

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2011–12 BUDGET ESTIMATES HEARINGS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 27 JUNE 2011**

**SESSION TWO
OFFICE OF ENERGY**

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 4.04 pm

HON PETER COLLIER, MLC
Minister for Energy, examined:

MR MICHAEL KERR
Acting Coordinator of Energy, Office of Energy, sworn and examined:

MR ROLANDO CUSTODIO
Acting Director of Strategic Policy and Planning, Office of Energy, sworn and examined:

MR PAUL BIGGS
Acting Director of Governance, Office of Energy, sworn and examined:

MR PATRICK SMITH
Acting Director of Programs, Clean Energy and Community, Office of Energy, sworn and examined:

MR GEORGE KESSARIS
Director of Corporate Services and Chief Finance Officer, Office of Energy, sworn and examined:

The DEPUTY CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. I have an apology from our Chairman, Hon Giz Watson. Before we begin, I must ask the public servants to take either an oath or an affirmation. If you would prefer to take the oath, please place your hand on the Bible in front of you.

[Witnesses took the oath or affirmation.]

The DEPUTY CHAIR: You will all have signed a document entitled "Information for Witnesses". Have you read and understood that document?

The Witnesses: Yes.

The DEPUTY CHAIR: This hearing is being held in public, although discretion is available to the committee to hear evidence in private, either on its own motion or at the witnesses' request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. This committee values that assistance. These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. It would greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated account estimates, members would give the page number, the item, the amount and the program in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee clerk within 10 working days of receipt of the questions. Should you be unable to meet this deadline, please advise the committee clerk immediately. An example of the required Hansard style for documents has been provided to the advisers. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. For the benefit of members and Hansard, I

ask the minister to introduce his advisers to the committee and for each adviser to please state their full name, contact address and the capacity in which they appear before the committee.

[Witnesses introduced.]

The DEPUTY CHAIR: Does the Minister or the Coordinator of Energy wish to make an opening statement?

Hon PETER COLLIER: No. We will allow as much time as we can for questions. I have a good story to tell.

Hon KATE DOUST: I have a number of questions in this session. My first question relates to page 603, “Delivery of Services” and “Total Appropriations”. Given that the 2011–12 total appropriation will be \$52.704 million, are you confident that you will spend all of this in 2011–12? What measures is the Office of Energy taking to make sure they do not drastically underspend as they have in the current financial year?

Mr Kerr: I take it this is a more general question. We recognised for a number of programs that we had to do quite a bit of work in developing those for new areas; for example, in the hardship area where we have some programs that are still in development and it takes some time to do that, particularly with people in hardship that are sometimes not only difficult to contact but require good support mechanisms and networks to develop the programs for them. So, that takes a while. In relation to some of the other programs, we are actively pursuing avenues to improve expenditure. I cannot guarantee that we will spend all the funds available in the financial year but we will recognise there are a number of programs where we do need to ensure we have not only efficient programs running, but effective programs, and to put in that extra effort to ensure we utilise the funds available. We have identified, in relation to the specific programs, things that we can actually do to improve the actual allocation throughout the year. We are working on making sure they are ready for the beginning of the financial year.

Hon KATE DOUST: In terms of the types of programs and some of the difficulties you are having in being able to move forward and expend the moneys allocated, is part of that problem finding staff who are appropriate to do the work for you in these respective programs?

Mr Kerr: Sorry, does that include funding for staff?

Hon PETER COLLIER: No, finding staff.

Mr Kerr: Us finding staff? No, not necessarily. For most of the programs we have running, we have staff for those programs that have been allocated funding for the length of the program. Because those programs have been initiated for some time, we have sufficient resources in most of the programs to run those programs.

Hon KATE DOUST: Moving over to page 605, we are looking at “Outcomes and Key Effectiveness Indicators” policy and program development objectives; I am referring also to note 1. Given that the Office of Energy will only be able to achieve their target of 100 per cent but have come in at a much lower 70 per cent, I know that some delayed programs are listed in note 1, but may I have a complete list of all programs and initiatives that have been delayed or not completed? And you may have to provide that as supplementary information. And for each of those programs: what was the original estimated time of completion and when is it estimated that they will now be completed? And the last part to that question is: what was the reason behind each delay?

[4.12 pm]

Hon PETER COLLIER: Yes; we will take that on notice. We will be able to provide that information.

[*Supplementary Information No B1.*]

Hon KATE DOUST: Again on that same page, and again looking at outcomes and key effectiveness indicators: if you go down to the next two lines dealing with kilowatt hours displaced and kilowatt hours avoided, I see that both kilowatt hours displaced and kilowatt hours avoided is budgeted to be well under previous year achievements.

Hon Peter Collier: What page are we on?

Hon KATE DOUST: Page 605.

The DEPUTY CHAIR: Sorry, are we right? It is page 605.

Hon KATE DOUST: It is all right; the minister is just behind us on this.

Hon PETER COLLIER: Sorry about that.

The DEPUTY CHAIR: That is okay. It is the middle two items on that table.

Hon KATE DOUST: Keep up with the program, Peter. We have a long night.

The DEPUTY CHAIR: Hon Kate Doust on the question.

Hon KATE DOUST: Coming back to this: what programs are or were closed to contribute to this—that is, to being under the budget?

Mr Kerr: Which one was that related to?

Hon KATE DOUST: The question relates—both kilowatt hours displaced and kilowatt hours avoided is budgeted to be well under previous year achievements. I want to know what programs were closed to contribute to this and how many kilowatt hours were displaced or avoided in each of the closed programs in their lifetime, and —

Mr Kerr: You are asking which programs were closed or dispensed with. There is a note there in relation to kilowatt hours displaced.

Hon PETER COLLIER: And avoided.

Hon KATE DOUST: And avoided.

Mr Kerr: And avoided?

Hon KATE DOUST: Yes.

Mr Kerr: It does —

Hon KATE DOUST: If you cannot provide it now, I am happy to take that on notice.

Mr Kerr: I did not think that it said any programs had closed. It says that there were a number of programs that either were delayed or were not completed within that year. Is that what you are referring to?

Hon PETER COLLIER: I have a response, but Patrick can respond to this.

Mr Smith: I can answer part of your question. There is a lot of detail that you are looking for. In regard to kilowatt hours displaced, there was an unusually large figure for 2009–10; that was a one-off surge due to the household renewable energy scheme.

Hon KATE DOUST: Right.

Mr Smith: Although payments were made over three years to homeowners with renewable energy systems, the kilowatt hours were all counted in one year. That was an unusual surge and that was a one-off program.

Going forward to 2010–11, most of those figures are made up for kilowatt hours displaced in relation to the renewable remote power generation program—the commonwealth program. There are a few lumpy large projects like the Mt Barker wind farm, the Marble Bar and Nullagine solar projects. That program is also commonwealth funded. Western Australia received \$95.6 million for

the total program starting back in 2001. We are now near the end of the funding allocated for that program, and so that program is finishing over the next 12 months. But again, in this stage of the program, there is very lumpy figures related to a small number of large projects.

In regard to the kilowatt hours avoided and the figure from last year, a large part of that was related to the regional energy efficiency program, which was rebates for high-star-rated refrigerators, freezers and air conditioners. That program was part of the ones winding down. It is part of the commonwealth-funded renewable remote power generation program as well. That program closed to new applications in, I think, September, and so those figures wound down. That was a demand-driven program and there was less uptake than expected, as well. I hope that information helps with part of your question.

Hon KATE DOUST: Sure. Did you have something else to add to that, Peter?

Hon PETER COLLIER: I beg your pardon?

Hon KATE DOUST: Did you have something else to add?

Hon PETER COLLIER: No; no that was fine. I was going to, but Pat has covered it.

Hon KATE DOUST: Does the government have any other programs ready to go that will perform a similar role? I note that in the kilowatt hours avoided, when you go to the 2011–12 budget target, there is no figure. I was just wondering if there is any plans —

Hon PETER COLLIER: Yes—it will be part of the cleaner energy initiative in terms of where we are going and a holistic approach. And I can talk about that, probably a bit later. I am sure there will be some questions on it. But the office is actually looking at a whole broad-based area of energy efficiency and potential movement into that space or further movement into that space at the moment. The cleaner energy initiative that the office is working on at the moment will be a key component of the strategic energy initiative, but a by-product of it. It will come out as separate from the SEI, but we will look at a whole raft of different initiatives and potential initiatives through that cleaner energy initiative.

Hon LIZ BEHJAT: Minister, page 605, “Significant Issues Impacting the Agency”. My first question is on—page 605—the first dot point where we are talking about the government working to improve the management and mitigation of significant gas and liquid fuel supply disruptions. Now that, I understand, has come about as the September 2009 report to the government on that matter. What progress has been made in relation to implementing those recommendations of that report?

Hon PETER COLLIER: Pretty much everything. I would say it has been a real success story. The gas supply emergency management committee, I initiated just after we took office, after Varanus, and it was evident that there were some significant issues with regard to dealing with gas disruption. There was heavy pushback, I have to say, from the various areas. It is a very high-stakes industry and I rapidly learnt that the upstream guys do not like the downstream guys and vice versa. I was told, constantly, that we were not going to get any solace in terms of the committee, but that was wrong; the committee was very productive. It made a number of recommendations with regard to emergency management procedures—that is been instigated. And the emergency management procedures were very successful in terms of helping us cope with a trip in the Northwest as a result of Cyclone Carlos in February this year. One of the other areas that came out was gas storage—that there was this necessity and a need for some gas storage facilities. I announced the Mondarra gas storage facility about six weeks ago. I will actually be signing the agreement we have with APA tomorrow morning—with gas storage, which has been a really good positive step forward and puts us—certainly, it is going to be much more beneficial for us if there were another unfortunate disruption in the gas pipeline. Also, the push and the recommendations asked for a bulletin board and a statement of opportunities to make it a much more robust, dynamic sort of gas market. And government has agreed to that. I will ask Mr Kerr to comment, but we are looking at getting that

legislation in certainly by the end of the year, and that role will be taken over by the IMO, in terms of the management.

[4.20 pm]

But across all of those recommendations, I think we have pretty much met the expectations of the committee. It needs to be understood that the committee itself was representative of all sectors of the gas industry. It was not a sectional group; it was all sectors of the gas industry. Wherever I have gone, people in the gas industry have been very satisfied with the progress we have made. Certainly, as far as the government is concerned, we are satisfied that we have actually done something to ensure that, should there be another gas disruption, we are much better placed than we were last time. Mr Kerr might comment on a couple of those areas.

Mr Kerr: I will comment particularly on the disruption response plans that we actually have now for gas disruption. The response plan for that was approved by the state emergency management committee. That was approved in June, so it is now well and truly bedded down as a plan, in case there is another disruption. We had a very useful actual event in February. I say “useful”; it was a little bit traumatic, doing it, but it certainly was an extremely useful learning experience when we were actually planning to have a trial run of the gas disruption response plan about a month after the actual event, but the event itself was a very good learning experience. So that allowed us to consolidate the plan and have it approved by the state emergency management committee in June. We have trialled, through a simulation exercise, a liquid fuels emergency disruption response plan. We trialled that through a simulation about a month ago, and we are now just finalising the disruption plan for that to be approved by the state emergency management committee in September, so we are on track to have all the plans in place to be ready for any future disruption.

Hon LIZ BEHJAT: I refer to page 604, again under “Significant Issues Impacting the Agency”. “Energy2031” will be finalised in the second half of 2011, providing clarity of direction. Does that mean we will see this on Friday? Can you give me an update on when we actually might see this initiative?

Hon PETER COLLIER: Yes. It is something that I wanted, and we initiated it well over 12 months ago. We have done a number of consultations right across the state with regard to the SEI. It was evident to me when we came into the portfolio that we needed more cohesion with regard to where we were going with state energy policy. We are an isolated grid and an island state in terms of energy in Western Australia. We have very disparate areas of the state that have their special needs, so I felt that it was important that we had a much more cohesive, dare I say it, visionary, approach to where we went for energy policy. We have not, as a state, had an energy blueprint since 1979, and that is what the SEI is all about. We went all over the state accessing the views of the community. The energy—literally—that was exuded as a result of those consultations was heartening. It has captured the imagination of the community, I think, energy, in the last few years, for a host of reasons. It was interesting; there was a lot of talk on sustainability, a renewable energy future and a greener energy future et cetera, but at the same time there was also a great deal of interest in things that I would not have imagined—things like the network, smarter energy future and smart grids et cetera. Those points came through loud and clear and consistently. The Office of Energy has been paramount in terms of constructing the SEI and making sure that we do collate all those disparate views to provide a framework that is visionary and is not just a short-term thing—not just a policy for the Liberal–National government, but a policy for successive governments up to 2030. The discussion paper has been put out, and we have asked for responses. That has now closed. I have seen the very first rough draft of where we are going with it. I am very happy with the direction it is going in. I feel personally responsible for this document, so I want to make sure it is good. In terms of where we are going or time lines et cetera, we are on strict time lines. Again, I will leave it up to Mr Kerr to provide some more specific detail.

Mr Kerr: We have received a little over 130 submissions on the directions paper, and a good proportion of those submissions are quite substantial, so we have been gradually working through those—probably not so gradually; quite rapidly—in a detailed way for the last few weeks to distil out from those the key issues that people are raising, and we have certainly started to categorise those. As the minister has noted, we have prepared a very preliminary outline of the actual final document to give a sense of the sorts of key areas that it might focus upon and some of the detail about what it actually might say, so we have certainly been working pretty steadily towards completing that work. We have reassigned a number of people to be dedicated specifically to the strategic energy initiative. One of the things that was interesting in its early development was that we actually, in effect, co-opted staff from other agencies to assist us to actually develop the plan, which was extremely useful because it actually involved people who might not normally be involved in the downstream energy area, in particular—people from the Department of Mines and Petroleum, who obviously normally deal with the upstream areas. We had them involved, which was extremely useful for building out the actual initiative. Now that they have left and gone back to their homes, we have actually taken on the final work in the initiative to ensure that we understand what it is about, obviously, at the forefront of its development, but also so we are ready for when it is actually going to be implemented, because we clearly see that the strategic energy initiative will be an important document for us going forward.

Hon LIZ BEHJAT: I bet there is no chapter on the future of nuclear energy in Western Australia, but anyway.

Hon ROBIN CHAPPLE: Most of my questions are around page 605. Regarding the quote, “A cleaner energy future is vital to the State’s economy”, briefly, in what ways is this so? Does the Office of Energy see this as the only reason to support a cleaner energy future; and, if not, what are the other reasons to support a cleaner energy future, and why has only the impact on the state’s economy been mentioned here?

Hon PETER COLLIER: Thank you. It is vital to the state’s economy, for a whole host of reasons. I would not read too much into it. It is not a cleaner energy future purely because of the fact that we want a robust, competitive, healthy economy; we literally want a cleaner energy future, and it is a vital component of where we are going. As a government, I stand proudly on our record with regard to renewable energy, and this is something that I have said in the Parliament. The renewable energy component of the SWIS, since we have been in government, has gone up 85 per cent, and that really, I think, gets very scant acknowledgement. We have been very proactive in terms of what we are doing with renewable energy, and I am looking forward to the debate that we have on motions, which I understand is now going to be delayed until after the break. I am sincere about this: the SEI is a really good, progressive step forward for energy; it really is. I know that Hon Robin Chapple did not like it, but I do. I have to say that the response around —

Hon ROBIN CHAPPLE: I am just after some answers, not opinions.

Hon PETER COLLIER: But you clearly asked for an opinion; your question clearly wanted an opinion, and I am giving you a response. As far as the SEI is concerned, the cleaner energy initiative is a vital component of the SEI, and that cleaner energy initiative will be a very dynamic approach to where we are going as a government. It will yet again highlight our credentials, very mindful of the fact, that, as I said, I have been all over the state with this SEI. I am very, very conscious of the fact that a cleaner energy future has captured the imagination of the public and we will continue to deliver.

[4.30 pm]

Hon ROBIN CHAPPLE: I refer to “Outcomes and Key Effectiveness Indicators” on page 605. I refer also to what Hon Kate Doust asked you earlier regarding the kilowatt hours displaced. Note 2 indicates that the total kilowatt hours displaced will be lower in 2011–12 following a very

significant drop in the kilowatt hours displaced in the previous years. Given the Office of Energy states that a cleaner energy future is vital to the state's economy, why are these programs closing?

Hon PETER COLLIER: I think we have answered that quite comprehensively.

Hon ROBIN CHAPPLE: If you feel you have answered it well enough, I will move on.

The DEPUTY CHAIR: Is there any other aspect of the question you want to answer?

Hon PETER COLLIER: No; I think we have more than adequately covered that.

Hon ROBIN CHAPPLE: Is it anticipated that a higher renewable energy target will be set following the finalisation of the SEI 2031?

Hon PETER COLLIER: Beyond 2031?

Hon ROBIN CHAPPLE: No; will it be set following the finalisation of the SEI?

Hon PETER COLLIER: No; we are proud signatories of the national target. That is what we are working towards.

Hon ROBIN CHAPPLE: You are working towards the national target —

Hon PETER COLLIER: That is correct: our contribution to the 20 per cent by 2020.

Hon ROBIN CHAPPLE: There will be a higher renewable energy target in the SEI?

Hon PETER COLLIER: No; we are working towards meeting our contribution to the national target.

Hon ROBIN CHAPPLE: Moving on. On the same point, will renewable energy displacement of fossil fuel energy production remain one of the key efficiency indicators of the Office of Energy?

Mr Kerr: We are intimately involved in energy efficiency at the moment, and I see absolutely no change to that in the future. For a number of reasons we are heavily involved in the national strategy for energy efficiency, which has a range of measures across building energy efficiency, equipment energy efficiency, lighting energy efficiency and a range of others that are still well and truly in train in terms of the development of the measures in detail, and then implementation across the jurisdictions including Western Australia. We are actively involved in quite a number of those measures at the moment, including, for example, the roll-out of mandatory disclosure of energy efficiency in commercial buildings, development towards mandatory disclosure of energy efficiency in residential buildings, the six-star measures for energy efficiency in new homes and the mandatory energy performance standards for equipment. I can go on and on. We are involved in a number of things, not the least of which includes the initiatives that may come out through the cleaner energy initiative in terms of energy efficiency which obviously are yet to be decided or implemented. That is a long answer, and the short answer is yes.

Hon PETER COLLIER: I want to reinforce what Mr Kerr has said with regard to energy efficiency. It is a key component. I said that at the beginning of last year when I said that this year will be the year of the renewables and work towards more energy efficiency initiatives. Mr Kerr has outlined a number of programs that we are attached to, particularly those associated with the federal government. We will continue to roll out and enhance more energy efficiency through the cleaner energy initiative. You will see where we are going when that is released. Having said that, I was mindful that I wanted to make sure we utilised the resources of Western Power and Synergy, which play a pivotal role in helping educate the public to become more energy efficient. That is why we have the "Switch the Future" campaign. I asked both those corporations to consider the possibility of perhaps combining their resources to make sure we had a policy that collectively worked towards energy efficiency. That is the chuditch in the spinning wheel. It helps to send the message.

Hon ROBIN CHAPPLE: Are you changing the chuditch quite regularly, because he is getting pretty worn out?

Hon PETER COLLIER: He is. I have seen how it will progress. I will not give anything away, but I had a briefing on this about a month ago.

Hon KEN TRAVERS: Do you have a chuditch in your house?

Hon PETER COLLIER: I am never home; my lights are never on! Having said that, the “Switch the Future” campaign has been very successful; the kids love it. That is a component of the community we really need to embrace. It is cutting through and it will continue to cut through. It is not one of those programs that we will have in isolation and forget. It has longevity. It will keep evolving and developing and it will go on to a different level. It will be much like the Waterwise program of a decade ago, with which we had to assist the community to come to terms with the fact that they could not leave on their hoses and their sprinklers infinitum, but they had to consider future water resources. We are doing exactly the same with energy to ensure we can assist the community and reduce their energy use for a more sustainable future.

Hon ROBIN CHAPPLE: On that very point, at the last estimates we asked two questions of the minister, and of which I gave a copy to the minister—7.1 and 7.2: is the Office of Energy now in a position to provide the figures associated with greenhouse gas emissions? As the minister suggested, we have been to the federal government and the federal government cannot provide them either, because it includes them in other elements. Also, the federal government is not required to identify emissions below 25 per cent of one million tonnes of CO₂ per annum and a lot of small generations will be below that figure.

Mr Kerr: I will answer that question, but I will clarify the answer to the last one when I talked about the national strategy for energy efficiency. I was not clear that you were talking about how that related to that particular performance indicator of kilowatt hours displaced. The difficulty with that one is that we could include the measures that are within the national strategy for energy efficiency. But part of the challenge is how we measure in terms of impact all the outcomes of the measures in the National Strategy for Energy Efficiency. We are more likely to look at the sorts of energy efficiency initiatives that come through the cleaner energy initiative and the ways we can calculate the impacts of them. We will certainly think about the measures in The National Strategy for Energy Efficiency to include in that indicator, but it is a measurement issue and can be quite complicated in terms of how we measure the outcomes to have validity in relation to that measure.

Hon ROBIN CHAPPLE: My argument was that, without knowing what the CO₂ emissions are from your energy generation, how can you establish whether energy efficiency is being achieved? We have been testing over the past year to find out all the elements of Western Power, all its generation creating CO₂ emissions, and it is not possible. You as, hopefully, the gatekeepers should be able to identify that.

[4.40 pm]

Mr Kerr: That is picking up your next question. The greenhouse emissions measures and calculations are not undertaken by the Office of Energy; generally, the Office of Climate Change collects that sort of data.

Hon ROBIN CHAPPLE: Is that the federal Office of Climate Change?

Mr Kerr: No, the Western Australian Office of Climate Change within the Department of Environment and Conservation.

Hon ROBIN CHAPPLE: They told us that they do not have any involvement in that.

Mr Kerr: I am only suggesting it is them because it is not us. If anyone has responsibility for greenhouse gas emissions, it would be the Office of Climate Change.

Hon ROBIN CHAPPLE: If they are doing it, somebody would have to provide them with the data from your energy production.

Mr Kerr: We do not generate that data.

Hon ROBIN CHAPPLE: I go back to the principal question: how then can you assess if you are having an improvement in energy efficiency based on CO₂ emissions?

Mr Kerr: We have a particular methodology.

Hon ROBIN CHAPPLE: Maybe I should put it on notice.

Mr Smith: I can add one bit that may help with this issue. The Office of Energy traditionally focuses on kilowatt hours because they are much easier to measure and record. They are not resultant on the fuel mix, whether it be gas, coal or renewable energy. The Office of Energy, being an energy agency, focuses on kilowatt hours. When you go to greenhouse gas emissions, there are multiple variations. As you have rightly found out, at the national level there are issues about where in the energy stream you start measuring—whether you start with the diesel for the truck to dig the coal out of the ground or the diesel to transport it, or whether you look at pumping energy in the pipeline for the gas and everything like that. That has been a most complex and challenging issue for many years. As Mr Kerr pointed out, the Office of Energy focuses on kilowatt hours, and that is part of the reason we have done that. That may not answer your question, but it may help provide some more information.

Hon ROBIN CHAPPLE: It helps in providing that information, but I go back to the minister and ask: if we as a state are to try to establish what our CO₂ emissions are from stationary energy, how can we do it?

Hon PETER COLLIER: The Office of Energy is not doing it. That is our response.

Hon ROBIN CHAPPLE: Could you advise by some other method, by checking with your colleagues, who is doing it and how they are doing it?

Hon PETER COLLIER: We will take it on notice.

[Supplementary Information No B2.]

Hon KATE DOUST: The minister was talking about the six-star rating and making sure that the changes occur for new housing. I would be interested in knowing what sort of research is being done by the Office of Energy to look into how six-star ratings can be achieved with the development of new public sector housing or retrofitting public sector housing. We know that a particular group of people have found it very difficult to pay their power bills over the past couple of years. What research has been done about how to manage the six-star rating in that area, and will that research be made public?

Hon PETER COLLIER: That is a good question. I will ask Mr Kerr to comment in a moment. The issue incites passions. Sectors of the housing industry are passionately for it and, equally, sections of the housing industry are against it. Each one is at pains to tell me that they are right.

Hon KATE DOUST: This is very important. This is about government being a role model for the other parts of the industry—for the construction industry as well.

Hon PETER COLLIER: I agree. With regard to the specific question, I will ask Mr Kerr to comment on the work that has been done.

Mr Kerr: We have not been working directly with the public housing sector. However, there certainly is an obligation for new houses to meet that standard but we are not there yet. We have had an extension of the time to introduce that to 1 May 2012. We are working with the building industry at the moment to ensure we are ready for that date. We have been working across the board, but mainly through the associations—the Housing Industry Association and the Master Builders Association—in being ready for it. That covers a range of things, including how to ensure that houses that are generally pretty low cost can still achieve a six-star rating without substantial cost increases—in fact, in many cases, hopefully without any cost increases. This also relates to the

affordable end of the housing market. We are clearly aware that the industry has concerns about issues of cost and the rating tools and how they are used. We are working with them all. We are actively involved. We have some people doing some research into ways to ensure that the six-star measures can be achieved in a cost-efficient way. We will certainly be looking to see that applied across the board to all housing, right through from the cheapest to the most expensive.

Hon KATE DOUST: Has the Office of Energy had any discussions with the Department of Housing about how to achieve this, or is there any plan to engage in discussions with the Department of Housing about how to achieve a six-star rating in current and new buildings?

Mr Kerr: I am not aware that we have had any specific discussions with them over six-star ratings. We certainly have started talking to them about a project to improve the energy efficiency of the public housing stock. We started those discussions a number of months ago. They were keen and we were keen, and we have effectively created a partnership to look at how we can support the Department of Housing in improving the energy efficiency of all their housing stock. I am not aware that we have had any specific discussions about six-star ratings in recent weeks or months.

Mr Smith: There have been no specific discussions, but all new houses built by the Department of Housing, like every other builder in Western Australia, will have to comply with the six-star requirements going forward. As far as the existing houses go, as Mr Kerr mentioned, we have been in discussions with them for quite some time now. Recently we entered into an agreement to provide some funding for efficient water heaters in public housing. We have also been talking to them about insulation in public housing. There are two parts to this issue: one is for existing homes and the other is for new homes. The new homes will be the same as any other homes in the community.

Hon KATE DOUST: I refer to the controlled grants and subsidies on page 609, in particular, the hardship efficiency package, affectionately known as HUGS. The 2010–11 budget is listed as \$16.240 million and the 2010–11 estimated actual is \$4.340 million, so only 26 per cent of that other figure was spent. Can you provide an explanation for why only 26 per cent of that \$16 million was spent during that period?

Hon PETER COLLIER: There is a reason for it.

Mr Kerr: The question was: why the difference between the budget and the estimated actual? We basically have moved the funds because, as I was saying earlier, we were, and are still, developing programs in a number of areas. We therefore have moved money out beyond this current year, so effectively it is not an underspend as such; it is moving money into the forward years to ensure that is available as the program is developed. One program that is included in particular involves improving the energy efficiency of water heating in public housing. I cannot remember the exact figure, but around \$7 million or \$9 million will be provided to the Department of Housing to improve the energy efficiency of water heating in public houses. We have been able to pay some of that money this year and we have moved some out to next year so that we can provide funds for that program, which has taken a while to develop, as I mentioned earlier.

[4.50 pm]

Hon PETER COLLIER: But it is not an underspend.

Mr Kerr: It is not an underspend.

Hon KATE DOUST: Let me follow on. I got it wrong. It is not the HUGS program; it is the efficiency program. So far in 2011–12, how many Synergy, Horizon or Alinta customers have had household energy efficiency assessments and at what cost? You might have to provide that on notice.

Mr Kerr: That might have to be a question on notice, I think. We do not have that specific detail here.

[*Supplementary Information No B3.*]

Hon PETER COLLIER: We can answer part of it, but we will provide whatever we cannot answer on notice.

Mr Smith: I am advised that, to the end of May 2011, 888 Synergy household energy efficiency audits were performed and 131 Horizon Power-related household energy efficiency audits were performed. I cannot tell you the cost at this stage; I am sorry.

Hon KATE DOUST: I look forward to that.

Mr Smith: Can I also add another point of clarification? Since the budget papers were drafted, we have reviewed our expected expenditure in this area and it has increased to \$7.4 million in the hardship-related area.

Hon ROBIN CHAPPLE: From the \$4.3 million?

Mr Smith: Yes.

Hon KATE DOUST: What did you say it was?

Mr Smith: It has increased to \$7.4 million up from the \$4.3 million estimated actual.

Hon KATE DOUST: I have a similar type of question. How many Synergy, Horizon or Alinta customers have received a new fridge under the fridge replacement scheme and, again, at what cost? Again, you might need to provide that as supplementary.

Hon PETER COLLIER: I asked this just recently, so I think we have some fairly up-to-date figures on the fridge replacements.

Mr Smith: There are 435 refrigerators that have been delivered and there are 98 refrigerators with suppliers waiting to be delivered to homeowners. I am not sure of the cost. I will have to take that on notice; sorry.

[*Supplementary Information No B4.*]

Hon KATE DOUST: In relation to those two areas, has any research work been done to monitor the bills of customers who have benefited from these measures? If yes, what were the results; and, if no, why not?

Hon PETER COLLIER: I am not sure whether there has been any monitoring.

Mr Smith: We have been in contact with Synergy with regard to getting some actual figures from them and it is still a work in progress. There have been some issues in obtaining accurate data. That is a work in progress, but it is something that we are working on with Synergy.

Hon KATE DOUST: So, minister, when that work in progress is completed by getting the data out of Synergy, will that information be made available?

Hon PETER COLLIER: I cannot see why not.

Hon KATE DOUST: To me?

Hon PETER COLLIER: Yes.

Hon KATE DOUST: I just wanted to clear that up. Flowing on from that, in relation to the public and community housing sub-program, how many public housing properties have had ceiling insulation installed and at what cost? How many public housing properties have had hot-water systems replaced and at what cost?

Hon PETER COLLIER: Yes; we will take that on notice.

[*Supplementary Information No B5.*]

Hon KATE DOUST: I want to make a couple of comments in relation to the information that you have given us. You have just told us that you have increased the actual spend since the budget

papers were released, which is interesting information to get. Minister, given that there is a significant difference in these two figures and that this is money that should have been rolled out and spent to provide this service to people who are struggling to find ways to improve their energy efficiency in their homes, how can you justify that this money has sat there and not been expended during the period? In relation to dealing with some of these issues with the Department of Housing, what action are you going to take to try to encourage the department to provide assistance to people in the public housing sector to reduce their power bills?

Hon PETER COLLIER: I take on board your point with regard to the spend. But, as I have said and I will reinforce, it is not an underspend at all; there is a rollout of programs over the next few years. That is the whole point of the exercise—so that it is spent effectively and efficiently. I agree with you on the public housing component with regard to the ways in which we can perhaps interact more effectively with Housing. I certainly will undertake to speak to the minister about that.

Hon KATE DOUST: Maybe when he stays over next time, you had better have a chat about it!

Hon KEN TRAVERS: It was not my question, but I think you mentioned that of that \$16.24 million, you now expect to spend \$7.4-odd million.

Hon PETER COLLIER: That is this year.

Hon KEN TRAVERS: And you are carrying that money forward. Am I right to assume that that means that there will be \$11.4 million plus about \$8.8 million to be spent over this year and the coming estimates, or does it mean that you are actually going to have less than \$11 million this year because it was already included in the carryover funds?

Hon PETER COLLIER: There will be less than \$11 million because it has gone to \$7 million.

Hon KEN TRAVERS: So you will have only \$3 million for this year; is that right?

Hon PETER COLLIER: I will ask Mr Smith to explain. No; the allocated money will be spent. As I have said, when the programs are rolled out, that is when it will be spent.

Hon KEN TRAVERS: Yes, but, minister, we get this re-cashflowing and all the rest of it, but what was the original allocation?

Hon PETER COLLIER: Mr Smith.

Mr Smith: There are a number of different initiatives that are tied up with the hardship program, and there were different amounts allocated over a number of different years. I cannot tell you the specific total budget at this time. I understand that \$50 million was allocated over four years for the hardship efficiency package, but there are some other programs that have had some money allocated to them on other occasions. I would have to take the full amount on notice.

Hon KEN TRAVERS: If we can get that taken on notice, that would be good.

The DEPUTY CHAIR: Can you just detail what you were after, Hon Ken Travers?

Hon KEN TRAVERS: The information that he just indicated. I think it was \$50 million and how that was allocated and over what period it was allocated. I think that is what you were offering on notice.

Mr Smith: Yes; there are some others as well.

[Supplementary Information No B6.]

Hon KEN TRAVERS: What I am still yet to understand is that the minister said that originally they allocated \$16 million for 2010–11, and then they were expecting to spend only \$4 million and the rest had been carried over. But they have now spent \$7.4 million, so they have spent an additional \$3 million. Does that additional \$3 million that was spent this year get taken off next year's budget?

Hon PETER COLLIER: That is correct.

Hon KEN TRAVERS: So next year you are going to have only about \$8 million to spend; is that right?

Hon PETER COLLIER: Yes, but that is because that is how the programs are rolled out. That is when there is demand for the funding for those programs.

Hon KEN TRAVERS: That still means that, basically, you are going to have about the same amount to spend this year as you had last year, and you have already taken a while to get going for the last couple of years.

I will move on to my next question. You were talking about how you wanted to make everything more energy efficient. I am looking at the contribution for the line item for energy smart government on page 609. No money has been allocated since the actual spend in 2009–10. Why has no further money been allocated to this program, and how do you expect to achieve those energy efficiencies if no money has been allocated?

Hon PETER COLLIER: The program has actually been completed, as I understand it.

Mr Kerr: Basically, the vast proportion of the program was closed, I think, last year. That included the facilitation grants. What is still in place is the obligation for government agencies to report their data on energy use to the Office of Energy and we collate that data into a report. We are currently working on the previous year's report. They have an obligation to collect —

Hon KEN TRAVERS: When you say the previous year, are you talking about 2009–10 or the current year?

[5.00 pm]

Mr Kerr: Yes, that is right—for the report?

Hon KEN TRAVERS: Yes.

Mr Kerr: It is not the one just past, because it has got to be the year before, but it does take quite a while to get the data together. So the government agencies, I could say, have two things in place. They have energy management plans, because under a Premier's circular there was an obligation for agencies to prepare an energy management plan and an obligation to report their energy data to the Office of Energy. I am not sure of the actual percentage, but well over 90 per cent of the government agencies have prepared energy management plans and we have signed off on those, so they are done. Now they are still required to provide energy use data to the Office of Energy to collate into reports that are then published and available. So there is still certainly an obligation on agencies to follow through with the implementation of the energy management plans that they have in place.

Hon KEN TRAVERS: In June 2010 when the Auditor General reported on that Energy Smart Government, I think it was actually reported that the Office of Energy strongly supports the finding that there remains large scope for government agencies to further improve their energy intensity and reduce greenhouse gas emissions. So is there any budget allocation to assist agencies to do that, or is it just the process that you have outlined that is how that recommendation or that issue is being addressed?

Mr Kerr: There are two answers to that. Yes, they are continuing work that I have described for the agencies, but the whole issue of, I guess you could call it, government leadership in energy efficiency is something that is being considered as part of the cleaner energy initiative, which we will obviously be providing advice to government about, given that we are preparing the actual draft initiative. Clearly, governments have some responsibility, obviously, to lead by example, and that is why that is something that we will be looking at as part of the development of the cleaner energy initiative, and the budget implications of the cleaner energy initiative to go along with it.

The DEPUTY CHAIR: The Auditor General's report, as I recall, was not very complimentary to nearly every department, apart from a couple. Is my recollection basically correct?

Mr Kerr: It was not very complimentary, but we had quite specific and particular issues with their report, and we told them so. They had zeroed in on the original target that was set. I think it was something like a 12 per cent improvement in energy efficiency, which was a total energy efficiency improvement. We advised them very strongly that that measure had actually been changed to an energy intensity measure very early on in the course of that program. By that measure, the actual performance of the program was quite substantially good, but they chose not to focus on that particular aspect of the program and focused primarily on the original concept, which was the total energy efficiency improvement. But we did argue pretty early on that that was not a measure by which you could adequately measure the performance of government, because a total energy efficiency measure can change, for example, in changing economic circumstances. So if you increase economic activity, arguably you are going to increase the energy intensity of the activity of the government. So we early on switched over to an energy intensity measure and, as I say, by that measure, government agencies generally performed well.

Hon KEN TRAVERS: I guess the only other area I wanted to cover was the issue of consultants. Firstly, I am interested in knowing what has been the cost to date of "Energy2031", the strategic energy initiative. What has been the cost of that and how much of that has been done in house and how much of it has been done under contract to people outside the organisation?

Mr Kerr: I am happy to start the answer to that, but I will probably hand over to Paul Biggs to give any more details. As I mentioned earlier, the strategic energy initiative, in its early days, was developed through the assistance of other agencies, so in fact the cost to the Office of Energy was very little. We actually had those staff on loan—senior staff from other agencies—and a lot of the work was done by them. I think we had at least three staff from other agencies at that point. In terms of the actual outsourcing of work, in the early phase it was not a substantial amount, but more recently we have commissioned modelling work to be informing the final strategic energy initiative. That is probably the primary amount of money that we will have spent not within our own resources within the office. I am not sure—Paul Biggs, do you have any more detail on the costing for the —

Hon PETER COLLIER: I just want to chat for a sec with regard to consultants. What happened with the SEI is something that I am keen on, and I am really pleased that Michael and the crew have taken it on board as well. The Office of Energy needs to become much more of a policy unit. Certainly, prior to when I made the changes about 12 months after we came into government, I felt a lot of the officers in the Office of Energy were spending an exorbitant amount of time on rebates et cetera and what I felt was not an effective use of their time or the time of the Office of Energy. I wanted, and I still want, the Office of Energy to gain more profile and prestige within the community, and the energy sector in particular, and the best way to do that is through the development of policy. So that is why the SEI has really been such a buoy for the office, as was the Gas Supply and Emergency Management Committee; that they could utilise the strengths and experience and wisdom of the officers within the office to ensure that they did produce something that was state of the art in terms of policy formation. So Michael is right; there has been significant input from other departments through government because it is an all-of-government document. But, ultimately, I would like the Office of Energy, at the end of the day, to take a bow on this document because I —

Hon KEN TRAVERS: I am happy for you to do that in your own time, minister. At the moment, because we are running out of time, I am keen to get the figures, but I am happy for them to be taken on —

Hon PETER COLLIER: Sorry, those figures will be on notice; we can take them on notice.

[*Supplementary Information No B7.*]

Hon KEN TRAVERS: As well as getting what has been spent to date, I am also keen to get what you have got budgeted for over the future financial years, if there is anything. If we are taking it on notice, can I also get how much is expected to be spent in the 2010–11 financial year and for 2011–12 and the forward estimates on contracting services for the agency? I am not defining it by the terms of consultants that are used within the reports that are given to Parliament; what I am interested in is when you go out of the organisation and contract anyone to provide you with a service, how much you are spending and what the purpose of that contract is.

Mr Kessar: So is this on the SEI or in general?

Hon KEN TRAVERS: This is in total—as an organisation.

Hon PETER COLLIER: Certainly, and I will leave it at that. I could go on, but I will not.

Hon KEN TRAVERS: You often do, but I appreciate that you are not this time.

Hon PETER COLLIER: That is because I am sitting directly opposite you, you see!

Hon ROBIN CHAPPLE: I go back to page 604. What are the key reasons that the amount appropriated for “Development and Implementation of Energy Policy and Programs” steadily decreases over budget estimates and forward estimate periods? Given that one would have thought that this was the new way to go, one would have thought that you must have needed a greater fiscal commitment.

Hon PETER COLLIER: Are you talking about the total cost of services?

Hon ROBIN CHAPPLE: Yes.

Hon PETER COLLIER: It includes all cash and accrual non-cash costs, such as depreciation and movement increases and decreases in employee entitlements required to deliver the services from the office. The 2011–12 cost of service, which is \$53.514 million, includes hardship measures of \$11.9 million; the solar hot water subsidy of \$3 million; solar schools, \$5.5 million, which now includes independent and Catholic schools, I might say, as a result of this government; an underground power program of —

[5.10 pm]

Hon ROBIN CHAPPLE: I am talking about the decreases in future estimates.

Hon PETER COLLIER: Wait on; I will just answer your question.

Underground power program of \$10 million; household renewable energy scheme \$7.244 million; gas supply and emergency management \$1.3 million; and, the review of electricity networks access code \$0.3 million.

Hon ROBIN CHAPPLE: That was not the question.

Hon PETER COLLIER: Yes it was, you said, “What was the breakdown?”

Hon ROBIN CHAPPLE: Why is it steadily decreasing over the budget estimate and forward estimates period?

Hon PETER COLLIER: Oh, okey-dokey!

Hon KEN TRAVERS: You had not even noticed that!

Hon ROBIN CHAPPLE: I know what you are doing; it is here; I can read.

Mr Kerr: One of the main reasons for the reduction is the reduction with the commonwealth programs—the remote renewable power generation program—plus the other programs actually have a set life. There are a series of closure dates for a series of programs, so as they come to a closure, obviously the funds are not in the budget in the year following their closure. As I say, I could be more specific about which ones are which, but that is the basic point. As they close —

Hon PETER COLLIER: You can get them from the ones that I have just mentioned.

Hon ROBIN CHAPPLE: Maybe, if we could take that on notice and actually have a list of all the closures and the programs that are being finalised, so we can actually understand where we are going into in the future in terms of this diminished estimate and what programs will not be around —

Hon PETER COLLIER: It is not a matter of not being around; some of them have reached a lifespan. For example, the Gas Supply and Emergency Management Committee has reached its lifespan.

Hon ROBIN CHAPPLE: Maybe if I can just get a list of those.

Hon PETER COLLIER: There is a whole raft of things. It also includes for underground power; that is because of the end of that round, but that does not mean that it is the end of the program.

Mr Kessar: You could have a look at page 609 of the *Budget Statements* that actually shows those programs.

The DEPUTY CHAIR: Page 609?

Mr Kessar: Yes. You will see a number of grants and programs that stay around for years and the ones that end at a certain time.

Hon PETER COLLIER: It is all there for you in black and white.

Hon ROBIN CHAPPLE: All right, so it is all those?

The DEPUTY CHAIR: Is that the full total of those programs that have either completed or —

Mr Kessar: Or are coming to completion at a definite time.

Hon ROBIN CHAPPLE: So, there is no anticipation in the future that any of those will be revisited?

Hon PETER COLLIER: Yes, underground power.

Hon ROBIN CHAPPLE: But none of the solar programs or any of those?

Hon PETER COLLIER: No, that is the duration of the lifespan of those programs.

Hon ROBIN CHAPPLE: Now, when those programs come to conclusion, there is no consideration —

Hon PETER COLLIER: Well, I cannot say never, I have got to say. A number of those programs have been very successful, but that was the intent of the exercise when the programs were introduced.

Hon ROBIN CHAPPLE: But again, as I say, if we can have it as a supplementary, it would be good to actually have.

Hon PETER COLLIER: But what more did you actually want?

Hon ROBIN CHAPPLE: If there were any more than here. Is it all spelt out in there?

Hon PETER COLLIER: It is.

Mr Kessar: That is it.

Hon ROBIN CHAPPLE: That is it? All right.

The DEPUTY CHAIR: If it is all spelt out, we delete supplementary information B8.

Hon ROBIN CHAPPLE: I go back to page 605 of the *Budget Statements* regarding kilowatt-hours avoided. Note 3 indicates that no target has been set for kilowatt hours avoided agency efficiency. Will the energy efficiency target be set for 2011–12?

Mr Kerr: Basically at the moment, the target for 2011–12 is not set, because essentially, the program that was picked up in the earlier years' targets and estimates has actually closed, so we

have not set a target. That is something, as I alluded to before, that we would be looking at in terms of what programs might come out of the cleaner energy initiative in relation to energy efficiency and obviously, the kilowatt hours avoided. So, that is where we are at the moment; we do not actually have a specific program against which an energy efficiency, I mean to say kilowatt hours avoided measure, would be set for next year.

Hon ROBIN CHAPPLE: As a result of that, will energy efficiency remain one of the key effectiveness indicators of the Office of Energy?

Mr Kerr: Yes, because it is not, strictly speaking, in the papers, does not mean that it still is not a key performance measure for the Office of Energy to be focusing on energy efficiency and obviously, through the cleaner energy initiative we will be having an even closer look at how we address energy efficiency in an effective way and also a measurable way. So, that is something that is still coming.

Hon PETER COLLIER: The cleaner energy initiative is a holistic look at energy efficiency; it is not an ad hoc approach with bits and pieces. It is a holistic approach to energy efficiency and the cleaner energy initiative is being developed by the office as we speak.

The DEPUTY CHAIR: Hon Robin Chapple, we have got 15 minutes and we have to finish on time on this one and I have got two other questions. So, one more for you and the Hon Liz Behjat and Hon Kate Doust.

Hon ROBIN CHAPPLE: Regarding note 1, can you give a brief update on the development of an online renewable energy map?

Mr Kerr: I can talk to it briefly, but Rolando Custodio are you aware of more detail of that? We are working on it.

Mr Custodio: We are still working on it; we are looking at the issues of how we could obtain some information. Initially, it will potentially be first website information on the Office of Energy and then we will be looking at the issue of whether we will establish an interactive system. A key issue at the moment is trying to obtain some of the information that will be useful to be placed in the state land information package program.

Hon ROBIN CHAPPLE: Have you an idea of a time line?

Mr Custodio: I think that the initial webpage, we expect to complete this first half. The more interactive mechanism will be looked at further down the track as we develop this initial webpage.

Hon LIZ BEHJAT: My office during the year was taking a lot of phone calls from people in the Balcatta region with regard to underground power, which were all quite interesting. On page 605 of the *Budget Statements* in the fourth dot point, you talk about the continuation of the roll-out in a number of suburbs and the commencement of a number of suburbs. What is actually the future of that program?

Hon PETER COLLIER: Allocation for round 5 has been provided. The office of energy is currently doing a review of the program, as we speak. It has been very successful. Just over 50 per cent of the metro area, as I understand it, is underground. Is that correct, 52 per cent?

Mr Kerr: Our estimate of coverage to 30 June is 52 per cent.

Hon PETER COLLIER: It is a very popular program, I have got to say, but the only problem is —

Hon LIZ BEHJAT: Not in Balcatta it was not!

Hon PETER COLLIER: It causes me a lot of headaches because every backbencher in the Parliament comes up to me and wants to have underground power in their area, but the only problem is that not too many of them would pay for it! And others want to pay for it and say, “We will pay for it; our constituents will pay for the whole lot, you do not want to have to do it.” We did have this interesting scenario last year when—I will not say the member’s seat—one of the

successful areas actually voted to have underground power until they got it and then they realised the cost impost and there was this almighty backlash against it. It worked out that a number of the people that were in the ballot were in rented housing; it was a fairly large public housing area, and they all voted for underground power and of course they did not have to pay for it. Consequently they actually withdrew from the process, and that does happen quite frequently. It is very popular, and as I said, we have round 5 at the moment, but before we commit any way further with regard to underground power, I think that it is important that we take stock, that we understand where we are with it and that is what we are doing at the moment to make sure that process, the criteria, for winning selection in terms of underground power is the most robust that we can have. There is a lot of conjecture and a load of contention with regard to underground power. I think there were 11 successful applicants this time in round 5.

[5.20 pm]

Mr Kerr: About that.

Hon PETER COLLIER: I am 99 per cent sure it was 11. When you had the initial applications, there were close to 100—about 89 applications, I think—so a lot of backbenchers are not happy. To cut it short, I think the program is great. It is very popular within the community, but I stand by what I said: everybody wants it, but no-one wants to pay for it.

Mr Kerr: There are actually 10.

Hon PETER COLLIER: Bummer; I was sure it was 11. Are you sure it was not 11 when we first started?

Hon KATE DOUST: That is fine. I am going to continue on the issue of underground power, on page 605. I thank you for giving that percentage figure that you have provided to Hon Liz Behjat. I know that in the past there was a target for undergrounding of power. So to use those famous words “moving forward” or “going forward”, what targets has the Office of Energy set for the future?

Mr Kerr: We do not have a target, but we have current projections estimating that we will possibly have up to 53.5 per cent in a year’s time.

Hon KATE DOUST: In a year’s time?

Mr Kerr: That is 30 June 2012.

Hon KATE DOUST: I understand that ERA has been conducting a review into the costs and benefits of the scheme and was due to report to the government by 30 June. Has the report been received yet; and, if so, what recommendations did it make?

Hon PETER COLLIER: No, I have not received that report yet. You are right; the ERA is doing a review and so is the office, so there are two reviews going forward, but we have not received the ERA.

Hon KATE DOUST: When you receive it, will you table the report and recommendations and make it public?

Hon PETER COLLIER: Yes.

Hon KATE DOUST: Given the Office of Energy is also conducting the review that you have confirmed, what has the review cost to date—your review of the underground power?

Mr Kerr: It really has only cost us staff time.

Hon PETER COLLIER: It is core business.

Mr Kerr: It is core business, basically. We have had other parties involved in providing advice to us, but that has not been a cost to the Office of Energy.

Hon KATE DOUST: Has the review been completed?

Mr Kerr: No. The whole intention was that—and we have been a little bit frustrated that the ERA's work has taken a little bit longer than we would hope, but they are very busy—our review will be informed by their review.

Hon KATE DOUST: So you will not finalise and table yours until after theirs has been presented?

Mr Kerr: That is right.

Hon KATE DOUST: So what does the Office of Energy see as being the main issues with the underground power program going forward?

Mr Kerr: That is something that will be coming out through the review process. We are still working on that. Obviously the issues that ERA is dealing with are key issues for our review. I think it is probably fair to say that the terms of reference, which is available on the Office of Energy's website, are some of the issues that we need to address. Clearly one of those is, in its broader sense, the future of the program and the need for the program. We have also looked at specifics like, for example, perhaps a greater emphasis on things like the feeder lines—this is a bit technical—that come out of substations that then go into the distribution system and whether we want to ensure that, for example, they are all undergrounded, because that is a critical component of the distribution infrastructure that needs to be protected. They are the sorts of things we will be looking at in specific detail to see whether there are improvements to be made to the program.

Hon KATE DOUST: Following on that, as well as those issues you have just identified, is more of the focus looking at ageing infrastructure and identifying power supply issues, or is it more focused to the customer's capacity to pay for underground power?

Mr Kerr: Both. I think the basis, as the minister said, is it is time for a good look at the overall program. It is probably fair to say that different people will have different opinions about the benefit of the program, and certainly it has a range of benefits. What we would like to get through the review is a very clear understanding of the benefits, obviously informed by the ERA, but also to be very clear about what the objectives of the program could be going forward to ensure that it is an effective program but also an efficiently run program as well, so we are looking at how the program is actually costed as well.

Hon PETER COLLIER: Cost is a big issue. It is a deciding issue with a lot of communities, but reliability is also a significant factor that is taken into consideration when the determination is made by the selection committee. What we have got to do now is determine whether or not that selection process is actually providing the best outcomes for the actual program. That is why it is good that we have got the ERA doing its review at the same time as the Office of Energy.

Hon KATE DOUST: I just have a couple more questions in relation to underground power. In relation to stage 5 of the program that was recently announced, did the Office of Energy originally support the inclusion of the Coolbinia area into the program?

Hon PETER COLLIER: There was one that pulled out. Was that Coolbinia? That just rings a bell.

Hon KATE DOUST: I am happy to put that on notice.

Hon PETER COLLIER: Attadale North came into 4. Coolbinia is listed.

Hon KATE DOUST: Minister, I would not mind if you provide a list for round 5—those suburbs that applied to have underground power, those suburbs that were successful in round 5 and those suburbs that withdrew.

Hon PETER COLLIER: I have already put out a media release on the —

Hon KATE DOUST: With that type of detail?

Hon PETER COLLIER: Yes; it has all the suburbs that were successful.

The DEPUTY CHAIR: How about the ones which withdrew?

Hon PETER COLLIER: That is 10. I just recall—I will have to go back to clarify this—that the reason that Attadale North came in was that one withdrew. Attadale North came in as a result of one of the others going out.

Hon KATE DOUST: Minister, I really would like to know—I missed that press release. Can you just provide which suburbs applied, which suburbs were successful, and finally, which suburbs withdrew from the process or were withdrawn?

Hon PETER COLLIER: There was only one, but that is easy to do.

[*Supplementary Information No B8.*]

Hon KATE DOUST: My last question on this part—it might be my second last question depending upon your answer—is: why does funding for the program cease after 2013–14 in the budget papers?

Hon PETER COLLIER: Because that is the end of round 5.

Hon KATE DOUST: Is there going to be a round 6.

Hon PETER COLLIER: That is what I said. That is why we are doing a review now—to determine how we can progress the program.

Hon KATE DOUST: I just have a final question on the underground power program review. A number of local governments have raised with me the time and expense that goes into putting in a range of submissions for various suburbs as part of their area. Has the government or the Office of Energy given any thought to how this process could be re-addressed in terms of the government or the Office of Energy determining a list of priorities and then working with local governments to assist, rather than a scattergun approach of going through quite a tedious process? So it is government determining which areas should have priority in terms of underground power and then working through that.

Hon PETER COLLIER: Yes, that is a good point. I would imagine that it has been identified through the review process.

Mr Kerr: It has been pretty clear that, while there have been a lot of benefits from the program to date, if you look at the geographic spread of them, it is fairly patchy. There have certainly been some discussions and argument around maybe one way of dealing with this is to be less patchy, to be more strategic about where you actually do this. That is certainly something we have been looking at through the review process.

[5.30 pm]

Hon KATE DOUST: I refer to outcomes and key effectiveness indicators on page 604 of the *Budget Statements* and to recent rises in electricity prices. What input did the Office of Energy have in the most recent review into cost reflectivity as completed by the Treasury? Also, why was Treasury chosen to do this review, which was previously undertaken by the Office of Energy? Has the Office of Energy received a copy of the completed review by Treasury, and will the minister make that review available to this committee?

Mr Biggs: Treasury commenced the review of the cost reflectivity and cost stack within Synergy, obviously having the financial expertise to go into the financials of that corporation. The Office of Energy became involved around January this year in order to pick up from where Treasury had got to the limit of its resources. We undertook a number of scenarios on behalf of the government to be able to advise the minister. I have missed the second part of the question.

Hon KATE DOUST: Why was Treasury doing the review and not the Office of Energy when in the past your office has done that work?

Mr Biggs: The important role between Treasury and the Office of Energy is working together to inform the government and the state budget processes. The Treasury and the Treasurer have a role of concurrence on strategic development plans and statement of corporate intent for the utilities, so

the two agencies have to work together. We would have more background and experience on the energy policy side, and Treasury would have more experience on the finance side.

Hon KATE DOUST: The third question was: has the review been completed and will it be made public?

The DEPUTY CHAIR: That has already been answered. Time is up and I know there are other questions and we cannot deal with them. However, we can forward additional questions in writing via the minister, together with the transcript of evidence, which will include the questions the agency has taken on notice. If members have any further unasked questions, I ask them to submit these to the committee clerk at the close of this hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include the specific reasons why the due date cannot be met. On behalf of the committee, I thank you for your attendance today and for the information. We will reconvene at quarter to six.

Hearing concluded at 5.34 pm
