



Economic Regulation Authority
WESTERN AUSTRALIA

Inquiry into reform of business licensing in Western Australia –

State government business licensing assessment tools and guide

State government business licensing affects most Western Australian businesses and workers. As at April 2018, the State had more than 700 different business licensing schemes,¹ and around one in every five pieces of Western Australian legislation established at least one licensing scheme.²

In February 2019, the ERA published a [list of state government business licensing schemes](#) that was current as of April 2018. The list identifies the agency with responsibility for final approval of the licence application for each state government business licensing scheme.

Ongoing evaluation and improvement of state government business licensing is important to ensure licensing schemes continue to deliver benefits. The ERA has drafted two assessment tools designed to assist agencies to assess their licensing schemes and identify areas for improvement. This document includes information on how to use the tools and example assessments provided by agencies. The tools are included at the end of the document.

Agencies should use the tools to assess all state government business licensing schemes for which they have responsibility for approving applications, and annually report the results to the licensing support unit responsible for helping licensing agencies develop capability in evaluating the performance of licensing schemes and holding agencies to account in evaluating and improving licensing schemes. Annual reporting is intended to assist the unit to identify priority areas for licensing reform and check whether agencies are regularly evaluating the performance of licensing schemes.

The licensing support unit will use information gathered from the assessments to develop an annual State of Licensing report. This report will increase transparency for licensees and consumers about whether licensing schemes are being well managed, including whether they are being continually evaluated and improved.

The tools and this guidance information are not intended to be static documents. Challenges will arise as agencies begin to apply them. The licensing support unit will continue to work with agencies over time to refine the tools and guidance, to ensure they remain useful to agencies and provide relevant information to the unit. The unit will also be available to provide further guidance and support to agencies to assist them to evaluate licensing schemes. It is also likely that the unit would use an online form in order to collate the data more easily.

Self-assessment tool

The purpose of the self-assessment tool is to prompt agencies to think about how well they are managing licensing schemes, and identify possible improvements.

Agencies should complete the self-assessment tool annually for each licensing scheme for which they are responsible for approving licence applications.

When answering the portfolio questions in the first part of the tool, agencies should consider all the licensing schemes they administer, or all licensing schemes within a regulatory system.³ Questions in the second, individual section of the tool should be completed for each licensing scheme the agency administers.

Agencies should aim to complete the tool with as much detail as possible. The value of this tool to the agency comes from the investigation and discussion needed to answer the questions, which may generate ideas for reform.

Completed assessments should be provided to the licensing support unit annually. Responses will be used by the unit to identify common problems across agencies or licensing. The unit will also use the information to understand where it can provide support to agencies to assist them to continually improve licensing schemes. An interaction version of the self-assessment dashboard is included at the end of this document.

¹ ERA analysis of agency questionnaire responses. This figure includes licensing schemes that are contained in state government legislation but administered by local or national bodies. About 598 licensing schemes are contained in state government legislation and administered by state government bodies.

² ERA analysis of agency questionnaire responses and State Law Publisher online legislation database.

³ These options are provided to allow agencies that administer a large number or diverse range of licensing schemes to answer the first part of the tool considering bundles of schemes that make sense to them. For example, ferry, heavy vehicle pilots and driver licensing schemes, which are all approved by the Department of Transport, might be considered parts of separate portfolios.

Licensing dashboard

The purpose of the licensing dashboard is to gather and make transparent information about individual licensing schemes that is of interest to licensees and consumers.

Agencies should complete the dashboard annually for each licensing scheme for which they are responsible for approving licence applications.

Agencies should provide the completed dashboards to the licensing support unit. The unit will publish the completed dashboards annually.

Publication of the dashboard information will allow licensees and consumers to compare information about whether a particular licensing scheme is improving over time. This will enable them to raise concerns with agencies if the licensing scheme that affects them does not appear to be managed well. An interactive version of the licensing dashboard is included at the end of this document.

Guidance for agencies

The following guidance is intended to assist agencies to use the tools. Where examples are provided, these are illustrative only.

What is a 'state government business licence'?

A state government business licence is a licence that could be needed by a business, or an individual undertaking an occupation, that is enabled by State Government legislation.

What is a licence?

A 'licence' is a requirement from government that has all of the following characteristics:⁴

- Notification: specified information is required to be supplied to a regulator.
- Approval: approval is obtained from a regulator to undertake a prescribed activity.
- Standards: a minimum level of standards is specified.
- Enforcement: requirements are legally enforceable and allow for the application of sanctions.

This definition is intended to capture licences, registrations, notifications, authorisations, accreditations, permits, approvals and certifications.⁵

What is a business licence?

The licence is a business licence if the answer to either of the following questions is yes:

- Could a business (including a not-for-profit organisation) need this licence to conduct their business operations?
- Could an individual need this licence to work in a particular occupation?

Which business licences are state government business licences?

A business licence is a state government business licence if the obligation to administer the licence comes from state government legislation or state government subsidiary legislation. Business licences where aspects of their administration are delegated to local government by state government legislation are also state government business licences.

Business licensing schemes created by Commonwealth legislation, local government laws or voluntary industry arrangements, are not considered state government business licences.

Which licensing schemes need completion of the tools?

Agencies should apply the tools to each state government business licensing scheme for which they are responsible for approving licence applications.

Often, more than one agency is involved in the administration of a licensing scheme. For example, the Western Australia Police Force have a role in compliance and enforcement for multiple licensing schemes, but they are not responsible for approving licence applications for those schemes. The ERA approves applications and monitors compliance for water, electricity and gas licences, but policy development for these schemes is undertaken by the Department of Water and Environmental Regulation, and the Public Utilities Office.

The agency that approves licence applications is best placed to complete the tools and provide this information to the licensing support unit. This agency may, for some licensing schemes, need to coordinate with other agencies involved in managing the licensing scheme to respond to some questions. While agencies that administer

⁴ Bureau of Industry Economics, *Business licences: International benchmarking*, Commonwealth of Australia, Canberra, 1996.

⁵ Notifications do not strictly require approval to undertake a prescribed activity, however, these are considered licences. 'Checks' – such as the Working with Children Check – might also sometimes fall within the definition. Reporting on checks can be considered by the licensing support unit on a case-by-case basis.



Commonwealth and local government licensing schemes are not required to use the tools and report to the licensing support unit, they can voluntarily apply them to help identify areas for improvement if they choose.

What is a portfolio of licensing schemes?

The term portfolio of licensing schemes is used to refer to the licensing schemes contained within a regulatory system, or related schemes that an agency is responsible for administering.

Schemes within a portfolio might share a common policy or regulatory objective and might also be enabled by the same or related legislative instruments. For example, the registration of 14 types of health practitioners are all provided for by the *Health Practitioner Regulation National Law (WA) Act 2010* and share the same six objectives.⁶

What are policy or regulatory objectives?

The policy or regulatory objective is the underlying reason for the scheme or portfolio of schemes. Typically, this will be to protect, promote or encourage particular community protection, environmental or economic outcomes.

For example the objectives of the *Biodiversity Conservation Act 2016*, which provides for licensing arrangements for activities involving fauna and flora, are to conserve and protect biodiversity, and to promote the ecologically sustainable use of biodiversity components in Western Australia.⁷

What is a major review?

The term major review is used to refer to reviews that consider:

- Whether the licensing scheme is still needed and the best approach to address the policy problem.
- Whether the terms and conditions of the licensing scheme create the largest possible benefits for the community.

A major review would typically involve public consultation.

6 Section 3(2) (a) of Schedule – Health Practitioner Regulation National Law in the Health Practitioner Regulation National Law (WA) Act 2010.
7 Government of Western Australia media statement, 18 September 2018, ‘Regulations to protect the biodiversity of WA; Section 3(1) of the Biodiversity Conservation Act 2016.

Example assessments

The ERA asked the Department of Mines, Industry Regulation and Safety, the Metropolitan Cemeteries Board and the ERA's own Utilities Services Regulation team⁸ to complete the tools for individual licensing schemes to illustrate how agencies may complete the tools. The agencies' responses are below.

Dangerous goods site licence (BLR-200-LI)

Self-assessment tool

Portfolio questions		
Licences in this portfolio	<i>All licences issued under the Dangerous Goods Safety Act 2004</i>	
Category	Questions	Response
Is the portfolio of licensing schemes achieving its objectives?	Are the objectives this portfolio of schemes is trying to meet clearly set out in legislation? If not, are they clearly documented elsewhere? Is this information public?	The various licences support the objectives of the Act to promote the safe storage, handling and transport of dangerous goods.
	Is data collected to assess whether the objectives are being met?	Indirectly through compliance inspections and enforcement actions.
Is the portfolio of licensing schemes being administered in a cost-effective way?	Are the internal processes and systems efficient? What could be changed to improve efficiency? Examples of internal processes and systems include those used for collating information on the number of active licence holders and revenues collected from fees and charges.	Generally the licensing processes and systems are relatively efficient. Several licence application and assessment process are now mostly or fully online. The remaining licences would benefit from digitisation and improved reporting capability. The processes that support inspections and issuing of notices are not very efficient and are in need of further development.
	What minimum level of service should licence holders expect from the agency in processing licence applications and renewals? Is this documented? Is it published?	The internal target is to process all licences within 20 working days and this is met most of the time.
Is the portfolio of licensing schemes being complied with?	Is there a compliance and enforcement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed/updated? Has it been published?	The dangerous goods inspectorate prepares an annual (financial year) inspection plan. Elements of this feed into the published Towards 2020 Regulatory Strategy (http://www.dmp.wa.gov.au/Safety/Towards-2020-Regulatory-21600.aspx)
	Is the compliance and enforcement strategy risk-based?	Yes.
Is the portfolio of licensing schemes being reviewed and improved?	Is there a schedule of legislative reviews that must be undertaken for licensing schemes in this portfolio? Is this information public?	No. The requirement in the Act is only for a five-year statutory review which occurred in 2014.
	Is there a plan of improvements that applies to licensing schemes in this portfolio?	Yes. As recommended in the 2014 Act review, the separate licence schemes for dangerous goods, explosives and security sensitive ammonium nitrate should be brought together as a single activity/site based licence. It is planned to commence the necessary regulation amendments soon.

⁸ The Utility Services Regulation team oversees the ERA's licensing responsibilities.

Portfolio questions		
Category	Questions	Response
Is there effective engagement about the schemes in the portfolio?	Is there a stakeholder engagement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed / updated? Has it been published?	Forums are typically held annually with accredited dangerous goods consultants (who can endorse site licence applications) and fireworks operators to discuss compliance and legislative matters. Departmental officers also attend rural field days and participate in transport safety forums.
	Which other agencies have a role in managing licensing schemes in the portfolio? Is there regular engagement with these agencies?	The Western Australian Police (WAPOL) and ASIO play a role in the assessment of applicants for dangerous goods security cards. Local governments, DFES, CASA and the Swan River Trust have a role in the approval of fireworks displays. The Department of Transport and WAPOL assist with dangerous goods transport compliance.
	Is there a complaints handling mechanism in place, to allow licensees and members of the public to raise concerns?	The Department has a complaints management system (http://dmp.wa.gov.au/Utilities/Feedback-and-complaints-8369.aspx).
Individual licensing scheme questions (complete for each licensing scheme in the portfolio)		
Name of licensing scheme	<i>Dangerous Goods Site licence</i>	
Category	Questions	Response
Is the scheme achieving its objectives?	How does this scheme contribute to the broader objectives of the regulatory system?	The DG site licensing regime is intended to support the objectives of the <i>Dangerous Goods Safety Act 2004</i> by promoting the safe storage and handling of dangerous goods.
	Is data collected to assess whether it is making this contribution?	Indirectly through complaints and compliance inspections and associated enforcement actions.
Is the scheme administered in a cost-effective way?	Does the legislation that establishes the scheme only include elements that need to be prescribed (for example, the scheme's objectives), and exclude elements that do not need to be prescribed (for example, administrative requirements)? If not, are there plans to make amendments to the legislation in a future omnibus bill?	Yes. The Act requires licences to be held for storage of dangerous goods (with nothing about specific objectives). The regulations set out the details for the above, including the threshold quantities for licensing.
	Does the scheme include administrative or compliance requirements that are duplicated in other schemes or regulations? An example of administrative duplication is when licence holders are asked to supply the same information multiple times for different purposes or in different formats.	As DG site licences are for businesses there may be some overlaps / duplication with business licensing requirements administered by local, state and commonwealth government entities.

Individual licensing scheme questions (complete for each licensing scheme in the portfolio)		
Category	Questions	Response
Is the scheme being complied with?	Is data collected to measure compliance? Is this data used to inform agency activities that encourage compliance?	Yes. Licensed sites are subject to periodic compliance inspections. Analysis of non-compliances is used to formulate enforcement and education strategies to improve compliance.
	Are current compliance levels appropriate given the risks the scheme aims to address?	Yes.
	Have there been changes to compliance resourcing that affect this licensing scheme? If so, how have the changes affected the achievement of policy outcomes?	No.
Is the scheme being reviewed and improved?	Have findings and recommendations from when the scheme was last reviewed been published?	Yes, in 2014.
	Is there a legislative requirement to review this scheme? If so, when is (or was) the next review due?	The statutory five-year review was conducted in 2014. There are no legislative requirements for further reviews.
	What improvements should be made to this licensing scheme?	As recommended in the Act review, the separate licence schemes for dangerous goods, explosives and security sensitive ammonium nitrate should be brought together as a single activity/site based licence with a rationalised fee structure. It is planned to commence the necessary regulation amendments soon.
Is there effective engagement about the scheme?	Is it possible for licensees to easily find clear information about: <ul style="list-style-type: none"> • The purpose of the licence and when it is needed. • The licence conditions and requirements, and how to comply with them. • The application process. 	Yes – all information required is on the DMIRS web page.

Licensing dashboard

Name of licence		Dangerous Goods site licence	
List titles of enabling legislative instruments		<i>Dangerous Goods Safety Act 2004</i>	
Category	Measure	Metric	Comment (optional)
Is the scheme achieving its objectives?	How well is the licensing scheme contributing to meeting the objectives of the regulatory system?	Scale: 1 = not very well to 5 = very well	4
Is the scheme administered in a cost-effective way?	What is the annual cost to the agency per licence of administering the licensing scheme?	\$ per licence	\$1,350
	What proportion of licence applications was processed within target timeframes in the last 12 months?	%	>95
	Which of the following services are available online? <ul style="list-style-type: none"> • Information about the scheme • Application • Renewal • Payment of fees and charges 	Check box (available/not available/not applicable) for each service	All available.
Is the scheme being complied with?	How many compliance inspections did the agency complete in the last 12 months?	Count	480
	How many instances of non-compliance did the agency uncover in the last 12 months?	Count	330 Remediation notices issued
	How many enforcement actions were taken in the last 12 months?	Count	0
Is the scheme being reviewed and improved?	How many years has it been since the last major review of the scheme?	Number	5
	To what extent have the recommendations from the last major review of the scheme been implemented?	Fully implemented/ partially implemented/ not implemented/ not applicable (i.e. no major review)	Partially implemented

Funeral director's licence (metropolitan) (BLR-603-LI)

Self-assessment tool

Portfolio questions		
Licences in this portfolio	<i>Funeral Director's Licence</i> <i>Monumental Mason's Licence</i> <i>Single Funeral Permit</i> <i>Single Monumental Mason's Licence</i> <i>Monumental Work Permit</i>	
Category	Questions	Response
Is the portfolio of licensing schemes achieving its objectives?	Are the objectives this portfolio of schemes is trying to meet clearly set out in legislation? If not, are they clearly documented elsewhere? Is this information public?	Not clearly stated as objectives but are implied in the legislation in the sections dealing with licensing
	Is data collected to assess whether the objectives are being met?	Yes, through the ordinary course of business
Is the portfolio of licensing schemes being administered in a cost-effective way?	Are the internal processes and systems efficient? What could be changed to improve efficiency? Examples of internal processes and systems include those used for collating information on the number of active licence holders and revenues collected from fees and charges.	Yes, within the current resources available. Business systems improvements allowing for self-service and data collection may improve efficiency.
	What minimum level of service should licence holders expect from the agency in processing licence applications and renewals? Is this documented? Is it published?	The agency to meet time deadlines to allow continuation of business (renewals) and facilitation, thorough and timely processing for new licences. Licence applicants should expect excellent customer service and support during the process. The minimum requirements are documented in legislation.
Is the portfolio of licensing schemes being complied with?	Is there a compliance and enforcement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed/updated? Has it been published?	Compliance is monitored daily and recorded accordingly. The legislation has provisions for compliance and enforcement.
	Is the compliance and enforcement strategy risk-based?	Yes, and there is zero tolerance for less than 100% compliance for conducting a funeral and undertaking all duties tasked to a funeral director.
Is the portfolio of licensing schemes being reviewed and improved?	Is there a schedule of legislative reviews that must be undertaken for licensing schemes in this portfolio? Is this information public?	No
	Is there a plan of improvements that applies to licensing schemes in this portfolio?	Yes, currently undertaking a by-law review.
Is there effective engagement about the schemes in the portfolio?	Is there a stakeholder engagement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed/updated? Has it been published?	No, not applicable as the licensing schemes are prescribed under law.
	Which other agencies have a role in managing licensing schemes in the portfolio? Is there regular engagement with these agencies?	Department of Health. There is regular engagement.
	Is there a complaints handling mechanism in place, to allow licensees and members of the public to raise concerns?	Yes, we have adopted the Australian Standards on Complaint Handling AS ISO 10002-2006

Individual licensing scheme questions (complete for each licensing scheme in the portfolio)

Name of licensing scheme	Funeral Director's Licence	
Category	Questions	Response
Is the scheme achieving its objectives?	How does this scheme contribute to the broader objectives of the regulatory system?	The scheme is located in the regulatory system.
	Is data collected to assess whether it is making this contribution?	Not applicable.
Is the scheme administered in a cost-effective way?	Does the legislation that establishes the scheme only include elements that need to be prescribed (for example, the scheme's objectives), and exclude elements that do not need to be prescribed (for example, administrative requirements)? If not, are there plans to make amendments to the legislation in a future omnibus bill?	Yes.
	Does the scheme include administrative or compliance requirements that are duplicated in other schemes or regulations? An example of administrative duplication is when licence holders are asked to supply the same information multiple times for different purposes or in different formats.	No.
Is the scheme being complied with?	Is data collected to measure compliance? Is this data used to inform agency activities that encourage compliance?	Yes.
	Are current compliance levels appropriate given the risks the scheme aims to address?	Yes.
	Have there been changes to compliance resourcing that affect this licensing scheme? If so, how have the changes affected the achievement of policy outcomes?	No.
Is the scheme being reviewed and improved?	Have findings and recommendations from when the scheme was last reviewed been published?	No.
	Is there a legislative requirement to review this scheme? If so, when is (or was) the next review due?	No.
	What improvements should be made to this licensing scheme?	The scheme is reviewed annually and amendments made which reflect need.
Is there effective engagement about the scheme?	Is it possible for licensees to easily find clear information about: <ul style="list-style-type: none"> • The purpose of the licence and when it is needed. • The licence conditions and requirements, and how to comply with them. • The application process. 	Yes, we have dedicated customer service staff for this purpose.

Licensing dashboard

Name of licence		Funeral Directors' Licence	
List titles of enabling legislative instruments		<i>Cemeteries Act 1986 (WA)</i>	
Category	Measure	Metric	Comment (optional)
Is the scheme achieving its objectives?	How well is the licensing scheme contributing to meeting the objectives of the regulatory system?	Scale: 1 = not very well to 5 = very well	5 (very well)
Is the scheme administered in a cost-effective way?	What is the annual cost to the agency per licence of administering the licensing scheme?	\$ per licence	Difficult to measure and provide an estimate at this time.
	What proportion of licence applications was processed within target timeframes in the last 12 months?	%	100%
	Which of the following services are available online? <ul style="list-style-type: none"> • Information about the scheme • Application • Renewal • Payment of fees and charges 	Check box (available / not available / not applicable) for each service	Not available online. Currently planning for future online activities.
Is the scheme being complied with?	How many compliance inspections did the agency complete in the last 12 months?	Count	In 2017/2018 approximately 12,000 funeral activities, and 25 business checks
	How many instances of non-compliance did the agency uncover in the last 12 months?	Count	0
	How many enforcement actions were taken in the last 12 months?	Count	0
Is the scheme being reviewed and improved?	How many years has it been since the last major review of the scheme?	Number	3 years
	To what extent have the recommendations from the last major review of the scheme been implemented?	Fully implemented / partially implemented / not implemented / not applicable (i.e. no major review)	Partially implemented. There have been changes in the industry environment since then, whereby some recommendations are no longer relevant.

Electricity generation licence (BLR-491-LI)

Self-assessment tool

Portfolio questions		
Licences in this portfolio	Electricity licensing scheme (generation, transmission, distribution, retail and integrated regional licences)	
Category	Questions	Response
Is the portfolio of licensing schemes achieving its objectives?	Are the objectives this portfolio of schemes is trying to meet clearly set out in legislation? If not, are they clearly documented elsewhere? Is this information public?	Part 2 of the <i>Electricity Industry Act 2004</i> establishes the scheme to license electricity suppliers. The Act does not contain objectives for the licensing scheme.
	Is data collected to assess whether the objectives are being met?	As the scheme has no prescribed objectives, the ERA does not collect this data.
Is the portfolio of licensing schemes being administered in a cost-effective way?	Are the internal processes and systems efficient? What could be changed to improve efficiency? Examples of internal processes and systems include those used for collating information on the number of active licence holders and revenues collected from fees and charges.	The ERA has an internal web-based licensing workflow system to manage its licensing activities. To complement the licensing system, the ERA has individual documented procedures for all its licensing activities, which provide staff with a step-by-step guide on how to complete an activity, such as processing a licence application or performance audit. The ERA periodically reviews its licences and the regulatory instruments that it publishes to assist licensees in understanding their obligations under the licence, such as guidelines, compliance manuals and performance reporting handbooks. These reviews often include public consultation, which gives licensees and other stakeholders an opportunity to raise any concerns they have with the cost and level of service provided by the ERA and its administration of the licensing schemes. Evidence collected by the ERA through its reviews of licences and regulatory guidelines indicate its internal processes and systems are efficient. This view is also supported by the high proportion of licence applications that are completed within the 90-day target.
	What minimum level of service should licence holders expect from the agency in processing licence applications and renewals? Is this documented? Is it published?	A minimum level of service should include: <ul style="list-style-type: none"> • A publicly available and clearly described application process that meets the needs of applicants and the agency. • Details, with examples, of the information that should be included in an application. • The ability for the applicant to submit an application in different ways, including online. • A requirement for the agency to process the application within a specified timeframe (that is reasonable). • An appeals process for a licence application decision. The ERA's licence application guideline is available on its website. The guideline also includes information on how to appeal an ERA decision. The Act requires the ERA to use reasonable endeavours to make a decision on a licence application within 90 calendar days of receiving it. The ERA allows applicants to submit applications in different ways, including by email, through its website and through a secure file server.

Portfolio questions		
Category	Questions	Response
Is the portfolio of licensing schemes being complied with?	Is there a compliance and enforcement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed/updated? Has it been published?	<p>The ERA has a compliance and enforcement strategy for electricity licensees, comprising annual reports and periodic independent audits.</p> <p>The data collected in the annual compliance reports and the audit reports is used to monitor and enforce compliance with licence conditions.</p> <p>The ERA's compliance reporting manual requires licensees to provide annual compliance reports to the ERA. To minimise the burden on the licensee, the report only has to include non-compliances that were identified during the year.</p> <p>The Act requires the licensee to undertake independent audits of the effectiveness of the measures it has taken to meet the performance criteria specified in the licence. The audits are carried out not less than once every 24 months, but this period can be increased by the ERA. The ERA's audit guidelines states that the ERA will increase the period between audits if the licensee has a strong compliance framework that is achieving a high level of compliance with the licence. Conversely, the period will be reduced (subject to the 24-month minimum) if an audit finds serious compliance problems.</p> <p>If an audit identifies compliance problems, the ERA actively monitors the actions taken by the licensee to address the causes, and get back to compliance. In some instances, the ERA may take enforcement action against a licensee using the powers available in the Act.</p> <p>Licensees that supply small-use customers are also required to provide annual performance data that is published by the ERA.</p> <p>The current audit guidelines were published in April 2014. They are currently being reviewed, and the updated version will be published in April 2019.</p> <p>The current compliance reporting manual was published in July 2018. The manual is updated whenever there is a change in the legislation or the licence.</p> <p>The performance reporting handbooks are updated annually.</p>
	Is the compliance and enforcement strategy risk-based?	Yes. The ERA's compliance reporting manual and audit guidelines use a risk-based approach to compliance.

Portfolio questions		
Category	Questions	Response
Is the portfolio of licensing schemes being reviewed and improved?	Is there a schedule of legislative reviews that must be undertaken for licensing schemes in this portfolio? Is this information public?	<p>The ERA reviews its electricity licence conditions every three years. This review is limited to the format and content of the licences. These reviews are not required by legislation; the ERA conducts the reviews to ensure its licences are operating effectively. The licence reviews are a public process that involves publishing issues papers and decision documents for public comment.</p> <p>As the licensing scheme is established in the Act, which is administered by the Department of Treasury's Public Utilities Office on behalf of the Minister for Energy, it is the responsibility of the State Government to conduct any legislative reviews of licensing schemes in the Act.</p>
	Is there a plan of improvements that applies to licensing schemes in this portfolio?	<p>The ERA made a number of improvements to its electricity licences following a review in 2018. The next electricity licence review is due in 2021.</p> <p>A review of the Act's legislative framework for the licensing schemes is a matter for the State Government.</p>
Is there effective engagement about the schemes in the portfolio?	Is there a stakeholder engagement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed/updated? Has it been published?	<p>The ERA has a public consultation process for its day-to-day licensing activities, which is documented in publicly available guidelines on the ERA's website. The guidelines were last reviewed and updated in April 2016.</p> <p>The ERA also seeks public comment on its broader regulatory reviews, such as reviews of its licences, regulatory guidelines and codes.</p> <p>The ERA holds workshops and forums for licensees on its licensing activities when required. For example, in November 2018 the ERA held a workshop with licensees and auditors on the review of its audit guidelines. The draft guidelines were published for public comment in January 2019.</p>
	Which other agencies have a role in managing licensing schemes in the portfolio? Is there regular engagement with these agencies?	No other agency has a role in the day-to-day management of the licensing schemes.
	Is there a complaints handling mechanism in place, to allow licensees and members of the public to raise concerns?	The ERA provides several ways for licensees and members of the public to raise concerns about the licensing schemes, including public consultations when it conducts reviews of licences, codes and guidelines. The ERA also has a dedicated email address for its licensing activities and other means to contact the ERA's licensing team, such as by phone, post and an online system on its website to submit information and make enquiries.

Individual licensing scheme questions (complete for each licensing scheme in the portfolio)		
Name of licensing scheme	Electricity generation licences	
Category	Questions	Response
Is the scheme achieving its objectives?	How does this scheme contribute to the broader objectives of the regulatory system?	In practice, the ERA considers generation licences are used as a means to ensure the generators maintain effective asset management systems for their generation assets. However, there are no prescribed objectives for the electricity licensing schemes in the Act.
	Is data collected to assess whether it is making this contribution?	The ERA requires generation licensees to provide it with annual, exception based, compliance reports, and periodic independent reports on audits of their performance against their licence conditions and the effectiveness of their asset management systems. The Act requires that reviews are conducted once in every 24 months, but this period can be increased by the ERA.
Is the scheme administered in a cost-effective way?	Does the legislation that establishes the scheme only include elements that need to be prescribed (for example, the scheme's objectives), and exclude elements that do not need to be prescribed (for example, administrative requirements)? If not, are there plans to make amendments to the legislation in a future omnibus bill?	The Act does not include objectives for its licensing schemes. Administrative requirements are generally in secondary legislation, such as the Economic Regulation Authority (Licensing Funding) Regulations 2014, which prescribe the fees and charges for a licence application and retaining the licence. Most administrative requirements associated with applying for a licence, and subsequently complying with a licence are at the discretion of the ERA and contained in the ERA's licences and guidelines. There are improvements that can be made to the Act's provisions. For example, a review of licensing electricity generation was conducted by the Public Utilities Office in 2015/16. The outcome of the review was that the then State Government endorsed a proposal to amend the Act to repeal the requirement for generation licences, but was unable to progress it through Parliament before the end of the term of government. The inclusion of this reform in a future omnibus bill is a matter for the State Government.
	Does the scheme include administrative or compliance requirements that are duplicated in other schemes or regulations? An example of administrative duplication is when licence holders are asked to supply the same information multiple times for different purposes or in different formats.	Generation licences do not include administrative requirements that are duplicated in other schemes or regulations. There are likely to be contractual requirements that a generator connected to Western Power's network must meet that duplicate a licence condition. For example, the small number of metering obligations in the <i>Electricity Industry (Metering) Code 2012</i> that apply to generation licensees are potentially duplicated in a generator's network access contract with the network operator.

Individual licensing scheme questions (complete for each licensing scheme in the portfolio)

Category	Questions	Response
Is the scheme being complied with?	Is data collected to measure compliance? Is this data used to inform agency activities that encourage compliance?	<p>The ERA uses the data collected in annual compliance reports and periodic performance audits and asset management system reviews to monitor and enforce compliance with licence conditions.</p> <p>If the audit identifies compliance problems or deficiencies in the licensees' asset management system, the ERA actively monitors the actions taken by the licensee to address the causes, and get back to compliance. In some instances, the ERA may take enforcement action against a licensee.</p>
	Are current compliance levels appropriate given the risks the scheme aims to address?	<p>Yes. Generally, the compliance history of generation licensees is very good compared to other licence types.</p> <p>One of the reasons is that generation licensees have fewer licence conditions compared to other types of electricity licence. Other than requiring generators to have an asset management system, the licence conditions relate to metering of the network connection point and administrative conditions to ensure licensees pay their fees and charges and report to the ERA on their performance.</p>
	Have there been changes to compliance resourcing that affect this licensing scheme? If so, how have the changes affected the achievement of policy outcomes?	<p>There have been no changes to compliance resourcing that affect this licensing scheme. The costs the ERA incurs to manage the licensing scheme are recovered directly from licensees on a full cost recovery basis.</p>
Is the scheme being reviewed and improved?	Have findings and recommendations from when the scheme was last reviewed been published?	<p>In 2015/16, the Public Utilities Office reviewed the Act's requirement to hold a generation licence. The outcome of the review was that the then State Government endorsed a proposal to amend the Act to repeal the requirement for generation licences, but was unable to progress it through Parliament before the end of the term of government. The findings and recommendations were published by the Public Utilities Office at the time.</p> <p>The ERA conducted its latest electricity licence review in 2018, which resulted in improvements to generation licences. The ERA published a number of documents as part of the review, including its decision, which provides a detailed explanation of the licence amendments.</p>
	Is there a legislative requirement to review this scheme? If so, when is (or was) the next review due?	<p>There is no legislative requirement to review this scheme.</p>
	What improvements should be made to this licensing scheme?	<p>The ERA supports a repeal of the Act's requirement to hold a generation licence.</p>
Is there effective engagement about the scheme?	<p>Is it possible for licensees to easily find clear information about:</p> <ul style="list-style-type: none"> • The purpose of the licence and when it is needed. • The licence conditions and requirements, and how to comply with them. • The application process. 	<p>The ERA has published the following guidelines and manuals to assist licensees in obtaining a licence and then complying with the licence conditions:</p> <ol style="list-style-type: none"> 1. Licence Application Guidelines 2. Audit and Review Guidelines 3. Customer Complaint Guidelines 4. Financial Hardship Policy Guidelines 5. Compliance Reporting Manual 6. Compliance Enforcement Policy 7. Performance Reporting Handbook. <p>A full list is available on the ERA's website.</p>

Licensing dashboard

Name of licence		Electricity generation licence	
List titles of enabling legislative instruments		<p>Primary legislation: <i>Electricity Industry Act 2004</i></p> <p>Subsidiary legislation: <i>Electricity Industry (Licence Conditions) Regulations 2005</i>, <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i> and <i>Electricity Industry (Metering) Code 2012</i></p>	
Category	Measure	Metric	Comment (optional)
Is the scheme achieving its objectives?	How well is the licensing scheme contributing to meeting the objectives of the regulatory system?	Scale: 1 = not very well to 5 = very well	The regulatory system (licensing scheme) does not have prescribed objectives.
Is the scheme administered in a cost-effective way?	What is the annual cost to the agency per licence of administering the licensing scheme?	\$ per licence	The ERA's total cost in 2017/18 to administer electricity generation licences was \$212,168, which equates to \$6,844 per licence.
	What proportion of licence applications was processed within target timeframes in the last 12 months?	%	100% of generation licence applications were processed within the target timeframe of 90 days in the last 12 months.
	Which of the following services are available online? <ul style="list-style-type: none"> Information about the scheme Application Renewal Payment of fees and charges 	Check box (available / not available / not applicable) for each service	<ul style="list-style-type: none"> Information about the scheme – available Application – available Renewal – available Payment of fees and charges – not available
Is the scheme being complied with?	How many compliance inspections did the agency complete in the last 12 months?	Count	<p>In 2017/18, the ERA completed nine licence performance audits and asset management system reviews of generation licences and integrated regional licences that authorise the licensee to construct and operate generating works.</p> <p>In 2015/16 and 2016/17, the ERA completed three and nine licence performance audits and asset management system reviews respectively. Due to their good compliance history, most generation licensees have a licence performance audit and asset management system review every four or five years.</p> <p>The ERA also monitors licensee compliance through an annual compliance reporting framework, which requires every licensee to report on the licence obligations that it has contravened during the reporting year.</p>
	How many instances of non-compliance did the agency uncover in the last 12 months?	Count	Of the nine licence performance audits and asset management system reviews completed in 2017/18, six licensees were found to be non-compliant with their licence (a total of 28 non-compliances with individual licence obligations).
	How many enforcement actions were taken in the last 12 months?	Count	Because the non-compliances were minor in nature, no enforcement action was taken against the licensees.

Category	Measure	Metric	Comment (optional)
Is the scheme being reviewed and improved?	How many years has it been since the last major review of the scheme?	Number	<p>The most recent electricity licence review was undertaken in 2018. This included generation licences.</p> <p>In 2015/16, the Public Utilities Office reviewed the Act's requirement to hold a generation licence. The outcome of the review was that the then State Government endorsed a proposal to amend the Act to repeal the requirement for generation licences, but was unable to progress it through Parliament before the end of the term of government.</p>
	To what extent have the recommendations from the last major review of the scheme been implemented?	Fully implemented / partially implemented / not implemented / not applicable (i.e. no major review)	<p>All the recommendations from the ERA's 2018 electricity licence review have been implemented.</p> <p>The repeal of generation licensing from the Act has not occurred. This is a matter for the State Government.</p>

Self-assessment tool

Portfolio questions		
Category	Questions	Response
Licences in this portfolio		
Is the portfolio of licensing schemes achieving its objectives?	Are the objectives this portfolio of schemes is trying to meet clearly set out in legislation? If not, are they clearly documented elsewhere? Is this information public?	
	Is data collected to assess whether the objectives are being met?	
Is the portfolio of licensing schemes being administered in a cost-effective way?	Are the internal processes and systems efficient? What could be changed to improve efficiency? Examples of internal processes and systems include those used for collating information on the number of active licence holders and revenues collected from fees and charges.	
	What minimum level of service should licence holders expect from the agency in processing licence applications and renewals? Is this documented? Is it published?	
Is the portfolio of licensing schemes being complied with?	Is there a compliance and enforcement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed/updated? Has it been published?	
	Is the compliance and enforcement strategy risk-based?	
Is the portfolio of licensing schemes being reviewed and improved?	Is there a schedule of legislative reviews that must be undertaken for licensing schemes in this portfolio? Is this information public?	
	Is there a plan of improvements that applies to licensing schemes in this portfolio?	
Is there effective engagement about the schemes in the portfolio?	Is there a stakeholder engagement strategy that applies to licensing schemes in this portfolio? Is it documented? When was it last reviewed/updated? Has it been published?	
	Which other agencies have a role in managing licensing schemes in the portfolio? Is there regular engagement with these agencies?	
	Is there a complaints handling mechanism in place, to allow licensees and members of the public to raise concerns?	

Individual licensing scheme questions (complete for each licensing scheme in the portfolio)

Name of licensing scheme		
Category	Questions	Response
Is the scheme achieving its objectives?	How does this scheme contribute to the broader objectives of the regulatory system?	
	Is data collected to assess whether it is making this contribution?	
Is the scheme administered in a cost-effective way?	Does the legislation that establishes the scheme only include elements that need to be prescribed (for example, the scheme's objectives), and exclude elements that do not need to be prescribed (for example, administrative requirements)? If not, are there plans to make amendments to the legislation in a future omnibus bill?	
	Does the scheme include administrative or compliance requirements that are duplicated in other schemes or regulations? An example of administrative duplication is when licence holders are asked to supply the same information multiple times for different purposes or in different formats.	
Is the scheme being complied with?	Is data collected to measure compliance? Is this data used to inform agency activities that encourage compliance?	
	Are current compliance levels appropriate given the risks the scheme aims to address?	
	Have there been changes to compliance resourcing that affect this licensing scheme? If so, how have the changes affected the achievement of policy outcomes?	
Is the scheme being reviewed and improved?	Have findings and recommendations from when the scheme was last reviewed been published?	
	Is there a legislative requirement to review this scheme? If so, when is (or was) the next review due?	
	What improvements should be made to this licensing scheme?	
Is there effective engagement about the scheme?	Is it possible for licensees to easily find clear information about: <ul style="list-style-type: none"> • The purpose of the licence and when it is needed. • The licence conditions and requirements, and how to comply with them. • The application process. 	

Licensing dashboard

Name of licence			
List titles of enabling legislative instruments			
Category	Measure	Metric	Comment (optional)
Is the scheme achieving its objectives?	How well is the licensing scheme contributing to meeting the objectives of the regulatory system?	Scale: 1 = not very well to 5 = very well	
Is the scheme administered in a cost-effective way?	What is the annual cost to the agency per licence of administering the licensing scheme?	\$ per licence	
	What proportion of licence applications was processed within target timeframes in the last 12 months?	%	
	Which of the following services are available online? <ul style="list-style-type: none"> Information about the scheme Application Renewal Payment of fees and charges 	Note whether available/not available/not applicable for each service	
Is the scheme being complied with?	How many compliance inspections did the agency complete in the last 12 months?	Count	
	How many instances of non-compliance did the agency uncover in the last 12 months?	Count	
	How many enforcement actions were taken in the last 12 months?	Count	
Is the scheme being reviewed and improved?	How many years has it been since the last major review of the scheme?	Number	
	To what extent have the recommendations from the last major review of the scheme been implemented?	Fully implemented/ partially implemented/ not implemented/ not applicable (i.e. no major review)	

You can read the final report for the ERA's inquiry into state government business licensing at www.erawa.com.au/licensinginquiry

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