows Variances

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 ^(*) (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2021 and 2020 (\$000)
<u>CASH FLOWS FROM STATE GOVERNMENT</u>						
Service appropriation	1	17,607	17,630	20,565	23	(2,935)
Capital appropriation		17	-	-	(17)	-
Net cash provided by State Government		17,624	17,630	20,565	6	(2,935)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
<u>Payments</u>						
Employee benefits	2	(9,887)	(9,142)	(5,302)	745	(3,840)
Supplies and services	a	(4,839)	(4,229)	(4,328)	610	99
Finance costs		(1)	(1)	(2)	-	1
Accommodation	b	(274)	(621)	(653)	(347)	32
Grants and subsidies	3	(4,505)	(4,245)	(836)	260	(3,409)
GST payments on purchases	c	-	(489)	(522)	(489)	33
Other payments	d	(553)	(105)	(69)	448	(36)

(*) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

Notes to the Financial Statements

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 ^(*) (\$000)	Variance between Estimate and Actual (\$000)	Variance between Actual results for 2021 and 2020 (\$000)
Receipts						
GST receipts on sales		-	1	2	1	(1)
GST receipts from taxation authority	e, 4	-	589	327	589	262
Other receipts		40	12	22	(28)	(10)
Net cash provided by/(used in) operating activities		(20,019)	(18,230)	(11,361)	1,789	(6,869)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of non-current assets		(225)	(272)	(97)	(47)	(175)
Net cash provided by/(used in) investing activities		(225)	(272)	(97)	(47)	(175)
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal elements of lease payments		(17)	(18)	(14)	(1)	(4)
Net cash provided by/(used in) financing activities		(17)	(18)	(14)	(1)	(4)
Net increase/(decrease) in cash and cash equivalents		(2,637)	(890)	9,093	1,747	(9,983)
Cash balance transferred from Department of Treasury	5	10,154	10,154	1,061	-	9,093
Cash and cash equivalents at the beginning of the period		-	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		7,517	9,264	10,154	1,747	(890)

(*) The 2020 comparatives reflect EPWA commencing as a sub-department from 5 September 2019.

Notes to the Financial Statements

Major Estimate and Actual (2021) Variance Narratives

- a. The 2021 actual reflected a lower value attributed to resources received free of charge from Department of Finance along with underspends relating to the Energy Transformation Implementation Unit.
- b. The lower 2021 estimate reflected the implementation of AASB 16 requiring rent to not be reflected as an expense item. The whole of Government policy was subsequently amended which required agencies to continue to reflect accommodation as an expense in the statement of comprehensive income.
- c. A GST estimate was not included as part of the 2020-21 budget due to the sub-department commencing operation in September 2019 and a reasonable pattern of GST payments had not yet been established.
- d. The higher 2021 estimate initially reflected AASB 16 related payments. This has subsequently been corrected in the forward estimates as a result of the change in the treatment of the whole of Government policy on AASB 16.
- e. A GST estimate was not included as part of the 2020-21 budget due to the sub-department commencing operation in September 2019 and a reasonable pattern of GST receipts had not yet been established.

Major Actual (2021) and Comparative (2020) Variance Narratives

1. The reduction in service appropriation is primarily associated with the finalisation of the Energy Transformation Implementation Unit program.
2. The lower 2020 actual represents Energy Policy WA ten months of operation when compared to the full twelve months in 2021. Energy Policy WA was established as a sub-department in September 2019.
3. The higher 2021 actual reflects grants paid to Western Power relating to the State Underground Power Program.
4. The lower 2020 actual can be attributed to the decreased expenditure on grants and subsidies.
5. The 2021 actual is higher when compared to 2020 reflecting the machinery of Government transfer of funding from the Department of Treasury to the newly established Energy Policy WA sub-department.



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