Office of the Auditor General
Western Australia

Summary of the Performance Examination

Energy Smart Government

Report 6 – June 2010

Background

Reducing energy use saves money. Reducing energy consumption is the best way for most agencies to minimise the impact of rising energy prices on their budgets. Reducing energy consumption also helps reduce greenhouse gas emissions.

At a time when all governments are asking their communities to behave in environmentally responsible ways, being energy smart can show that government is doing its bit by reducing its environmental footprint.

The Energy Smart Government (ESG) program, introduced in July 2002, was intended to bring a focus to energy efficiency within government. The program explicitly highlighted the important role agencies had in leading by example. The Sustainable Energy Development Office (SEDO), a division within the Office of Energy, was primarily responsible for delivering government's sustainable energy policy, with the ESG program being an integral part.

The ESG program set a target of reducing energy consumption by 12 per cent over five years in every agency with 25 or more full-time employees. The program included a range of actions to help agencies identify and reduce energy consumption such as funding to replace high energy consumption equipment. Changing behaviour was also seen as a critical component to success. The first phase of the program ran for five years and, with a number of changes, has moved into its second phase.

This performance audit examined whether the ESG program was effectively designed and implemented to achieve energy efficiency goals.

What the performance audit found…

The ESG program was designed to achieve a 12 per cent reduction in government's energy consumption by 2006-07. While government reduced its consumption by 0.1 per cent during a period of significant growth, it fell short of its overall target. Achieving targeted reductions in energy consumption would have saved government up to $25 million and reduced greenhouse gas emissions.

The design of the program contained the elements to achieve reductions, with one-third of participating agencies reporting reductions of 12 per cent or more. Their success was offset by a lack of progress among the larger energy consuming agencies. A lack of effective strategic management and accountability also contributed to the failure to achieve overall program goals.

The program identified a range of energy saving opportunities with clear payback periods across agencies. Very few were implemented by agencies and most still remain as opportunities. The second phase of the program has not been sufficiently modified to address the shortcomings of the first and it is unlikely to realise these opportunities.

What the audit recommended…

- The Office of Energy should review the incentives and accountability arrangements under the ESG program based on lessons learned from the first phase of the program.
- Government agencies should determine an appropriate payback period for identified energy efficiency initiatives and ensure all projects within that period are carried out.
- Agency energy management plans should be based on an analysis of energy consumption, contain clear, measurable targets for improvement and identify how targets will be achieved.
- Agencies and the Office of Energy should ensure energy consumption data is suitable for identifying and targeting areas for improvement.
- The electricity costs of products should be included in the calculation of life cycle cost and factored into procurement decisions.
- Government building designs and upgrades should address energy efficiency and include energy efficient products in building fit-outs.