


Economic Regulation Authority

WESTERN AUSTRALIA

Annual Report 2010/11

A full copy of this document is available from the Economic Regulation Authority website at www.erawa.com.au.

Previous years' annual reports can also be found on the website.

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About Us

What we do

The Economic Regulation Authority (ERA) regulates third party access to electricity, gas and rail infrastructure and administers licences for electricity, gas and water service providers. We also carry out surveillance of Western Australia's wholesale electricity market and undertake economic inquiries on a wide range of complex issues.

Vision

To be valued by Western Australians as a provider of high quality, independent economic regulation and advice.

Mission

To serve the interests of Western Australians by promoting fair prices, quality services and choice and by enhancing competition through independent economic regulation and advice to Government.

Values

Commitment – being focused on the interests of Western Australians, treating others with respect and dignity, promoting employee growth and well-being, and carrying out work with passion in an inclusive manner.

Independence and impartiality – free to make decisions in the long-term interests of Western Australians.

Integrity – practising consistent behaviours that engender confidence and trust in what we do and say, displaying honesty and equity in all our dealings, and treating others fairly and openly with respect to their rights at all times.

Professionalism – being innovative, disciplined, rigorous and focused in our work.

Transparency and consultation – undertaking activities in an open manner to enable stakeholders to understand and contribute to our outcomes.

Excellence – dedicated to carrying out our work in an effective and efficient manner and in accordance with our overall mission.

About this annual report

This annual report provides a review of the Economic Regulation Authority's operations for the financial year ended 30 June 2011 and comprises:

Overview – an overview of our role, responsibilities and organisational structure.

Performance – a report on our operational performance from 1 July 2010 to 30 June 2011 and the progress towards achieving the desired outcomes of the ERA and the Government.

Significant issues – a discussion on significant current/emerging issues that impact/may impact upon the ERA's workload.

Disclosures and compliance – audited financial statements, detailed key performance indicator information and other financial disclosures.

Other legal requirements - a report on the ERA's compliance with various legislative requirements.

Government policy requirements – a report on the ERA's compliance with Government policy requirements.

To make our annual report as accessible as possible, we have provided it in the following three formats:

- An interactive PDF version, which has links to other sections of the annual report as well as external links to content on our website. Links are indicated by blue, underlined text.
- An online version, which allows for quick and easy viewing of annual report sections. This version also features easy to use download and print functions.
- A text version, which is suitable for use with screen reader software applications.

Note: As Governing Body Member Dr Stephen King was on a leave of absence, the 2010-11 Annual Report was approved as a quorum by the Chairman, Mr Lyndon Rowe, and Member Mr Steve Edwell. Accordingly, the signatures of the Chairman and Mr Edwell appear on the below letter of Transmission to the Treasurer.

Letter of transmission

Economic Regulation Authority

Promoting fair prices, quality services and choice

Hon Christian Porter MLA
Treasurer; Attorney General
21st Floor
197 St Georges Terrace
PERTH WA 6000

Dear Treasurer

ECONOMIC REGULATION AUTHORITY 2010/11 ANNUAL REPORT

In accordance with section 61 of the *Financial Management Act 2006*, we submit for your information and presentation to Parliament, the Annual Report of the Economic Regulation Authority for the financial year ended 30 June 2011.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*, the *Public Sector Management Act 1994* and the Treasurer's Instructions.

Yours sincerely

MR LYNDON ROWE
CHAIRMAN

13 September 2011

MR STEVE EDWELL
MEMBER

13 September 2011

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Overview

From the Chairman

Once again, readers of this Annual Report will very quickly grasp that 2010-11 has been a very busy year for the ERA. For a quick overview, I would refer readers to the Executive Summary.

It has also been a year of review.

Greg Watkinson, our CEO, has now been in the role for 18 months and has taken the opportunity to review the organisation's structure.

One of our challenges is that some of our work is cyclical (with a cycle ranging from 1 year to 5 years) and some of our work is in the nature of a one-off role (our inquiry role). The new structure has been developed to enable us to respond to the demands on the organisation in the most flexible way possible as well as continuing our past practice of seeking to build the organisation's capacity to have our own staff do as much of the work as possible, reducing our reliance on the use of consultants.

The year also involved a review of our strategic planning involving all of the staff and the members of the Governing Body. Our new three year Strategic Plan will be released in October this year. The aim of the new Plan is to bring a tighter focus to our work and to ensure that all staff are focussed on those issues and aspects of their individual roles that will deliver the overall outcomes we have set ourselves. At its core, however, our focus, as an economic regulator, will remain on what is in the long term interests of consumers.

It has also been a year of change.

Mr Peter Panegyres completed his three year term as a part-time Member in October, 2010. Steve Edwell and I, and the Secretariat, greatly appreciated the legal knowledge and government experience that Peter brought to our deliberations and we benefitted greatly from his wise counsel. For Peter's part, I suspect he retains a healthy lawyer's scepticism of the "science" of economics. On behalf of the ERA I want to publicly thank Peter for his very considerable contribution to our work.

Professor Stephen King was appointed by the Governor at the end of 2010 as Peter's replacement as a part time Member for a three year period. Stephen is Dean of the Faculty of Business and Economics at Monash University in Melbourne, Australia. He was previously a Member of the Australian Competition and Consumer Commission and before that a Professor of Economics at the University of Melbourne.

I was also delighted when Mr Steve Edwell was reappointed as a part time member for a further three years in January this year.

More change is coming our way in 2012 when the ERA will be moving to our new premises at Albert Facey House. This is scheduled to occur in February.

It has also been a year of some confusion in the media and community about our role as both a decision maker (in our regulatory role) and a provider of advice (in our advisory role). This is particularly true with respect to the ERA's involvement in price setting.

As a regulator the ERA does have a role in setting prices for the use of monopoly infrastructure in gas (transmission and distribution pipelines) and electricity (transmission and distribution wires), which make up part of the costs that have to be considered in setting retail prices, but the ERA is not involved in setting retail prices.

More generally, in our regulatory role, the ERA is an independent economic regulator charged with determining access arrangements for monopoly infrastructure (gas pipelines, electricity networks and below rail lines) and for licensing utility providers (gas, electricity and water). In undertaking this decision making role the ERA is independent and cannot be directed by government. However, our decisions are subject to various independent review mechanisms. This independent role is vital if we are to encourage private sector investment and competition in these utility industries, particularly if the Government is an owner of some of the participants in the various markets.

In our advisory role (for example, our annual review of the wholesale electricity market and the inquiries that we receive from the State Treasurer) we are again independent but we are not the decision maker. In this role we provide reports and recommendations to the State Government for consideration. What happens to those recommendations is entirely up to the Government; however, our final reports must be made public. Again, we see the independence of this role as an effective way to encourage informed debate on public issues.

As readers can see from the Executive Summary referred to earlier, we have been very active in both these roles in 2010-11.

To conclude, some words of appreciation and thanks.

First, to our many stakeholders. We are very appreciative of the cooperation and support we receive without which our role, both as a regulator and in undertaking inquiries, would be far more difficult. In particular I want to acknowledge the time and effort that goes into the submissions received by the ERA. Our work continues to expand both in our regulatory role and in our advisory role and it is important to our work that we continue to have a high degree of contact and feedback from all our stakeholders.

I also want to acknowledge the outstanding contributions made by the two part-time Members of the ERA – Steve Edwell and Stephen King. Their contributions go well beyond any notion implied by their part-time role and our work is greatly enhanced by their experience and expertise. I am very grateful for their commitment and support.

Finally, Steve, Stephen and I want to acknowledge the energy, professionalism and commitment of the ERA's staff, ably led by our very dedicated CEO, Greg Watkinson. The support provided to the Authority by such a professional and knowledgeable group gives us confidence that the work of the ERA will continue to advance the cause of making markets work better in the long term interests of consumers.

Lyndon G Rowe
Chairman

Executive summary – year at a glance

The Economic Regulation Authority's work comprises activities which can be categorised as cyclical, ongoing or one-off in nature. The activities undertaken in the 2010/11 reporting year are summarised below.

Cyclical regulatory activities

A large part of our work is cyclical, with reviews of gas access arrangements required approximately every five years, reviews of electricity access arrangements (currently) every three years, and reviews of the revenue requirements for the Independent Market Operator and System Management every three years. Other cyclical activities include the annual publication of reports on the performance of licensees and on the effectiveness of the wholesale electricity market. Reviews of legislative frameworks and the effectiveness of regulatory instruments are other activities conducted periodically as required by law. Reviews of industry codes provide opportunities to re-examine the effectiveness of regulation.

Access arrangement reviews

- Finalised the Goldfields Gas Pipeline Access Arrangement review
- Finalised the WA Gas Networks Distribution System Access Arrangement review
- Finalised a review of WestNet Rail's regulatory instruments
- Progressing the Dampier to Bunbury Natural Gas Pipeline Access Arrangement review

Reviews

- Published a draft report on the review of the *Railways (Access) Code 2000*
- Commenced a review of the Gas Marketing Code of Conduct

Other cyclical activities

- Published annual performance reports for regulated gas and electricity retailers and distributors and water service providers
- Contributed to the annual national performance report for water service providers
- Reviewed electricity, gas and water licensing frameworks
- Provided the 2010 annual report on the effectiveness of the wholesale electricity market to the Minister for Energy
- Approved a number of parameters that influence the operation of the wholesale electricity market, such as the maximum price that generators can be paid for making their capacity available to the market
- Approved annual price lists for regulated electricity networks

One-off activities

The most significant one-off projects are generally the economic inquiries issued to us by the State Treasurer. These inquiries are often on complex economic matters and generally involve public consultation prior to a final report being delivered to Government. The recommendations we provide help to inform Government in its decision making. In 2010-11, we finalised four inquiries and made major progress on a fifth.

Other one-off projects include the assessment of regulatory tests and new facilities investment tests that may be submitted to the ERA by Western Power.

Economic inquiries

During the reporting year, the ERA continued work on a number of inquiries received before 2010-11. We also received a reference to examine the costs and benefits associated with the provision of shared corporate services in the Western Australian public sector.

- Finalised the inquiry into water resource management and planning charges that the Department of Water would levy for its services
- Completed a cost-benefit study of the Office of Shared Services
- Completed an efficiency review of Horizon Power
- Completed a review of the *Chicken Meat Industry Act 1977*
- Progressed the review into the overall costs and benefits of the State Underground Power Program

Other projects

- Published an issues paper on the Review of the Requirements for Railway Owners to Submit Floor and Ceiling Cost Proposals
- Assessed 3 new facilities investment tests in relation to Western Power's applications to include investment in its regulated asset base
- Assessed 1 regulatory test to determine whether Western Power's Mid West Energy Project (Southern Section) maximises the net benefits after considering alternative options

Ongoing regulatory activities

In addition to the project based work, the ERA has a wide range of regulatory activities requiring decision-making. These activities revolve largely around the Authority's roles in relation to licensing and the wholesale electricity market.

- Issued 5 new licences
- Renewed 1 licence
- Approved amendments to 82 licences
- Approved 7 water customer service charters
- Served a notice of licence contraventions on Synergy

- Decided that a notice issued in 2009 to Horizon Power for non-compliances with its licence be closed
- Decided that a notice issued to Western Power should remain in force as contraventions have not yet been rectified
- Continued monitoring of the wholesale electricity market to identify whether any market participants are acting in an anti-competitive manner

Activities that reduced compliance costs

- Provided relief to 10 licensees with good audit results by extending the period until their next audit or asset management system review
- Removed the requirement for electricity and gas licensees to produce customer service charters
- Extended the period for water licensees to provide their customer service charters to the ERA for assessment

Output indicators

In undertaking the preceding activities the following outputs were achieved.

Publications

- 58 reports and decisions
- 5 annual performance reports published
- 6 regulatory guidelines published
- 2 revised licensee compliance manuals published
- 553 stakeholders and interested parties received our quarterly editions of e-news
- 12 issues and discussion papers
- 205 notices issued
- 28 licensee operational and performance audit and asset management system review reports approved
- 7 customer service charters approved/published
- 1 standard form contract approved/published
- Energy customer protection information fact sheets
- Revised corporate brochure developed

Public consultation

- 47 invitations for public submissions
- 192 weeks of public consultation
- 289 public submissions received

Submissions

- 296 submissions were prepared by the Secretariat for decision making by the ERA's Governing Body

Financial performance

The total expenditure for 2010/11 was $10.6 million which was slightly over the expenditure limit of $10.4 million. This over spend was due to expenditure of $209,062 associated with:

- two applications for a merits review of the decision on the proposed revised access arrangement for the Goldfields Gas Pipeline; and
- recognition of resources received free of charge.

These expenses are not part of normal operating expenditure and aren't able to be calculated when formulating the expenditure budget at the commencement of the year. The result of $10.6 million for 2010/11 is an increase of $730,000 over the result in 2009/10 of $9.9 million.

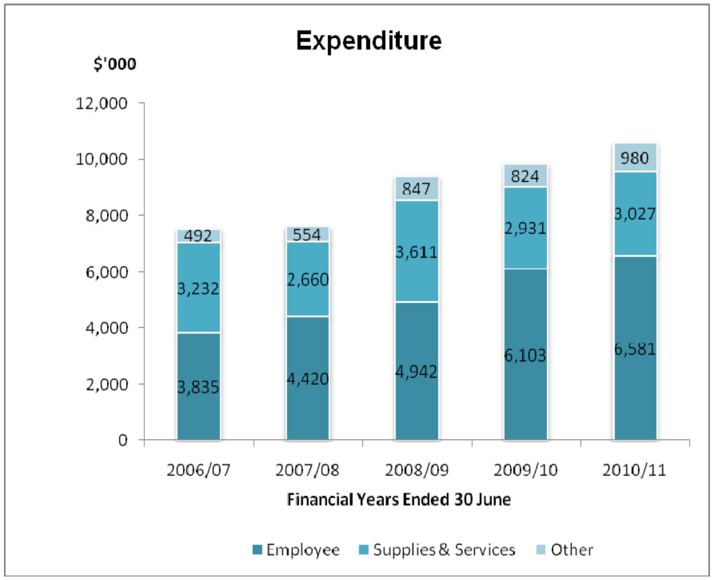


Chart 1 - Breakdown of levels of expenditure over the last five years of the ERA's operations

The chart to the right shows expenditure has increased over the last three years with a 23% increase in 2008/09, a 5% increase in 2009/10 and a 7% increase in 2010/11. The last major review of resourcing and operating expenditure occurred in 2007/08 which resulted in the 23% increase in expenditure in 2008/09.

Over the last two years a further review of our expenditure needs has occurred and Government has now provided the ERA with a viable expenditure limit moving into the future. Further information on the request to Government for an increase in our expenditure limit can be found at the end of this section.

The increased expenditure limit for 2010/11 and the out years will allow for the regulatory activities in our forward work program to occur. On an annual basis, regulated entities may request us to undertake work that we haven't anticipated or work that we anticipate in the forward work program may not occur. Regulated entities also have the ability to access arbitration or review processes in relation to the Authority's decisions.

The ERA's budget does not include contingencies for activities not in the forward work plan, which means that when additional activities occur or planned activities do not occur, they influence the actual level of expenditure on an annual basis.

Due to the cyclical nature of regulatory activity, 2009/10 and 2010/11 were years of peak workload for the ERA with four major access arrangements being reviewed during the two year period.

During the year the ERA requested an increase in employee numbers by two to 54.8 which was approved for 2010/11 and 2011/12. As a number of positions were vacant during the year, employee expenditure increased by only 8% in 2010/11.

The increase in employees is a deliberate strategy to carry out more work in-house and reduce expenditure on consultants. There has been a 47% decrease in expenditure on consultants between 2008/09 and 2010/11. The level of activity that occurred during 2009/10 and 2010/11 would have typically increased the cost of consultants. However, expenditure on supplies and services, which includes the cost of consultants, was 29% of total expenditure, which is comparable to the previous year.

There was a 23% increase in accommodation costs in 2010/11 as the ERA required additional accommodation for the increase in staff and for seconded staff working on the Inquiry into the Office of Shared Services

The income chart to the right shows that there was a 62% decrease in income from Government in 2010/11. This was to be offset by an increase in income from industry but due to a delay in the drafting of regulations the increase in industry funding did not occur. A request to reinstate the appropriation was approved by Cabinet in March 2011. The reinstated appropriation will be received by the ERA in 2011/12. Background on the proposed increased funding from regulated industries is provided below.

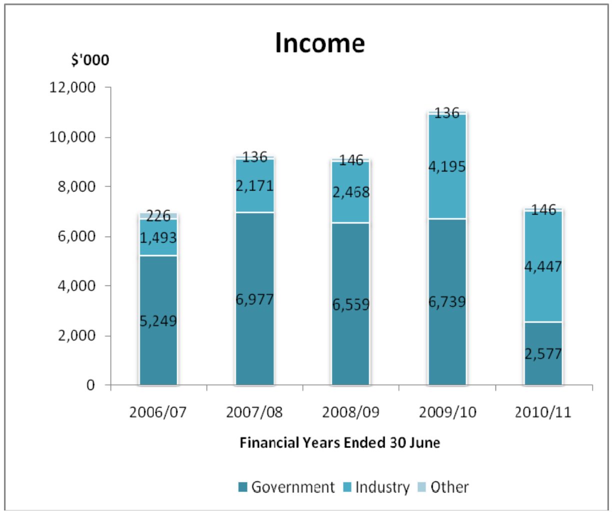


Chart 2 - Breakdown of sources of income over the last five years of the ERA's operations

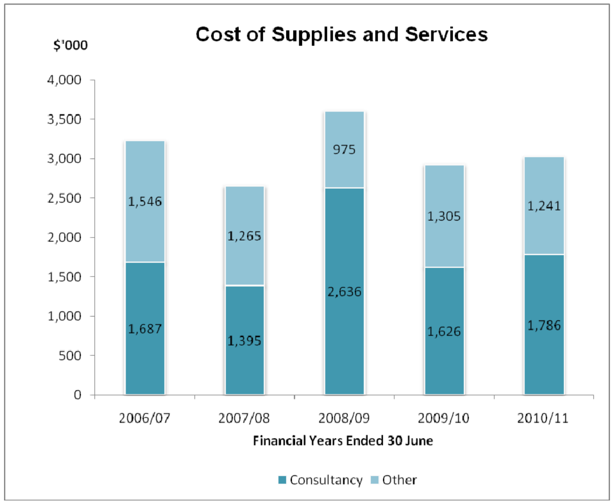


Chart 3 - Breakdown of costs and services over the last five years of the ERA's operations

Issues impacting on the ERA's financial position for 2010/11

2010/11 was an unconventional financial year for the ERA, with a number of issues impacting on the ERA's finances.

Increased funding from regulated industries

During 2009/10, the then Department of Treasury and Finance (DTF) requested Government to approve the drafting and repeal of regulations to increase the level of industry funding received by the ERA. This request, approved in February 2010, resulted in funding from Government being reduced for 2010/11 and the out years by the anticipated increase in income from industry.

As part of the 2010/11 mid-year review of budget estimates, the ERA submitted a request for Government funding to be reinstated for 2010/11 and 2011/12. The complexity of introducing cost recovery across the gas, electricity and water sectors had delayed the drafting and repeal of regulations resulting in the anticipated increase of income from industry being delayed. Approval of this request occurred in March 2011 with consolidated funding for both 2010/11 and 2011/12 to occur in 2011/12. The effect of this activity on income is reflected in the following table:

	2010/11 $'000	2011/12 $'000	2012/13 $'000	2013/14 $'000
Harvest of Consolidated Funding anticipating Regulations for increased industry funding	(4,011)	(4,089)	(4,752)	(4,893)
Reinstatement of Consolidated Funding for 2010/11 and 2011/12	8,100			

Review of Expenditure Limit

During 2009/10 the ERA requested an increase in the expenditure limit for that year of $1.5M which would be funded internally. The need for an increase in expenditure was predominantly related to increasing the number of FTEs from 45.4 to 52.0 which was part of a deliberate strategy to bring work in-house and reduce expenditure on consultants.

This request was approved, which increased the expenditure limit to $11.1 million in 2009/10. We did not address 2010/11 and the out years in that request as the timing of implementing increased industry funding would affect how any increase in expenditure would be funded.

In January 2011, as part of the 2010/11 budget estimates mid-year review, the ERA put in a request for an increased expenditure limit for 2010/11 and the out years. This increase was to be partly funded by existing industry funding and an increase in consolidated funding. The following table shows the requested increase in expenditure limit and the proposed funding source.

	2010/11 $'000	2011/12 $'000	2012/13 $'000	2013/14 $'000
Requested increase in expenditure limit	2,138	2,521	1,402	1,924
Income Source				
Existing Industry Funding	862	3	82	581
Government Funding	1,276	2,518	1,320	1,343

In March 2011, this request was approved but only for 2010/11 and 2011/12. The decision to only approve the increase for two years was again based on the timing of implementing increased industry funding. The approval to increase consolidated funding allowed for the funding for both years of $3,794,000 to occur in 2011/12. The effect of this activity on income is reflected in the following table.

	2010/11 $'000	2011/12 $'000	2012/13 $'000	2013/14 $'000
Requested increase in consolidated funding	1,276	2,518	1,320	1,343
Approved Consolidated Funding for 2010/11 and 2011/12		3,794		

The effect of increasing the expenditure limit in 2010/11 to $11.7 million with the reinstatement of funding and additional appropriation not occurring until 2011/12, created a negative cash balance of $1.3 million. While we anticipated needing to spend $11.7 million in January 2010, due to certain regulatory activities in our annual work program not occurring and not all positions being occupied, at the time of the preparation of the 2011/12 budget estimates paper we reduced the anticipated expenditure for 2010/11 level by $1.3 million to $10.4 million.

Operational structure

Our role

The Economic Regulation Authority is the independent economic regulator for Western Australia. Our work aims to enhance a competitive, efficient and fair commercial environment in the gas, electricity, water and rail industries for the long term benefit of Western Australians.

We also make recommendations to government on important economic issues impacting the State through the inquiries we conduct.

We are independent of industry, government or other interests and we are not subject to government direction in our regulatory or inquiry functions. We are committed to consultation with all stakeholders and to making transparent decisions.

In making decisions and issuing reports, we strive to promote fair prices, quality services and choice.

Our responsible minister

The ERA is independent of direction or control by the State, or a minister or officer of the State, in performing its functions.

The relevant minister may give written directions to the ERA on financial and administration matters (under sections 28(2) and 28(3) of the *Economic Regulation Authority Act 2003*).

In this context, the relevant minister(s) during the reporting year were the Honourable Christian Porter, MLA Treasurer; Attorney General, and the Hon Colin Barnett MEc, MLA, Premier; Minister for State Development (acting Treasurer until 14 December 2010).

The ERA also has legislative reporting responsibilities to the following Ministers.

- The Minster for Energy on matters related to the wholesale electricity market and electricity and gas licensing
- The Treasurer on economic inquiries
- The Minister for Transport for matters in relation to railways
- The Minister for Water in relation to the licensing scheme and on compliance of licensees with their licence requirements.

Enabling legislation

The ERA was established on 1 January 2004 as a body corporate with perpetual succession under section 4 of the *Economic Regulation Authority Act 2003*.

Subsidiary legislation consists of the *Economic Regulation Authority (Gas Pipelines Access Funding) Regulations 2003*.

Administered legislation

The ERA performs its functions under the *Economic Regulation Authority Act 2003* and other Acts of Parliament, Regulations and subsidiary legislation relevant to its regulatory role. These are listed in Appendix 1.

Other impacting legislation

The ERA also performs its functions in compliance with other legislation. These are listed in Appendix 2.

Our people

The Economic Regulation Authority comprises a Governing Body and a Secretariat. The Governing Body determines the policies, controls the affairs and otherwise performs the functions of the ERA.

The Governing Body is assisted by a Secretariat, which consists of a Chief Employee and public service officers appointed or made available under Part 3 of the *Public Sector Management Act 1994*.

The Secretariat is the initial point of contact in day-to-day dealings. While the Secretariat may provide assistance, it is the Governing Body that has the ultimate responsibility for the ERA's regulatory and inquiry functions.

As at 30 June 2011, the ERA Secretariat was comprised of 54.2 employees working either full or part-time across the four operational and two business support divisions (refer to organisational chart on page 17).

During the year, the ERA commenced a significant organisational restructure. The restructure is expected to be fully implemented during 2011. The key changes are detailed on page 18.

At 30 June 2011, the majority of the 57 ERA staff were permanent, with 13 working on contract. Additional temporary contract staff were employed during the year to provide short-term support and expertise during periods of staff leave and peak workload.

Governing Body

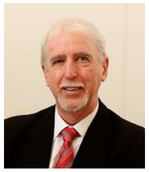
The ERA is overseen by a Governing Body that comprises a full-time Chairman and two part-time Members. The Chairman is Mr Lyndon Rowe and the part-time Members are Mr Steve Edwell and Dr Stephen King.

Face-to-face meetings of the Governing Body usually take place every month. In addition, the Governing Body conducts weekly teleconference meetings. Extra-ordinary meetings may be organised as required.

A total of 49 Governing Body meetings were held during the reporting year, at which 222 submissions were reviewed and discussed.

The Governing Body also considers matters out-of-session as resolutions without meeting. Matters are raised out of session in the form of submissions circulated via email. In 2010/11 the Governing Body considered 73 submissions requesting resolutions without meeting.

Mr Lyndon Rowe, Chairman



Lyndon Rowe has a strong interest in labour economics, microeconomics, education and training and has published a number of papers dealing with Australia's industrial relations system. He received the 1999 Austin Holmes Award from the Economic Society of Australia (WA), and was awarded the Centenary Medal for service to Australian society and to commerce and industry in 2003.

In addition to his role at the ERA, Lyndon is also a member of the University of Western Australia senate and a Director of Perth Airport. Immediately prior to his appointment as Chairman of the ERA, he was Chief Executive of the Chamber of Commerce and Industry of Western Australia, a position he had held from 1990.

Mr Steve Edwell, Member

Steve Edwell is an economist specialising in the reform and regulation of utility services and major project implementation.

From 2005-2010 Steve was the inaugural full time Chair of the Australian Energy Regulator and an Associate Commissioner of the Australian Competition and Consumer Commission. Steve was also a member of the Commission's Regulation and Price Monitoring Committee.

Prior to that appointment, Steve undertook assignments for various State Governments leading the implementation of reform in energy and water. These projects included restructure of the Queensland electricity sector culminating in that State joining the National Electricity Market; implementation of COAG water reform to the Queensland water sector; and a restructure of State owned electricity businesses in Western Australia and the establishment of a wholesale electricity market in that State.

Steve has been a Member of the ERA since January 2005. He is currently providing commercial advice to clients on infrastructure issues, including to the Western Australian Department of State Development in respect of major port developments.

Dr Stephen King, Member

Stephen King brings a wealth of experience and knowledge to the ERA, particularly in the areas of trade practices economics, applied microeconomic theory, regulation and industrial organisation. Stephen has extensive experience as an educator and as a consultant for various private companies and government bodies and is Dean of the Faculty of Business and Economics at Monash University.

His research in industrial economics has been widely published in major international economics journals such as the Journal of Political Economy and the Journal of Industrial Economics. His research includes papers on telecommunications, electricity markets and regulatory reform. He was a Member of the Australian Competition and Consumer Commission (ACCC) from 2004-2009.

Stephen commenced his three year term as ERA Governing Body Member on 29 December 2010 to replace retired Member Mr Peter Panegyres AM.

Secretariat

The Secretariat provides support to the Governing Body and is headed by the Chief Executive Officer (CEO).

Mr Greg Watkinson, Chief Executive Officer

Previous to his appointment as CEO in February 2010, Greg Watkinson headed the ERA's References and Research division, which is responsible for undertaking independent inquiries for the Western Australian Government.

Greg has worked as an economist in the public sector since completing a Masters degree in economics in 1991. His prior employment was with the Western Australian Department of Treasury and Finance, where he provided advice on microeconomic policy. Greg has also worked as an economist in the areas of macroeconomics, education and social policy.

Corporate Executive

The Corporate Executive is our senior management team that meets at least once a month to discuss the internal and external priorities for the Secretariat. The role of the Corporate Executive is to be the decision making body on matters that relate to improving the effectiveness of the Secretariat, and in particular achieving the key performance indicators that have been agreed between the CEO and Chairman.

Mr Robert Pullella, Executive Director Access

Robert Pullella has been employed in access regulation in Western Australia since 1999 when he joined the Office of Gas Access Regulation. Robert was appointed as Executive Director Industry Access for the ERA in 2004. He subsequently became head of the Competition, Markets and Electricity division in February 2006 and has assumed the role of Executive Director Access in 2010.

Robert was part of the executive management team that contributed to the strategic direction, planning and development of the ERA.

Mr Paul Kelly, Executive Director Licensing, Monitoring and Customer Protection

Paul Kelly has over 27 years experience at Senior and Senior Executive levels in the Public Sector. His previous employment includes an appointment as Executive Director of the Office of Water Regulation in Western Australia, responsible for establishing a State wide licensing regime for water service providers and reporting to Government on the operations and performance of the water industry.

Paul is also Chairman of the Electricity Code Consultative Committee, a statutory position under the *Electricity Industry Act 2004*.

Prior to his current role, Paul was the Director Water Division of the ERA, responsible for all regulatory matters relating to the water industry.

Mr Bruce Layman, Director References and Research

Bruce Layman has worked as an economist in the Commonwealth and State public sectors since 1992, including roles in Commonwealth tax policy, agricultural economics, macroeconomic forecasting and economic modelling to support policy and project evaluation.

Prior to commencing as Director of References and Research in March 2010, Bruce was Assistant Director, Forecasting and Quantitative Services Division, of the Western Australian Department of Treasury and Finance.

In this role he was responsible for evaluating proposals for infrastructure provision (including submissions to Infrastructure Australia) and industry assistance, as well as a major review of the Department's macroeconomic forecasting model.

Since starting at the ERA, Bruce has overseen inquiries into the *Chicken Meat Industry Act 1977*, Water Resource Management and Planning Charges, the Funding Arrangements for Horizon Power, and the Benefits and Costs Associated with the Provision of Shared Corporate Services in the Western Australian public sector.

Ms Pam Herbener, Manager Finance and Administration

Pam Herbener has been employed in access regulation since joining the Western Australian Office of Gas Access Regulation in 1998.

Prior to her current role, Pam had 20 years previous management experience working in the not for profit sector in Western Australia and in Commonwealth and local government.

Mr David Lee-Steere, Manager Planning and Executive Support

David Lee-Steere joined the ERA in May 2011 as the Manager of the Planning and Executive Support Division.

David has over 15 years of experience working in both private and public sector organisations in a variety of positions involving management, strategy, marketing, communications, business development and relationship management.

Prior to joining the ERA he held the position of Associate Director Marketing Services at Curtin University.

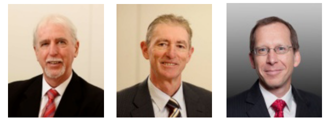
Assistant Director's Group

The Assistant Directors Group was established in June 2011. The group is a standing sub-committee of the Corporate Executive and is comprised of Assistant Directors, the Manager of Corporate Strategy and Performance, and the Senior Finance Officer.

The committee meets on a six weekly basis and provides regular reports/recommendations to the CEO on its activities with the aim of promoting an organisational culture that is consistent with our values and vision. The group provides advice and recommendations on:

- management policies, procedures and processes to improve the ERA's operational/administrative efficiency and effectiveness;
- staff development processes and policies; and
- other matters that the group considers may impact on the health of the organisational culture.

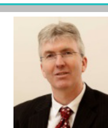
Organisational chart



GOVERNING BODY
Full-time Chairman, Part-time Member x 2

SECRETARIAT

Chief Executive Officer



PLANNING & EXECUTIVE SUPPORT

- Manager
- Planning & Executive Support Officer x 2
- Executive Assistant

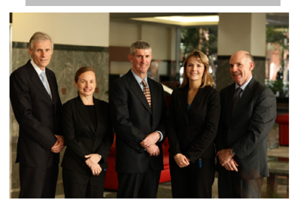
ACCESS

- Executive Director
- Assistant Director x 4
- Manager Projects x 4
- Senior Project Officer x 3
- Analyst x 2
- Administrative Assistant

MARKETS

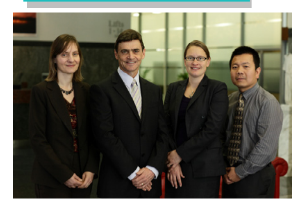
- Assistant Director
- Manager Projects
- Principal Analyst
- Senior Analyst
- Analyst

LICENSING MONITORING & CUSTOMER PROTECTION



- Executive Director
- Assistant Director x 3
- Senior Project Officer
- Analyst x 2
- Project Officer
- Business Support Officer

REFERENCES & RESEARCH



- Director
- Principal Analyst
- Assistant Director x 2
- Manager Projects x 1.8
- Assistant Analyst

FINANCE & ADMINISTRATION

- Manager
- Senior Finance Officer
- Senior HR Consultant
- Information Systems Coordinator
- Website Coordinator
- Records Coordinator
- Records Officer
- Accounts Payable x 0.8
- Administrative Assistant x 2.8
- HR Officer
- Corporate Support Officer

Chart 4 - Organisational chart of the ERA

Note: not all team members are present in the above photos

Our responsibilities

The ERA is currently undergoing a significant organisational restructure that commenced during 2010 and is expected to be fully implemented during 2011. The objectives of the restructure are to enable:

- greater flexibility to create project teams that can better deal with work demand pressures
- a more even spread of workload across the Secretariat
- greater communication across the Secretariat
- an increase in corporate knowledge, with less reliance on consultants.

The key proposed changes to the operational divisions include:

- The merger of the Markets and References and Research Divisions to form an 'Economics Division', headed by an Executive Director and with the support of a new Chief Economist. The Chief Economist would provide expert economic advice to the Executive Director Economics on matters relating to the wholesale electricity market, economic inquiries and research
- The creation and appointment of a new Chief Analyst position who would provide support to the Executive Director Access.

In addition to the changes to the operational divisions, there will also be a change to the two internal business support divisions to align with a slight change in their business focus.

The Finance and Administration division will be called Corporate Services, and will focus on organisational compliance. This division comprises the Finance, Human Resources, and Information Technology teams.

The Planning and Executive Support division will be called Corporate Strategy and Performance and will focus on organisational performance. This division is responsible for developing strategy, monitoring performance, risk management, communications and executive support.

As at 30 June 2011, the ERA's Secretariat comprised of four operational and two business support divisions. The operational division are: the Access Division, the Markets Division, the References and Research division and the Licensing, Monitoring and Customer Protection Division. The two business support divisions are the Planning and Executive Support Division and the Finance and Administration Division.

The responsibilities of the divisions are detailed below.

Operational Divisions

Access

- Approve the terms and conditions (including the prices) that owners of electricity networks and gas pipelines are obliged to offer companies wanting to use the infrastructure to transport electricity or gas.

- Approve the terms and conditions, and costing information that owners of railways are obliged to offer companies wanting to use trains on particular railways.

- Approve and monitor arrangements that enable customers to choose their gas retailer.

References and Research

- Conduct inquiries and provide reports to the State Government on economic issues.

Markets

- Monitor the Wholesale Electricity Market, where electricity generators and retailers can buy and sell electricity, to ensure that companies are not manipulating prices and provide an annual report to the Minister for Energy on the state of the market.

Licensing, Monitoring and Customer Protection

- Issue licences to providers of gas, electricity and water services (e.g. Alinta, Synergy and the Water Corporation), monitor compliance with the conditions of these licences and take enforcement action when required.

- Approve the contracts and service standards that protect residential and small business electricity, gas and water customers.

Business Support Divisions

Planning and Executive Support

- Provide strategic, business planning, corporate communication services and executive support to the Governing Body and the Corporate Executive.

Finance and Administration

- Undertake statutory management responsibilities in relation to human resource management, financial management and information management.

- Provide administration and information technology support to the Secretariat

Our culture

Promoting a shared culture

During the year we supported a number of charities and participated in several fundraising events. For the 2011 calendar year, our nominated weekly free dress Friday charity is Beyond Blue, the national, not-for-profit organisation working to raise community awareness and address issues associated with depression and anxiety, and related substance misuse disorders and illnesses. As at 30 June 2011 the amount raised through our free dress Friday was $423.

Throughout the 2010 calendar year, almost $1,200 was raised for Cystic Fibrosis WA. Additional personal donations were made by from staff directly to CFWA. Money raised will assist with further research and provide support services for people living with Cystic Fibrosis.

As a result of our baking efforts, we raised close to $635 by holding charity morning teas. Proceeds were donated to the QLD Flood Appeal, Assistance Dogs Australia, the RSPCA, and Special Kidz Special Needz. We also took part in the Salvation Army's 2010 Christmas Appeal.

Participation in social activities such as corporate challenge games and monthly staff lunches is voluntary and open to all staff. We were very active during the year and participated in a number of team competitions in the Bank of Queensland (BOQ) Corporate Challenge, including volleyball, touch rugby, croquet, shuffleboard and ten pin bowling.

Since February 2010 we have been holding quarterly staff surveys. Individual survey responses are kept confidential, but the overall scores and general findings are discussed at our monthly staff meetings. In each survey, staff were asked to rate (on a scale of 1-10 with 10 being the highest) whether "work at the ERA is enjoyable". The average response for the year was 67% giving a rating of 6 or above.

As a result of the surveys conducted during 2010/11, as well as feedback received through other channels, some of the initiatives that have been implemented or are currently in progress to improve workplace communication and efficiency include:

- Assistant Directors are now responsible for performance assessment and development of their staff. Directors were previously responsible for this.
- Divisional meetings are conducted within one week of the Corporate Executive meeting.
- The CEO has started a blog.
- An internal project management audit has been initiated.
- A training and development program has been formulated.

- Divisional information sessions are being conducted.
- A newsfeed service is now available on the intranet.

Work/life balance

Following the establishment of a work/life balance committee in February 2010, the ERA continues to focus on improving the quality of life of all ERA staff through the maintenance of a healthy work life balance. The committee is currently in the process of being reinvigorated following a period of inactivity caused by insufficient resources. The committee is now a standing sub-committee of the Corporate Executive and will provide regular updates and recommendations regarding work-life initiatives. The primary activities of the committee are to:

- act as a forum for the identification and discussion of all matters impacting work life balance;
- provide a 'voice of the staff' to Corporate Executive; and
- contribute to the maintenance of the Issues and Improvements Register, the work/life balance surveys, and the work/life balance intranet page.

The work life balance within the ERA is generally rated positively. However, a number of initiatives are either completed, in-progress or planned to increases this rating, including:

- Review and update of the wellness program.
- Regular communication of work-life policies to staff.
- Review management and business processes to ensure staff are not subjected to unnecessary high levels of stress in their work life.

Professional development

Staff are encouraged to participate in training to further develop and acquire new skills and keep abreast of relevant issues in the regulated industries. In 2010/11, staff attended training courses, conferences and workshops that varied in subject matter. A total of $91,964 (excluding GST) was spent on training and professional development over the financial year.

Training ranged from courses aimed at advancing computer skills, at improving customer service, at developing best practice project management skills and at progressing knowledge of our economic regulatory functions.

To further develop technical knowledge and to keep staff informed of current issues relevant to our regulatory functions, courses on the following topics were attended:

- Integrated Risk & Compliance Management
- Advanced Audit & Assurance (CPA)
- Australian Institute of Company Directors – Company Directors Course
- 2010 Energy in WA Conference in Perth
- Productivity Commission Water Modelling Workshop

- Society of Consumer Affairs Professionals Annual Symposium
- Consumers 2011 – hosted by Federal Treasury

To ensure that staff members are aware of and effectively fulfil the organisation's compliance requirements a training and development program has been implemented within the ERA. The training program covers staff development and compliance training. The following compliance training sessions have been incorporated into the program and were conducted for all staff:

- TRIM (Total Records Information Management) document management
- Accountable and ethical decision making
- Cultural awareness
- Administrative legal matters
- Occupational safety and health

Staff are also encouraged to attend and present at relevant conferences, workshops, seminars and meetings. Copies of presentations are available on our website.

During the year, the ERA was represented at the following events:

- WACOSS Seminar – Utility Pricing & Consumer Issues
- Financial Counsellors Association WA – Financial Counselling Seminar – Financial Hardship and the role of the ERA
- National Drinking Water Steering Committee meeting - pricing of recycled water and developer charges
- Western Australian Local Government Association meeting - findings of the ERA's inquiry into water resource management and planning charges

Awards

Our 2009/10 annual report received the gold award at the 2011 W.S. Lonnie Awards for the General Government Sector category 1 (under 100 full-time equivalent employees).

Performance Management Framework

Although the Economic Regulation Authority is independent of Government in its regulatory and inquiry functions, our agency goals closely align with those of Government.

The table below illustrates the relationship between the relevant Government goals to which the Authority contributes and the Authority's agency-level desired outcomes and the services we provide which achieve these related goals.

Government Goal	Desired Agency Level Outcome	Agency Services
Outcomes based service delivery: greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	The efficient, safe and equitable provision of utility services in Western Australia.	Submissions to the Economic Regulation Authority's Governing Body.

Performance

Key performance indicators

For the reasons set out in the Disclosures and compliance section of this report, the Economic Regulation Authority is only required to report on the administrative performance of its Secretariat regarding the quantity, quality, timeliness and cost of submissions prepared for the Governing Body. These submissions help the Governing Body carry out its functions, including reaching decisions on regulatory matters.

Key effectiveness indicators

The Economic Regulation Authority's key effectiveness indicators are:

- Quantity: the number of submissions made to the Economic Regulation Authority's Governing Body.
- Quality: the Governing Body's monthly ratings on the content, accuracy and presentation of submissions.
- Timeliness: the number (percentage) of submissions provided by the required deadline; and the Governing Body's monthly ratings on the perceived timeliness of the submissions.

Key efficiency indicators

The Economic Regulation Authority's key efficiency indicator is the average cost per submission. The cost is calculated to include the costs of all staff and other resources involved in preparing submissions to the Governing Body.

Comparison between indicators, actual results and budget targets

Indicator	2010/11 target	2010/11 actual	2009/10 actual	2008/09 actual	2007/08 actual	2006/07 actual
Number of submissions made to the ERA's Governing Body	290	296	328	291	248	198
Governing Body rating on the content, accuracy and presentation of submissions	4.0	4.1	3.8	4.0	4.2	4.2
Number (percentage) of submissions provided by the required deadline	85%	90%	87%	81%	92%	76.5%
Governing Body rating on the perceived timeliness of submissions	4.0	4.1	4.0	4.1	4.2	3.9
Average cost per submission	$33,155	$35,770	$30,055	$32,304	$30,782	$38,200

The total cost of the ERA's operations for the 12 months under review was $10.588 million, compared to an expenditure limit of $10.417 million. There were 296 submissions compared to the target of 290. The average cost per submission was $35,770 against the target $33,155. The original target of 290 submissions at a cost of $33,155 was based on an expenditure limit of $9.615 million. The increase in the cost per submission was due to the approval of an increased expenditure limit during the 2010/11.

Report on performance

The following information outlines the key outputs of the Economic Regulation Authority for 2010/11. Performance is categorised based on the nature of the project activity and process undertaken to complete the work.

Decisions

Third party access to regulated monopoly infrastructure

The ERA is responsible for reviewing access arrangement proposals and making decisions to ensure the terms, conditions and charges that a service provider sets are reasonable and that users have fair access to services.

An access arrangement sets out the prices, terms and conditions which apply to third parties seeking the use of regulated electricity networks and gas infrastructure. Companies may be able to negotiate with each other, but if they can't, the access arrangement makes sure that the companies seeking access can do so on reasonable terms.

For railway infrastructure, we review and make decisions on a railway owner's regulatory instruments, the components of which together may be used to negotiate an access arrangement.

During this reporting year, we have finalised two gas infrastructure access arrangement reviews and are continuing to progress another. We have also reviewed and approved regulatory instruments for one railway owner.

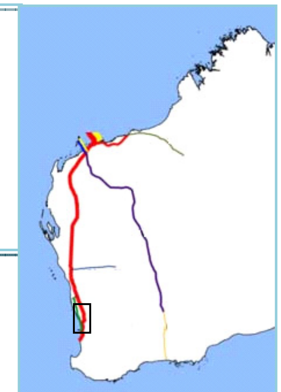
The decisions on access arrangements and regulatory instruments for the following regulated infrastructure within Western Australia are detailed below.

Gas Access

The ERA regulates four gas pipeline systems in Western Australia.

The Dampier to Bunbury Natural Gas Pipeline

- Australia's longest natural gas transmission pipeline
- Runs underground for its entire length (almost 1600 km)
- Transports gas from the Carnarvon Basin off the Pilbara coast in the North of the State to homes and businesses in the south-west by feeding into the WA Gas Distribution System
- Transports around 850 terajoules of gas per day
- Owned by Dampier Bunbury Pipeline



The Goldfields Gas Pipeline

- WA's second longest pipeline (over 1380 km)
- Delivers natural gas from the offshore gas fields in the north-west of WA to the mineral resource regions of the north-east Pilbara and the Goldfields
- Services mines between Yarraloola in the Pilbara and Kambalda along with the township of Kalgoorlie
- Also transports gas to the Kalgoorlie to Esperance pipeline to service customers in Esperance
- Owned by Goldfields Gas Transmission and ultimately the APA Group

Kalgoorlie to Kambalda Pipeline

- A lateral pipeline connected to the southern end of the Goldfields Gas Pipeline
- Supplies gas from Kalgoorlie, 44 kilometres south to Kambalda servicing mines and power stations
- Capacity in excess of 20TJ per day
- Owned by Southern Cross Pipelines Australia Pty Ltd

Mid-West and South-West Gas Distribution System

- Largest reticulated gas infrastructure in Western Australia
- Has combined networks which constitute approximately 12,000 km of gas mains and associated infrastructure
- Spans the mid-west and south-west of Western Australia to serve Geraldton, Kalgoorlie, Albany, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction, Capel and the Perth Greater Metropolitan Area including Mandurah
- Owned by ATCO Australia (formerly WA Gas Networks)

Goldfields Gas Pipeline

Goldfields Gas Transmission Pty Ltd (GGT) provides gas transportation services to third party users via the Goldfields Gas Pipeline. The access arrangement review process was initiated in March 2009 when the ERA received GGT's proposed revised access arrangement, which sets out the terms and conditions under which GGT will provide third party users access to the pipeline.

The access arrangement review process for this pipeline was finalised during this reporting year with the release of the ERA's further final decision in August 2011. The review process spanned almost 29 months and involved two rounds of public consultation with a total of 19 public submissions received.

The ERA's further final decision was to not approve GGT's further proposed revisions submitted in response to the ERA's final decision. The decision to not approve the proposed revisions was because GGT did not incorporate or satisfactorily address all of the amendments that were specified in the ERA's final decision, which required that 21 amendments be made to the proposed revisions, including a reduction in GGT's reference tariff (transportation tariff) by around 10% compared to the then current tariffs.

GGT and BHP Billiton appealed the ERA's further final decision with the Western Australian Electricity Review Board on 19 August 2010. The appeal is ongoing. As GGT lodged its initial access arrangement revision proposal prior to the commencement of the *National Gas Access (Western Australia) Act 2009*, the implication is that the *Gas Pipeline Access (Western Australia) Act 1998* and the *National Third Party Access Code for Natural Gas Pipeline Systems* continue to be applicable for the finalisation of the revision processes, as provided for under the *National Gas Access (Western Australia) Act 2009*.

What is the significance of the Goldfields Gas Pipeline access arrangement decision?

Any customer of GGT whose tariff is linked to the reference tariff will be affected by the ERA's decision. GGT's proposal includes a significant increase in reference tariffs, which the ERA did not accept in its draft, final or further final decision. Gas transportation regulated tariffs to customers on the Goldfields Gas Pipeline will drop by around 10 per cent as a result of the ERA's review of the access arrangement.

The retail tariffs, which householders and small businesses pay for gas, are set by the Government.

Dampier to Bunbury Natural Gas Pipeline

During the reporting year, the ERA continued to progress its review of the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (DBNGP), which sets the default terms and conditions, including the tariffs that parties pay to access and transport gas via the pipeline.

The owner and operator of the pipeline, DBNGP (WA) Transmission Pty Ltd (DBP) submitted proposed revisions to the access arrangement for the pipeline in April 2010. DBP proposed several revisions, including changes to the reference tariffs that represent the cost to pipeline users for transporting gas through the pipeline. Further proposed revisions included changes to the requirements for queuing, capacity trading and the extension and expansion of the pipeline.

The ERA released its draft decision on 14 March 2011, requiring DBP to make 109 amendments to its proposed access arrangement before the ERA would approve a revised access arrangement.

DBP submitted its revised proposal as required in response to the ERA's draft decision on 18 April 2011. However, DBP did not provide any supporting submissions until the end of the public consultation period on 20 May 2011. DBP claimed confidentiality over much of its supporting material.

Following concerns raised by a number of parties in relation to the timing and limited availability of supporting material, the ERA commenced a disclosure process for DBP's confidential supporting submissions and extended the public consultation period until 20 July 2011 to allow third parties additional time to assess and comment on DBP's revised proposal.

The disclosure process led to the majority of DBP's confidential supporting submissions being published in a redacted form on 23 June 2011. The ERA's final decision is expected to be published in October 2011.

What is the significance of the Dampier to Bunbury Natural Gas Pipeline access arrangement review?

Gas is used to generate about 60% of the State's electricity. The DBNGP provides about 95% of the gas to the south west of the State and is the major transmission pipeline supplying gas into the gas distribution systems that extend from Geraldton to Busselton (the Mid-West and South-West Gas Distribution Systems).

Mid-West and South-West Gas Distribution Systems

The Mid-West and South-West Gas Distribution Systems (GDS) make up most of the reticulated natural gas infrastructure in Western Australia. These pipelines distribute gas sourced from the Dampier to Bunbury Natural Gas Pipeline and the Parmelia Pipeline (which runs from Dongara in the mid-west of the state) to industrial, commercial, small business and residential customers in the mid and south western coastal areas of Western Australia. The distribution systems stretch from Perth to Geraldton in the north and to Busselton in the south.

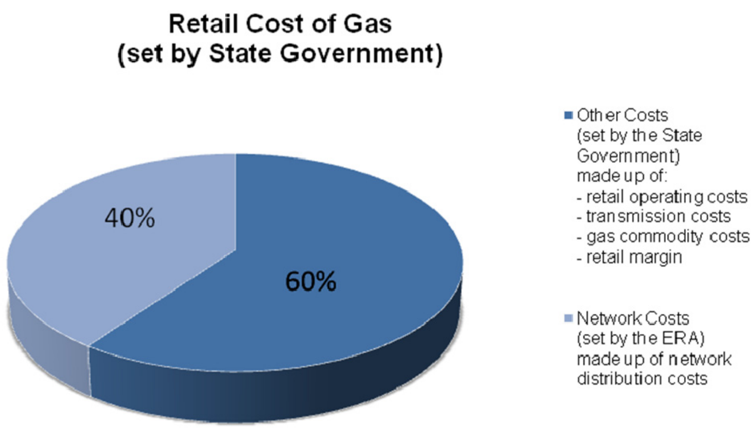
WA Gas Networks (WAGN), the operator and majority owner of this gas distribution system, lodged proposed revisions to the access arrangement for this system on 29 January 2010.

The ERA's draft decision, released on 17 August 2010, did not approve WAGN's proposed revised access arrangement and set out 74 required amendments. Key aspects of the draft decision included: total revenue, rate of return, gas usage, unaccounted for gas, network costs, the appropriate consumer price index and reference tariffs.

The ERA released its final decision on 28 February 2011, which did not approve the further revisions submitted to ERA in response to the draft decision. Further to its final decision, the ERA published its own access arrangement for the GDS on 28 April 2011 as required in the event that a service provider fails to lodge a conforming access arrangement in response to the regulator's final decision. In drafting and approving its own access arrangement, the ERA modified the proposed revised access arrangement submitted by WAGN to implement the amendments required in the final decision.

On 21 March 2011, WAGN made an application to the Australian Competition Tribunal (ACT) for leave to have the ERA's final decision reviewed. On 19 May 2011, Alinta Sales Pty Ltd also filed an application to the ACT for review of the ERA's decision. The appeals are ongoing.

In July 2011, WA Gas Networks was acquired by ATCO Gas Australia, a Canadian utilities asset owner that is a part of the ATCO Group of Companies.



What is the significance of the Mid-West and South-West Gas Distribution Systems access arrangement decision?

- Retail gas tariffs are made up of transmission and distribution (transport) tariffs, the cost of gas, and a retail margin. Retail tariffs are set by the Government.
- The tariffs approved by the ERA are the distribution tariffs for the Mid-West and South-West Gas Distribution System that services the heavily populated areas of the State. Distribution tariffs make up a significant component (approximately 40%) of the cost of supply to most retail customers.
- Changes in distribution tariffs may lead, over time, to corresponding changes in retail gas prices, as the Government considers these changes in distribution tariffs when determining maximum retail tariffs that are paid by households and small business.
- Although the ERA's final decision allowed for an increase in tariff revenue, it significantly reduced the impact of distribution tariff charges for all customers compared to the gas tariffs proposed by WA Gas Networks. Previous distribution tariffs had not changed since 2009 due to the commencement of the access arrangement revision process.

PERFORMANCE

Rail Access

The ERA oversees, monitors and enforces compliance of regulated railway owners in Western Australia with the *Railways (Access) Act 1998* and the *Railways (Access) Code 2000*. Under the Act and the Code, the ERA is required to approve the costing principles and rules that underpin third party access charges that should apply to routes where rail access is likely to be sought.

The ERA is also required to approve/determine the "ring fencing" or segregation arrangements, which set out the controls and procedures for segregating a railway owner's access-related functions from its other functions. Segregation arrangements ensure that, where a company owns both the above and below-rail components (rolling stock and rail network respectively) of rail operations, third parties seeking access to the rail network alone are not unfairly disadvantaged.

The ERA is also responsible for approving the Part Five Instruments defined in the Code which determine the rules for the safe running of trains on a railway network, ensure that rail capacity is allocated fairly to all users, and establish a basis for the railway owner to set upper and lower cost bounds (known as floor and ceiling costs) for each route section. The Part Five Instruments are: the Train Path Policy, the Train Management Guidelines, the Costing Principles and the Over-payment Rules.

Determinations made by the ERA during the reporting year on regulatory instruments for regulated rail infrastructure within Western Australia are detailed below.

The Pilbara Infrastructure Railway

- Hauls iron ore deposits from FMG's Cloudbreak mine in the eastern Pilbara to Herb Elliot Port in Port Hedland
- Is the world's heaviest haul railway with each train journey on the Cloudbreak to Port Hedland rail line carrying a total net weight of 32,880 tonnes of iron ore
- Construction completed in nine months

WestNet Rail

- Controls over 5,100 km of rail freight infrastructure throughout the southern half of Western Australia – from Geraldton in the north, to Leonora and Kalgoorlie in the east, and south to Esperance, Albany and Bunbury
- Transports a wide range of commodities including grain, alumina, bauxite, iron ore and interstate freight

Perth Urban Passenger Rail System

- Is fully electrified and covers over 170 km of track with 70 stations on five lines
- The Transperth train network consists of the Joondalup Line, the Fremantle Line, the Midland Line, the Armadale/Thornlie Line and the Mandurah Line
- The network accommodated 5.6 million passenger boardings in 2009/10
- Owned and operated by the Public Transport Authority

WestNet Rail

WestNet Rail (WNR) has a long term lease over the State's south-west rail freight network. WNR submitted its proposed revised Over-payment Rules and Costing Principles for review on 1 October 2010.

Costing Principles establish a basis for the railway owner to determine upper and lower cost bounds for each route section for negotiations associated with access agreements made under the *Railways (Access) Code 2000*.

Over-payment Rules establish a basis for the railway owner to reimburse operators in the event that total revenue earned on a particular route section exceeds total costs attributable to that route section. Reimbursements mandated by the Over-payment

Rules accrue only to operators who are provided with access under the Code.

We published our final determination on WNR's proposed Costing Principles and Over-payment Rules on 9 March 2011 following a six week consultation period. The final determination was to approve the Costing Principles subject to two amendments and to approve the Over-payment Rules as proposed.

The Pilbara Infrastructure Railway

The Pilbara Infrastructure (TPI), a wholly-owned subsidiary of Fortescue Metals Group, is the owner of The Pilbara Infrastructure railway network. Fortescue Metals Group, on behalf of TPI, submitted its Floor and Ceiling Cost Proposal for review on 2 July 2010.

The floor and ceiling costs provide upper and lower limits that TPI is allowed to recover from users of its rail infrastructure.

Since the submission of its proposed Floor and Ceiling Costs, TPI has completed construction of a new spur line connecting the Cloudbreak to Port Hedland railway with Fortescue's mine at Christmas Creek.

As Floor and Ceiling Costs must be determined for the entire network, the Christmas Creek spur must be included as a route section to which the Costing Principles apply. This made the review of the proposal submitted by TPI in July 2010 redundant.

We released a notice on 13 April 2011 of our decision to suspend the review of TPI's proposed floor and ceiling costs submitted in July 2010 on the basis that the TPI network has been subsequently expanded and there is no basis on which to disaggregate the TPI network for the purposes of separating it into route sections likely to be subject to an access proposal.

On 7 June 2011, we published a report provided by PricewaterhouseCoopers on the review of TPI's floor and ceiling costs for the Cloudbreak to Port Hedland line by way of feedback to TPI and to interested parties who provided submissions on TPI's proposed costs.

At present, under the current arrangements, WNR is required to submit its revised floor and ceiling cost proposals, covering all route sections of its railway, including the new route section, by November 2011.

Electricity Access

Western Power Electricity Transmission and Distribution Networks

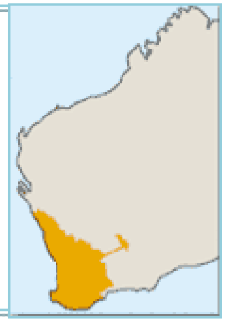
The ERA is responsible for regulating third party access to regulated or 'covered' electricity networks in Western Australia. Currently, Western Power's South West interconnected network is the only regulated network in Western Australia.

An access arrangement details the terms and conditions, including prices, that apply to third parties seeking the use of regulated electricity networks.

Under the Access Code, access arrangements continue in effect from their start date until the network ceases to be covered. A service provider is, however, required to periodically submit proposed revisions to its access arrangement in accordance with the revisions submission date.

Western Power's South West Interconnected Network

- Operates within the South West interconnected system (area shaded in yellow on map to the right)
- The SWIS extends from Kalbarri in the north, to Kalgoorlie in the east, and to Albany in the south.
- The network is accessed by electricity generators, retailers and consumers to transport electricity from one location to another.
- Distributes electricity to more than 900,000 residential and business customers.
- The network comprises some 95,000 kilometres of powerlines, 787,000 power poles and towers and 224,000 streetlights



The ERA approved Western Power's access arrangement for the first access arrangement period (2006/07 to 2008/09) in April 2007, which became effective on 1 July 2007. Proposed revisions to Western Power's access arrangement for the second access arrangement period (2009/10 to 2011/12) were submitted to the Authority on 1 October 2008. These proposed revisions were approved by the Authority in January 2010, with the revised access arrangement becoming effective on 1 March 2010.

The third review of Western Power's access arrangement is due to commence in October 2011 and will be covered in the ERA's 2011/2012 annual report.

During this reporting year, Western Power submitted proposals to the ERA for minor variations to its access arrangement as detailed below.

Access Arrangement Variations

The ERA received a proposal from Western Power in December 2010 to vary its applications and queuing policy. The applications and queuing policy forms part of the access arrangement approved by the ERA and sets out the process for applicants who are seeking a connection to Western Power's network.

Western Power advised that through the proposed variations they sought to address a range of issues that had been identified by applicants, other stakeholders and regulatory bodies.

Under the *Electricity Networks Access Code 2004*, Western Power may propose revisions to its access arrangement during an access arrangement period and submit the proposed variations to the ERA for consideration.

In considering revisions, the ERA is not obliged to undertake a complete review of the proposed revised access arrangement, but the ERA may vary Western Power's access arrangement by giving notice of approval. In making a decision on whether or not to approve the variation, the ERA must determine whether the advantages of varying the access arrangement outweigh the disadvantages, in particular the disadvantages associated with decreased regulatory certainty and increased regulatory cost and delay.

On 31 January 2011, we published an issues paper and sought public comment on Western Power's proposed variations to the applications and queuing policy for the second access arrangement period (2009/10 to 2011/12). Six public submissions were received over the four week public consultation period.

Following consideration of public submissions we released our final decision on 1 April 2011. The final decision was to not approve Western Power's proposal as we were not persuaded that the advantages of approving the proposal, in light of the serious concerns regarding the revisions raised by interested parties, outweigh the disadvantages of varying the access arrangement prior to the next access arrangement review.

The ERA considered that concerns raised by interested parties should be addressed by Western Power and taken into account when it submits its proposed revised access arrangement in October 2011.

Western Power also submitted a proposal on 27 August 2010 to make minor changes to the *Electricity Transfer Access Contract* (Appendix 4 of the access arrangement) to correct an omission and to reflect a change in legislation.

The minor variations to Western Power's access arrangement for its South West interconnected network were approved on 20 October 2010. As the variations were determined to be minor in nature, public consultation was not undertaken.

PERFORMANCE

Wholesale Electricity Market

Independent Market Operator and Western Power System Management

The ERA continued ongoing surveillance and monitoring of the wholesale electricity market (WEM), to examine its effectiveness and efficiency, as well as to identify any inappropriate and anomalous behaviour in the market. We also determined a number of parameters that influence the operation of the WEM.

These included approval of values for the energy price limits and the maximum reserve capacity price, the determination of the allowable revenue for the Independent Market Operator (IMO) and Western Power's System Management, and the determination of the ancillary service parameters.

The approved allowable revenue forms the basis for services provided by the IMO and System Management and guides the formulation and approval of their annual budgets.

The approved ancillary service parameters are used in the calculation of payment for the load following, spinning reserve, system restart and load rejection ancillary services.

Energy Price Limits

On 24 September 2010, we published our decision on the 2010 energy price limits submitted by the IMO. The energy price limits are a set of price limits comprising the maximum short term energy market (STEM) Price, the alternative maximum STEM price and the minimum STEM price. The energy price limits are the price caps within which participants in the wholesale electricity market are allowed to bid for or offer energy in the STEM. These price caps are part of the market power mitigation mechanisms in the WEM.

Maximum Reserve Capacity Price

On 28 January 2011, we approved the Maximum Reserve Capacity Price of $240,600 per MW effective from 1 October 2013 to 1 October 2014. The maximum reserve capacity price is set for each capacity year and is used as the price cap for a capacity auction in the event that one is held.

The maximum reserve capacity price is based on the expected cost of new entrant peaking generation plant, and the associated costs required to establish such plant, that is capable of supplying electricity to the South West interconnected system.

Ancillary Service Parameters - IMO

On 31 March 2011, we released our determination of the values for the ancillary service margin values for the 2011/12 financial year. Under the Wholesale Electricity Market Rules, the ERA must determine the Margin_Peak and Margin_Off-Peak parameters for each financial year by 31 March prior to the start of that financial year.

In making the determination, we are required to undertake a public consultation process and take into account the market objectives. The IMO submitted its proposal to the ERA on 30 November 2010.

We published an issues paper and a notice on 24 December 2010, inviting public submissions on the proposed margin values submitted by the IMO. We received four submissions which were considered in our assessment.

Ancillary Service Parameters – System Management

On 20 April 2011, we determined the values for the ancillary service Cost_LR parameter for the 2011/12 financial year and 2012/13 financial year. The Cost_LR parameter covers the costs for providing the system restart and load rejection ancillary services, and specific dispatch support ancillary services. In making our determination, we undertook a public consultation process and published an issues paper and a notice, inviting public submissions on the proposed values of the Cost_LR parameter submitted by System Management.

What are Ancillary Services?

Western Power's System Management contracts companies to provide services to match total system generation to total system load to correct any frequency variations, provide reserve electricity generation capacity to respond rapidly in the event of a failure of one or more generators in the system. The ERA's determination of the value for the ancillary service parameters determines the amount System Management can pay for these services.

- **Load following**: the service that matches total system generation to total system load to correct any frequency variations.
- **Spinning reserve**: provides reserve electricity generation capacity to respond rapidly in the event of a failure of one or more generators in the system.
- **System restart**: the service needed to restart the power system following a system wide blackout.
- **Load rejection**: the service of holding capacity in reserve in order to rapidly respond to a sudden decrease in system load.

Licensing, Monitoring and Customer Protection

Licensing

As at 30 June 2011, there were a total of 87 licences registered with the ERA: 49 electricity; 8 gas; and 30 water licences. During the reporting year, the ERA granted five new licences - ERM Power Retail (electricity retail), Karara Power (electricity transmission), Moama Lifestyle Villages (non-potable water supply and sewerage services), Mumbida Wind Farm (electricity generation), and TiWest (electricity generation).

During the year we renewed one licence and approved amendments to 82 licences (61 electricity licences,16 gas and 5 water). These amendments related to a range of reasons including: changes to customer services conditions in gas licensing; extensions of licence areas in electricity; extensions in water operating areas; a change in format for all electricity licences; and minor typographical corrections.

The ERA undertakes regular reviews of the licensing framework across electricity gas and water sectors. In 2010/11 we reviewed electricity licensing. As a result of the review, all electricity licences were amended by substitution with a new standard form electricity licence. We published our decision on 2 December 2010 approving amendments to electricity licences, which were effective from 13 January 2011 under section 22 of the *Electricity Industry Act 2004*.

We also approved amendments to all gas distribution and gas trading licences. The amendments reflected changes to a number of provisions in Schedule 2, the Compendium of Gas Customer Licence Obligations (the Gas Customer Code) and included the removal of provisions relating to customer service charters, which were made redundant following the Authority's decision to delete the charter production requirement previously contained within the Compendium. The format of the gas licences was also changed to create consistency across all the licences granted by the ERA. The amendments applied to the seven gas licensees.

Two licences were surrendered during the year. CSBP Ltd decided to surrender its electricity retail licence as it has not had any large use customers to which it would supply electricity to since it was granted a retail licence on 26 June 2006. Origin Energy advised of its intention to surrender its gas distribution and gas trading licence on 5 July 2010. Origin did not provide a reason for its decision to surrender.

Monitoring

Licence audits and asset management reviews

It is important that licensees comply with the conditions of their licence as these conditions are intended to ensure that a set of minimum criteria is met including service quality, reliability, public safety and consumer protection. Licence audits and asset management reviews provide stakeholders with an independent opinion of a licensee's compliance with its licence and the effectiveness of the systems used to manage the assets that deliver essential services to customers. The ERA assessed independent audits and reviews of 17 service providers in the electricity, gas and water industries during 2010/2011.

Notices served for licence non-compliance

The electricity, gas and water legislation include powers for the ERA to serve a notice on licensees requiring them to rectify non-compliances that are identified in audits and reviews. If the licensee does not comply with a notice then the ERA has a range of sanctions it can apply.

During the reporting period the ERA served a notice on Synergy, determined that the notice served on Western Power in 2009 should remain in force, and decided to approve the closure of the notice on Horizon Power, which was also served in 2009.

Synergy – Notice Served

On 17 February 2011, the ERA served a notice on Electricity Retail Corporation (trading as Synergy) under section 32 of the *Electricity Industry Act 2004* for failure to comply with its licence obligations. The decision was made after considering the audit report and taking into consideration the level of non-compliance with the licence disclosed in the report.

The section 32 notice covers six non-compliances that were identified in the audit report and a further non-compliance in relation to clause 5.3 of the Code of Conduct (obtaining the customer's verifiable consent when setting up a direct debit). The licence obligations rated as significantly non-compliant include Synergy's obligations in relation to delays in billing customers and in timeframes for responding to customer queries and complaints.

Synergy is required to take the actions prescribed in the section 32 notice, or alternative actions that are satisfactory to the ERA, to rectify the non-compliances and prevent future recurrence by 31 December 2011. The ERA decided to reduce the period of time until the next audit of Synergy's electricity retail licence to 18 months. The next audit will cover the period 1 July 2010 to 31 December 2011, with the report to be submitted to the ERA by 31 March 2012.

Western Power - Notice Remains in Force

The ERA decided that the section 32 notice served on Western Power in January 2009 will remain in force until the reports on the audit and review, covering the period 1 November 2009 to 30 April 2011, have been provided to the ERA.

On 30 June 2010, we published the reports on the performance audit and asset management system review of Western Power's electricity distribution and transmission licences, for the period ending 31 October 2009. The reports on the audit and review disclosed that a total of seven contraventions in the notice that had been served pursuant to section 32(1) of the *Electricity Industry Act 2004* on Western Power in January 2009 had not been rectified.

We requested further information from Western Power on 30 June 2010 in respect of the outstanding contraventions. The response from Western Power showed that significant progress has been made toward rectifying the contraventions, but more time is needed to fully rectify some of the contraventions.

Horizon Power - Notice Closure

On 19 January 2009, the ERA served a notice of contravention under section 32(1) of the *Electricity Industry Act 2004* on Horizon Power. The section 32 notice required that Horizon Power rectify the licence contraventions identified in the utility's 2008 performance audit report and address the issues identified in the asset management system review report for the electricity integrated regional licence by 30 September 2009.

A subsequent audit and review of Horizon Power's licence covering the period ending 30 September 2009 found that three contraventions had not been rectified. This resulted in the ERA deciding that the section 32 notice would remain in force until the reports on the audit and review, for the period ending 31 March 2011, were prepared.

On 20 December 2010, Horizon Power wrote to the ERA requesting the section 32 notice be lifted. In support of their request, Horizon Power provided two reports prepared by independent auditors confirming that the three remaining contraventions had been rectified.

After considering the independent audit reports, the ERA decided that Horizon Power had rectified all of the contraventions in the section 32 notice and approved the closure of the notice of contravention on 19 January 2011.

PERFORMANCE

CASE STUDY

Contravention of Type 1 Obligations – Western Power Electricity Distribution Licence

During May 2011, Western Power notified the ERA that they had identified two separate contraventions of Type 1 obligations under their electricity distribution licence. Type 1 licence obligations are classified as having a major impact on the basis that the consequences of a contravention:

- would cause major damage, loss or disruption to customers; or
- would endanger, or threaten to endanger, the safety or health of a person.

This was the first time since the ERA was established (in 2004) that a licensee had reported a Type 1 contravention.

The ERA's Electricity Compliance Reporting Manual requires licensees to immediately notify the ERA when it becomes aware of a contravention of a Type 1 licence obligation. The licensee is then required to provide a letter from their CEO, or senior executive officer, to the Chairman of the ERA within five business days, providing comprehensive detail about the contravention, including its consequences, the actions taken to rectify the contravention and the date by which the licensee expects to comply again fully with the licence obligation.

Both of the contraventions reported by Western Power related to obligations under the *Code of Conduct for the Supply of Electricity to Small Use Customers* (Code).

The Code requires distributors to record addresses that have life support equipment on site. Western Power notified the ERA that the auditors undertaking the performance audit of the distribution licence had found a total of 309 life support address notifications were not registered by Western Power. This was caused by a system error in the database used to record the addresses.

Since May 2011, Western Power has implemented a number of remedial actions to improve its compliance with the Code, including implementing a six-monthly audit of the effectiveness of the life support address recording procedures.

The ERA required Western Power to provide it with a copy of the first audit report in September 2011.

The Code prohibits distributors from disconnecting customers outside of the prescribed times. These disconnections are requested by retailers when the customer has failed to pay a bill. Western Power notified the Authority that there had been 197 customer disconnections that occurred outside the prescribed times. This was caused by inadequate monitoring of the disconnection process, data quality issues and checking customer's claims that the account had been paid at the time of disconnection. Since June 2011, Western Power has undertaken compliance training for staff, enhanced monitoring of disconnection activities and using portable computing platforms to improve data quality related to disconnections.

The Type 1 contravention reporting process ensures that the ERA is made aware of serious licence contraventions as soon as they are identified by the licensee. This provides an early opportunity for the ERA to monitor the situation and satisfy itself that the licensee is taking all reasonable measures to rectify the contravention, minimise the impact of the contravention on customers and take prompt action to prevent the contravention from recurring. In the case of the Western Power contraventions, the ERA is satisfied with the actions taken to address the contraventions.

Consistent with its policy to ensure customers and stakeholders are well informed and have a better understanding of regulatory outcomes, the ERA published a copy of the letter to Western Power responding to the contraventions on the ERA website.

Customer Protection

Customer service charter reviews

Up until 30 June 2010, all gas, electricity and water licensees (with the exception of gas distribution licensees) were required to produce a customer service charter and to review their charter every 36 months. The reviewed charters of water and electricity licensees were required to be submitted to the ERA for assessment and approval.

Following the 2009 review of the *Code of Conduct for the Supply of Electricity to Small Use Customers*, it was determined that there are more effective methods of regulating energy customer protection than the regulation of customer service charters.

As a result, electricity retailers, electricity distributors, gas traders and gas distributors are no longer required to produce a customer service charter and, consequently, the ERA no longer undertakes assessments of these charters.

In the electricity and gas industry the ERA approves standard form contracts and other customer protection mechanisms such as the *Code of Conduct for the Supply of Electricity to Small Use Customers* and the *Compendium of Customer Licence Obligations*.

Currently no equivalent provisions exist in the water industry therefore water licensees are still required to produce, review and submit their charter to the ERA for assessment and approval. The charter is a published statement containing information relevant to the relationship between a licensee and its customers, and includes a list of customer entitlements and details regarding a licensee's services. The customer service charter approval process provides a minimum level of customer protection for water customers.

The future requirement of water licensees to produce a customer service charter is uncertain. During 2010/11 the ERA approved seven customer service charters; six as a result of the charter review process and one initial charter for a new licensee.

The Water Services Legislation and Amendment Repeal Bill 2011 is currently before Parliament. The Department of Water has formed the Water Services Customer Code Working Group to develop a water services customer code.

Due to uncertainty as to whether the new code will require licensees to produce a customer service charter for review and approval by the ERA in the future, we provided a 12 month extension to the deadline for all water customer service charter reviews that would be due between17 June 2011 and 30 June 2011. The extension applies to 18 water licensees.

Standard form contract assessments

In the energy industry, licensees are required to produce a standard form contract and have it approved by the ERA. The standard form contract specifies the minimum terms and conditions on which a retailer will supply energy to its customers, providing a "safety net" for customers.

In the water industry, where there is no approved standard form contract, the customer service charter developed by water licensees represents the principle document governing the relationship between the licensee and customer.

During the reporting year we approved amendments to Alinta Sales Pty Ltd's standard form contract to supply gas to small use customers. In June 2011, Griffin Energy Sales Pty Ltd formally withdrew its standard form contract as it does not currently have, and does not intend to gain, any customers who consume less than 160 MWh of electricity per annum.

Under the *Electricity Industry Act 2004* and the *Energy Coordination Act 1994* any company intending to supply small use customers must have a standard form contract approved by the ERA. Under the electricity retail and integrated regional licences and gas trading licences, if requested by the ERA, the licensee must undertake a review of their standard form contract and submit the results of the review and any proposed amendments to the contract to the ERA for approval.

In early 2011, we requested that all existing holders of approved standard form contracts review these contracts in light of the new Australian Consumer Law.

All energy licensees were required to complete their review in April 2011.

Financial Hardship Policy assessments

Electricity retail and integrated regional licence holders and gas trading licensees are required to have a financial hardship policy. From 1 July 2010, electricity and gas retailers were required to review their financial hardship policies annually and submit a copy of the policy, guidelines and results of their review to the ERA for assessment by 31 December annually.

The assessment provides an objective public statement regarding the extent to which the licensee's financial hardship policy complies with the requirements of the *Code of Conduct for the Supply of Electricity to Small Use Customers* and the *Compendium of Gas Customer Licence Obligations* (Gas Customer Code) and whether the policy is consistent with the ERA's Financial Hardship Policy Guidelines.

The guidelines provide guidance to electricity and gas retailers in undertaking their policy review, and are used by the ERA in assessing financial hardship policies of licensees.

The ERA received financial hardship policies from licensees by 31 December 2010. The ERA will publish its assessment of the policies by September 2011. Assessments have been delayed due to limited resourcing.

During the reporting year, the ERA approved and published the following:

Publication	Licence type	Number
Performance Audit and Asset Management System Review reports	Electricity	22
	Gas	4
Operational Audit and Asset Management System Review reports	Water	2
Customer Service Charters	Water	7
Standard Form Contracts (amended)	Gas	1

CASE STUDY

Australian Consumer Law – Review of Electricity & Gas Standard Form Contracts

In January 2011, the Australian Government introduced the new Australian Consumer Law (ACL). The ACL has made sweeping changes to the laws that protect consumers in Australia and include provisions in relation to consumer guarantees, unsolicited consumer agreements and new protections for customers from unfair contract terms.

Under the *Electricity Industry Act 2004* and the *Energy Coordination Act 1994* any company intending to supply small use customers must have a standard form contract approved by the ERA. A small use customer is a customer that uses less than 160MWh per annum (about $40,000) of electricity or 180GJ (about $22,500) of gas.

Both Acts require that the ERA must not approve a standard form contract if the contract will be inconsistent with any written law. This includes the *Competition and Consumer Act 2010* which covers the changes made under the ACL.

The ERA ensured that it was familiar with the ACL and that it was well prepared for its impact on energy consumer protection regulation in Western Australia through its involvement with consumer networks such as the Society of Consumer Affairs Professionals and liaison with other regulators such as the Department of Commerce and the Australian Competition and Consumer Commission (ACCC).

Unlike the National Energy Market, where standing offers (the equivalent of a standard form contract) are not subject to regulatory approval but have the terms prescribed through legislation, the ERA has a responsibility for approving the standard form contract. Therefore, it was important that the ERA ensure that the standard form contracts within its regulatory oversight were reviewed taking into consideration the new laws.

In late 2011 the ERA considered the potential implications for energy contracts in WA. Using a provision within electricity retail and integrated regional licences and gas trading licences the ERA has required that all licensees review their standard form contracts and submit the findings of the review and any proposed amendments for approval.

Upon receiving the proposed amendments the ERA has reviewed each contract and provided feedback to licensees. Most of the feedback has concerned liability limitation, consumer guarantees and potentially unfair contract terms. As a result of the feedback provided each licensee has proposed further contract amendments.

In accordance with the ERA Public Consultation Guidelines on Electricity, Gas and Water Licences and Electricity & Gas Standard Form Contracts, all of the contracts are subject to at least 15 days public consultation before being considered for final approval.

The ERA has negotiated an arrangement with the ACCC, the regulator ultimately responsible for enforcing the ACL, for the ACCC to provide advice to the ERA on any ACL issues that the ERA is unable to be resolve with a licensee.

The work of the ERA in ensuring, at the earliest possible opportunity, that energy contracts in WA comply with the new ACL means that energy consumers are assured of their protection. This work provides a good example of the ERA working together with other regulators to ensure effective management of changes in the law and coordination of regulatory responsibility.

PERFORMANCE

Economic inquiries

In 2010/11 the ERA concluded four major inquiries:

- Inquiry into the Chicken Meat Industry Act 1977
- Inquiry into the funding arrangements of Horizon Power
- Inquiry into water resource management and planning charges
- Inquiry into the benefits and costs associated with the provision of shared corporate services within the public sector.

The ERA is progressing an inquiry into the costs and benefits of the State Underground Power Program, which commenced on 23 April 2010.

For the 2011/12 year, we will be conducting an inquiry into the efficiency of Synergy's costs and electricity tariffs, which was referred by the Treasurer on 11 July 2011.

Chicken Meat Industry Act 1977

We completed an inquiry into the effectiveness of the *Chicken Meat Industry Act 1977* and provided our findings in a final report to the Treasurer in November 2010. In preparing the final report, two rounds of public consultation were conducted and eight public submissions were received. During the course of the inquiry, meetings were also held with key stakeholders, as well as the independent members and secretariat of the Chicken Meat Industry Committee.

The Act requires that its effectiveness is reviewed every five years, and should only be continued if its continuation can be justified. As part of the inquiry, we considered how the Act operates and the issues that affect the chicken meat industry in Western Australia.

Our review showed that there were serious problems with the sector under the Act. We found that there are factors that can create an imbalance in negotiating powers in favour of processors, including the limited opportunity for growers to switch to another processor or to convert their significant capital investments to another use. However, we concluded that processors are also dependent on their growers in order to maintain reliable supplies of chicken meat, so there are limits to processors' bargaining power.

Our main recommendation in the final report was that the Act should not be continued. This recommendation was accepted by the Government and led to the repeal of the *Chicken Meat Industry Act 1977*.

It is anticipated that the repeal of the Act will remove an impediment to investment in the chicken meat industry, particularly in processing facilities. Investment in new processing factories, which are currently close to capacity, would improve economies of scale in chicken meat production and would lower prices to consumers, while reducing reliance on imports on interstate imports.

Horizon Power funding arrangements

We undertook an inquiry into the funding arrangements of Horizon Power to determine the level of tariffs that fully reflect Horizon Power's efficient costs in supplying electricity to its customers.

The level of tariffs that we recommended in our final report inform the Government's next determination of the amount of the payment (Tariff Equalisation Contribution) that Horizon Power receives from Western Power customers in order to cover the difference between the costs of supplying electricity to its customers and the revenue it collects. The Government determined this amount in 2006 and then again in 2009, as these Tariff Equalisation Contribution amounts are included in Western Power's network tariffs, which are determined every three years.

As all residential and small business customers across the State pay the same charges for their electricity usage under the Government's Uniform Tariff Policy, Horizon Power is unable to recover from its customers the full cost of supplying electricity.

Without the Government providing a subsidy in the way of the Tariff Equalisation Contribution, Horizon Power would not be able to cover the cost of supplying electricity to customers connected to its networks.

Water resource management and planning charges

We completed an inquiry into water resource management and planning charges in Western Australia to provide the Government with a range of options and recommendations for the appropriate recovery of the planning and management expenses incurred by the Department of Water for the sustainable management of the State's water resources.

The costs of water resource management and planning in Western Australia are currently recovered from the general tax payer. The inquiry sought to establish a transparent link between water resource management and planning activities and those for whom the activities are carried out (whether it be licence holders or the general public).

We provided recommendations for the most appropriate regulatory arrangements for the setting of service standards for the water resource manager, the setting of the charges, and the subsequent recovery of those charges from water users. This required us to consider and develop findings on the tasks or activities undertaken in the efficient management of the State's water resources by the Department of Water that would appropriately be recovered from water users, the most appropriate level of cost recovery from water users, and the most appropriate allocation of costs between licence holders and other water users.

Our final report recommended a set of indicative fees and charges that would recover the proportion of the Department of Water's water resource management and planning costs that have been justified as being efficiently incurred. These proposed fees and charges would apply to all the private users of the Department of Water's services that have been identified as suitable for cost recovery.

The Water Corporation, as a licence holder, would pass the costs on to its customers. It is estimated that the proposed fees and charges would add between 0.2 per cent and 0.5 per cent to the Water Corporation's costs of providing water services. For other licence holders (e.g. horticultural businesses, farms, and mines) the fees and charges would be an additional business cost.

Benefits and Costs Associated with the Provision of Shared Corporate Services within the Public Sector

We concluded a review into the Office of Shared Services (OSS) with the delivery of our final report to the Treasurer on 10 June 2011. The Treasurer requested a review to determine whether shared corporate services in the public sector provides a benefit to Western Australia.

Shared corporate services were introduced in Western Australia in 2003, with the objective of reducing the overall cost of providing corporate services in the public sector. At the time, it was estimated that savings of $56.6 million per annum could be achieved through the aggregation, standardisation and centralisation of common 'back office' corporate functions such as finance, human resources, payroll and procurement across the whole-of-government.

The OSS was established on 1 July 2005 to provide corporate services to general agencies of the WA Government. Two separate shared services centres were set up to service the health sector and the education sectors – these were not examined in this review. In January 2007, the Department of Treasury and Finance (DTF) assumed responsibility for the OSS, which is now known as the DTF Shared Service Centre (DTFSSC).

The inquiry required investigation into: the effectiveness and efficiency of the OSS at its current level of operations; how the effectiveness and efficiency of the OSS is likely to vary with the number of agencies it services; the impact that 'rolling-in' to the OSS has had on the operations of a selection of representative agencies; whether the provision of shared corporate services within the public sector, as implemented thus far, has provided a net benefit to the State; whether rolling-in the remaining agencies into the OSS would provide a net benefit to the State; and whether alternative options for the provision of functions currently provided by the OSS would provide a greater net benefit to the State.

From our review, we concluded that:

- the DTFSSC is not operating effectively or efficiently under existing arrangements;
- without substantive reform the effectiveness of the DTFSSC is likely to deteriorate further as more agencies are serviced;
- rolling-in to the DTFSSC has had a detrimental impact on the operations of the majority of rolled-in agencies;
- as implemented thus far, the provision of shared services within the public sector has resulted in a net cost to Government. Between 2005-06 and 2010-11 the DTFSSC component of the project has delivered a net present value of −$345 million; and

- rolling-in more agencies under the current arrangements is unsustainable, as it would result in a net cost to the State, rather than a net benefit.

In investigating whether alternative options for the provision of functions currently provided by the DTFSSC would provide a greater net benefit to the State, we examined a range of approaches, including continuing the current arrangements, providing HR/payroll services through an alternative provider or by agencies, and decommissioning. We concluded that decommissioning DTFSSC is the least cost and most certain option for delivering corporate services, across a range of assumptions.

Our key recommendations from the inquiry are that the current roll-in of further agencies ceases immediately and that the DTFSSC be decommissioned and responsibility for corporate services be returned to agencies.

In conducting the inquiry, we gathered extensive information through submissions in response to an issues paper and a draft report provided to government agencies, relevant unions and DTFSSC's private sector partners as well as interviews with agencies, individuals and organisations.

A template was issued to all Chief Financial Officers from rolled-in agencies to gather data regarding the financial impact of receiving services from DTFSSC and formal and informal information requests were made to DTF. Consultant advice was also sought on a technical review of the systems and processes used at DTFSSC.

State Underground Power Program overall costs and benefits

We continued our inquiry into the overall costs and benefits of the State Underground Power Program (SUPP) throughout the reporting year. As part of the inquiry, we are investigating the costs of undergrounding the overhead electricity distribution network as compared to the costs associated with maintaining the current overhead distribution network. We are also developing findings on what should be an appropriate share of funding between the Government, individual households, and Western Power. The cost-benefit study is limited to the undergrounding of existing overhead powerlines in the South West interconnected system.

In our draft report, we identified the costs and benefits of the SUPP major residential projects and quantified these where possible. We found that the program has been of positive value to Western Australians, producing benefits in the order of two and a half times the cost of the program.

The majority of the benefits of the SUPP (between 75 and 90 per cent) were found to accrue to local governments and their ratepayers, as reflected in increased property values in suburbs receiving underground power. The benefits to Western Power were estimated at between 5 and 15 per cent, and to the wider community (State Government) at between 5 and 10 per cent.

Currently, major residential State Underground Power Program projects are funded by local governments (50 per cent), Western Power (25 per cent) and the State Government (25 per cent).

The current funding arrangements have resulted in some inequities. Homeowners have generally benefitted more from the SUPP projects than they have paid to install retrospective underground power, although the benefit increases with property values.

Taxpayers and Western Power customers, who have paid more than they have benefitted from SUPP projects, have subsidised homeowners through the program. It may be equitable for any future State Government contributions to continue at a higher level than the proposed 5 to 10 per cent if the subsidy is directed towards areas with lower property values. However, projects should only proceed if ratepayers are willing to pay their share (after taking into account any Government contributions).

We have also found that there may no longer be a need for the State Government to be involved in the delivery of retrospective underground power, as local governments should ideally be able to purchase this service directly from Western Power.

We propose that the funding of major residential SUPP projects be more reflective of the re-assessed share of benefits, with local governments and their ratepayers responsible for between 75 and 90 per cent of payments, Western Power between 5 and 15 per cent and the State Government between 5 and 10 per cent.

A final report will be provided to the Treasurer by 30 September 2011 following consideration of public submissions in response to our draft report.

Reviews

The ERA is required by legislation to periodically review certain industry codes. In other cases we are empowered to make amendments and can initiate a review if deemed necessary, for example, when changes take place which affect our operations.

A relevant Minister may also request the ERA to conduct a review of the effectiveness of particular legislation.

Railways (Access) Code 2000

We are required to conduct a review of the *Railways (Access) Code 2000* after the third anniversary of its commencement and after the expiry of each five yearly interval after that anniversary. The code commenced in September 2001 and the first review was undertaken in 2004. The second review of the code was initiated in late October 2009 with the publication of an issues paper outlining matters for consideration by stakeholders.

On 22 November 2010, we published our draft report on the review of the *Railways (Access) Code 2000*, which canvassed the matters raised in submissions received in response to the issues paper. Seven submissions on the draft report were received and a further round of consultation has commenced on matters raised in those submissions.

In particular, we have undertaken to provide further consultation on the matter of the convention mandated in the code for estimating the replacement value of railway assets, as described in Schedule 4 of the code. Further, we are reconsidering the requirements for railway owners to submit floor and ceiling cost proposals prior to these being required under Clauses 9 or 10 of Schedule 4 of the code. These clauses contemplate situations where an access proposal is expected by the regulator to be made (Clause 9), or an access proposal is received by the railway owner (Clause 10).

An issues paper, calling for public submissions on this matter, was published on 11 May 2011. Submissions received will inform considerations for the final report.

The final report on the review of the *Railways (Access) Code 2000* will be submitted to the Treasurer as required under Section 12 of the *Railways (Access) Act 1998*.

Code of Conduct for the Supply of Electricity to Small Use Customers

The *Code of Conduct for the Supply of Electricity to Small Use Customers* regulates and controls the conduct of retailers, distributors and electricity marketing agents who supply electricity to residential and small business customers. The code was developed to protect the interests of customers who consume no more than 160 MWh of electricity per annum (equates to an annual electricity bill of approximately $40,000).

A statutory review of the code is conducted bi-annually, with the last review taking place in late 2009. As a result of the previous review, we made a number of amendments to the code, which took effect on 1 July 2010. These amendments included new provisions to deal with the incidence of wrongful disconnection and the introduction of new customer protection measures for pre-payment meter customers.

The customer protection measures include a three month trial period when a customer can revert to a normal meter; restrictions on times when a meter can be disconnected; allowing a customer to use up to $20 of electricity during a time when the meter has no credit; and data collection requirements, particularly related to the monitoring of disconnection.

The next review of the code is due to commence in July 2011. The Electricity Code Consultative Committee (ECCC) is currently compiling a register of issues to be proposed for consideration in the review. Some issues for consideration include:

- The impact of the Australian Consumer Law
- Issues for interval meter and new metering technology customers
- Harmonisation with the National Energy Customer Framework

Gas Marketing Code of Conduct

A review of the Gas Marketing Code of Conduct commenced in May 2011. The review will look at a broad range of issues including consideration of whether any changes are required as a result of the new Australian Consumer Law that commenced on 1 January 2011.

New appointments to the Gas Marketing Code Consultative Committee were made in March 2011. Appointments were made from 2011 until 2013.

Review of the Electricity Corporations Act 2005 - Sections 38(1) and 47(1)

Section 38(1) of the *Electricity Corporations Act 2005* restricts Verve Energy, the state-owned electricity generator, from the direct sale of electricity to consumers for a designated period (the 'restriction'). Section 47(1) of the Corporations Act prohibits Synergy, the state-owned electricity retailer, from generating electricity for a designated period (the 'prohibition').

In December 2010, the Minister for Energy requested that we provide our views on the effect that the 'Prohibition' and 'Restriction', have had, and are likely to have, on the encouragement of competition in the electricity industry in Western Australia. In assessing the legislation, we undertook a public consultation process and published an issues paper in January 2011.

We received eleven public submissions, which were considered in forming our views. We also engaged an external consultant in preparing our assessment. Our findings and advice were presented in a report to the Minister for Energy in late April 2011.

The report will be published on our website after the Minister concludes his review and announces the decision on whether the prohibition and restriction should lapse at April 2013 or be extended to 2016.

Review of methodology to measure the debt risk premium component of the rate of return on capital.

In our decision making, we seek to ensure that the rate of return on capital is commensurate with the prevailing conditions in the market for funds and the risks involved in providing the regulated services. The debt risk premium is one component of the rate of return on capital. We exercise our discretion to ensure that the debt risk premium is set in accordance with these principles.

Our method for estimating the debt risk premium, as well as the nominal risk free rate, has in the past assumed the borrowing term is 10 years. A 10-year term has been consistently adopted by all Australian regulators in the energy sector since the Australian Competition Tribunal's 2003 GasNet decision.

In estimating the debt risk premium we have previously relied on the estimates of 10-year fair yield curves of Australian corporate bonds derived by Bloomberg and CBASpectrum.

However, this approach to estimating the debt risk premium is no longer practical because Bloomberg has in recent times progressively shortened the terms to maturity for its estimates of fair yield curves across credit ratings for Australian corporate bonds and CBASpectrum ceased publishing its estimates of the fair yield curves across all credit ratings for Australian corporate bonds in September 2010.

This means that the method for estimating the debt risk premium that was applied to our August 2010 draft decision on WA Gas Networks' (WAGN) proposed access arrangement, which used CBASpectrum data, is no longer available.

On 30 November 2010, public submissions were invited on our discussion paper: Measuring the Debt Risk Premium: A Bond-yield Approach. The discussion paper presented our proposed future method for calculating the debt risk premium in our regulatory roles and in undertaking economic inquiries referred to us by the State Government.

The proposed replacement method is a departure from current regulatory practice. The key components of the discussion paper included a rationale for the ERA's decision to depart from its standard approach to estimate the debt risk premium; a rationale for the adoption of a new approach to estimate the debt risk premium; and a detailed example of the intended approach with numerical illustrations.

We proposed to use the methodology outlined in the discussion paper for our gas pipeline access arrangement decisions (the final decision on WAGN's revised access arrangement; and the draft and final decision on Dampier Bunbury Pipeline's revised access arrangement) and the final decision for the inquiry into the funding arrangements of Horizon Power.

Review of the Requirements for Railway Owners to Submit Floor and Ceiling Costs

In 2010-11, the ERA commenced a review of the requirements for railway owners to submit floor and ceiling cost proposals. Railway owners are required to submit floor and ceiling cost proposals in response to an actual or likely receipt of an access proposal. The ERA is then required to make a determination on those proposed costs under Clauses 9 or 10 of Schedule 4 of the *Railways (Access) Code 2000*, as appropriate.

The requirement for railway owners to submit floor and ceiling cost proposals prior to these being required under the Code has been reviewed.

We published an issues paper on 11 May 2011 entitled *Review of the Requirements for Railway Owners to Submit Floor and Ceiling Cost Proposals*. Following receipt of submissions in response to the issues paper, we made a final decision on the requirements for railway owners to submit floor and ceiling cost proposals.

The resulting changes to our processes do not involve any change to the rail access legislation, but increases the period over which floor and ceiling cost determinations remain current from three years to five years, and removes the requirement for automatic re-determination of costs on the expiration of each determination.

The requirement to submit floor and ceiling cost determinations on the commencement of a railway's operations remains, and costing models reflecting an accurate specification of relevant route sections of railway owners' networks will remain available on the ERA website.

The decision ensures that railway owners make available a working costing model which will ensure adequate transparency of costs is always available on the ERA's website. The ERA has decided to continue this practice in response to submissions which argued that a basic level of cost transparency is required to support the aims of the WA Railways Access Regime.

Reports

The ERA is required to publish a number of reports on the performance of the industries it regulates.

Annual Report to the Minister for Energy - WA Wholesale Electricity Market

We provide a report to the Minister for Energy on the effectiveness of the wholesale electricity market (WEM) annually. The WEM is essential for genuine competition to exist and grow, at a wholesale level, between suppliers and consumers of electricity in the South West interconnected system.

Our 2010 WEM Report was delivered to the Minister on 6 May 2011. Subsequently, a very minor update to the report was made on 14 June 2011 to clarify that the feed-in tariff scheme in Western Australia is currently funded via Consolidated Revenue.

In our report, we concluded that the wholesale electricity market in Western Australia has, thus far, been relatively successful. There have been a number of new private generators becoming established in the market and increasing trading activities in the Short Term Energy Market and on a bilateral basis. However, the report highlighted that the market is still dominated by Verve Energy and Synergy and recommended a review to be carried out into the overall level of competition in the market.

Annual Service Provider Performance Reports

The ERA publishes reports on the performance of electricity, gas and water service providers in Western Australia annually.

These reports inform customers, government and the community about the level of service that is being delivered to small use customers who do not have a choice of utility retailer. The reports cover the performance of:

- Electricity distributors
- Electricity retailers
- Gas distributors
- Gas retailers
- Water service providers

Guidelines

Audit Guidelines: Electricity, Gas and Water Licences

We published audit guidelines on 4 August 2010 to inform electricity, gas and water service providers and external auditors about our requirements regarding the conduct of performance/operational audits and asset management system reviews of licensees. The guidelines are designed to promote consistency of performance/operational audits and asset management system reviews.

Compliance Enforcement Policy

On 21 June 2011, we approved and published the *Compliance Enforcement Policy: Electricity, Gas and Water Licences* to replace the August 2008 version of our *Electricity, Gas and Water Industry Licensing Compliance Policy*.

The Compliance Enforcement Policy outlines the general compliance enforcement provisions in the electricity, gas and water licensing legislation and informs licensees, consumers and other stakeholders about our approach to compliance and compliance enforcement and about the process that is followed when we investigate compliance issues.

By applying the principles and processes outlined in the Compliance Enforcement Policy, we seek to ensure that there is a consistent approach to compliance enforcement across electricity, water and gas sectors and that the investigative process is fair and equitable to the licensees who are being investigated.

Customer Service Charter Guidelines

Water licensees are required to have a customer service charter. The charter must be reviewed every three years and the results of the review submitted to the ERA for approval. Amendments to the charter are also subject to approval from the ERA.

We approved and published the final *Water Customer Service Charter Guidelines* on 9 March 2011 following a three week period of consultation on the draft guidelines in January. The guidelines provide the minimum content requirements for the customer service charters of water licensees; the matters to be taken into account by licensees when reviewing their charter; and an explanation of the process that will be used by the ERA in approving water charters.

The previous version of the guidelines, titled *Customer Service Charter Guidelines*, contained guidance for electricity and gas licensees regarding their customer service charter requirements. Following reviews of the *Code of Conduct for the Supply of Electricity to Small Use Customers* and the *Compendium of Gas Customer Licence Obligations* (Gas Customer Code) the ERA removed the requirement for electricity and gas licensees to produce and review a customer service charter. As a result of this change, the guidelines were amended and renamed to make it clear that they only apply to the water industry.

Financial Hardship Policy Guidelines

Electricity and gas retailers are required to develop a hardship policy to assist customers in financial hardship to meet their financial obligations and responsibilities to the retailer under the *Code of Conduct for the Supply of Electricity to Small Use Customers* (Code of Conduct) and the *Compendium of Gas Customer Licensing Obligations* (Gas Customer Code). These instruments set out the minimum content requirements that must be addressed in a hardship policy.

The financial hardship policy guidelines, originally published in August 2008, were developed to provide additional guidance to electricity and gas retailers in meeting the requirements set out in the codes. The guidelines are also used by the ERA for undertaking assessments of financial hardship policies.

We approved and published amended Financial Hardship Policy Guidelines in August 2010.

Manuals

The ERA publishes separate Compliance Reporting Manuals for electricity, gas and water licences. The manuals provide licensees and auditors with a consolidated list of compliance obligations for each type of licence and also inform licensees about their compliance reporting obligations.

During the reporting period, we published two versions of the Gas Compliance Reporting Manual, in July 2010 and November 2010, to incorporate changes made to gas distribution and trading licences. We also published two versions of the Electricity Compliance Reporting Manual, in July 2010 and May 2011. The July 2010 manual included changes made to the Electricity Customer Code and the May 2011 version followed the release of the new electricity licence templates earlier in the year.

Reporting Handbooks and Datasheets

Licensees are required to prepare and submit annual performance reports to the ERA. The reporting handbooks and datasheets are designed to impart a shared understanding amongst all stakeholders in respect of the information that is to be reported by licensees, including the definitions to be applied to performance indicators, how to calculate performance data (where applicable) and the ERA's expectations as to the manner in which the information should be presented.

During the year, we published the following handbooks and datasheets to assist licensees in their reporting obligations.

Performance reporting handbook	Reporting datasheets
Gas Distribution Licence	Gas Compliance – Distribution Indicators
Gas Trading Licence	Gas Compliance – Retail Indicators
Electricity Distribution Licence	Electricity Compliance – Distribution Indicators
Electricity Retail Licence	Electricity Compliance – Retail Indicators
Water, Wastewater and Irrigation Licence	Water, Wastewater and Irrigation Licence

Model Technical Rules

Under the *Electricity Networks Access Code 2004*, service providers of non-covered networks that are part of the South West interconnected system (SWIS) are required to have technical rules (standards, procedures and planning criteria governing the construction and operation of an electricity network).

As an alternative to developing their own technical rules, these non-covered network service providers can adopt model technical rules which the ERA is required to draft, approve, publish and advertise under section 12.61 of the Access Code.

As Western Power's South West Interconnected Network is a large part of the SWIS, we proposed to base the model technical rules for the SWIS on Western Power's technical rules. We are currently reviewing amended technical rules for Western Power's network. Following the finalisation and approval of this review, we will develop the model technical rules.

We released a notice on 23 May 2011of our decision to extend the deadline for the development and publication of model technical rules for the SWIS. The time to publish the model technical rules has been extended from 1 June 2011 to 1 June 2012.

Access Arrangement Information Guidelines - Electricity Networks Access Code 2004

Under the *Electricity Networks Access Code 2004*, when a service provider of a covered network submits a proposed access arrangement, or proposed revisions to an access arrangement to the ERA, it must also submit access arrangement information. The purpose of access arrangement information is to enable the ERA, users and applicants of the network to understand how the service provider derived the elements of the proposed access arrangement and form an opinion as to whether the proposed access arrangement complies with the Access Code.

We released revised access arrangement information guidelines on 6 December 2010. The guidelines will assist Western Power in the preparation of its proposed access arrangement and corresponding access arrangement information which are expected to be submitted to the ERA by 30 September 2011.

Ongoing Regulatory Activities

Goldfields Gas Pipeline - Quarterly Reference Tariff Variation

The Goldfields Gas Pipeline (GGP) access arrangement provides for quarterly adjustments of the reference tariff in accordance with Consumer Price Index (CPI). The operator of the pipeline notifies the ERA of adjustments to the reference tariff for the pipeline on a quarterly basis. These variations are subject to ERA approval. The approved tariff adjustments are published on our website.

During 2010/11, quarterly reference tariff variations for the following periods were approved.

- 20 August to 30 September 2010
- 1 October to 31 December 2010
- 1 January 2011 to 31 March 2011
- 1 April 2011 to 30 June 2011
- 1 July 2011 to 30 September 2011

In addition, the GGP access arrangement provides for an annual tariff variation that allows a reference tariff increase based on a measure of actual expenditure relative to forecast operating expenditure. On 17 November 2010, GGP proposed to pass through additional cost totalling $1 million. On 31 December 2010, the ERA rejected GGT’s proposal and approved a reduced cost pass through of $0.6 million.

Mid-West and South-West Gas Distribution Systems - Annual Tariff Variation

Under the *National Gas Access (Western Australia) Act 2009*, distribution tariffs stay fixed during an access arrangement process. After the completion of the Mid-West and South-West Gas Distribution System access arrangement review process, WA Gas Networks submitted a report to the ERA seeking a tariff increase of 5.7% on 16 May 2011.

The Mid-West and South-West Gas Distribution Systems access arrangement allows for annual tariff variations to adjust for changes in the Consumer Price Index and a measure of actual operating expenditure relative to forecast operating expenditure.

Under the *National Gas Rules* the ERA has the right to approve or not approve requested distribution tariff variations. On 22 June 2011, the ERA did not approve WA Gas Network's application. The ERA's determination indicated that based on the information provided by WA Gas Networks, the estimated distribution tariffs should increase by 4.9% (over and above what was approved in the recent access arrangement revision).

WA Gas Networks submitted a tariff variation request in accordance with the ERA's determination, which was approved on 23 June 2011.

As this was the first distribution tariff variation after the finalisation of the Mid-West and South-West Gas Distribution Systems access arrangement, the approval also implemented the approved tariff increases of the access arrangement (referred to above, on page 28).

Consumer Price Index Adjustments under the Electricity Networks Access Code 2004

The ERA adjusts and publishes a schedule of Consumer Price Index (CPI) amounts annually as required under the *Electricity Networks Access Code 2004*. Under the code, CPI means the CPI (all groups) for the weighted average of eight capital cities most recently published by the Australian Bureau of Statistics.

Where the code refers to an amount being "CPI adjusted", the ERA is required to adjust the amount from 1 July each year and publish the figure on our website.

Western Power Price Lists

Under the *Electricity Networks Access Code 2004*, Western Power is required to submit its price list to the ERA each year for approval 45 business days prior to the charges coming into effect. The ERA must make its determination within 15 days of receiving the proposed price list.

On the 19 May 2011, we released a determination to approve Western Power's 2011/12 Price List for its covered electricity network. The price list sets out details of Western Power's charges to its customers for the twelve months from 1 July 2011.

In approving the proposed prices, the ERA found the prices complied with the price control and pricing methods set out in Western Power's amended access arrangement applying for the second access arrangement period (2009/10 to 2011/12).

New Facilities Investment Tests

Under the *Electricity Networks Access Code 2004*, a service provider may, at any time, request the ERA to conduct a new facilities investment test assessment on actual or forecast new facilities investment. In such circumstances, the ERA must make and publish a determination within a reasonable time after having consulted with the public.

Binningup Desalination Plant

Western Power submitted its new facilities investment test application for transmission works to supply electricity to the Binningup Desalination Plant in October 2010. The ERA published an issues paper and invited comments from interested parties. No public submissions were received.

We issued a draft determination to not approve Western Power's application on 21 December 2010 and interested parties were invited to comment. One submission was received from Western Power.

On 2 March 2011, we released our final determination on Western Power's application for a new facilities investment test to not approve Western Power's application. The application was not approved because we determined that Western Power's total forecast new facilities investment of $52.63 million (of which Western Power claimed that $31.3 million met the new facilities investment test) exceeded the amount that would be invested by a service provider efficiently minimising costs. We estimated this amount to be $50.53 million of which an amount of up to $29.2 million may satisfy the new facilities investment test.

Collgar Windfarm

On 25 October 2010, we received a new facilities investment test application from Western Power, for the connection of the Collgar Windfarm to the South West interconnected network. An issues paper was published and comments invited from interested parties in December 2010. No public submissions were received.

We issued a draft determination to not approve Western Power's application on 1 March 2011, as there was insufficient information to conclude that Western Power was efficiently minimising costs. Interested parties were invited to comment and one submission was received from Western Power on 30 March 2011.

Western Power submitted amended expenditure estimates and additional information to the ERA in response to our draft decision which were incorporated in our consideration of the application. Subsequently we released our final determination on 13 May 2011. The final determination was to approve Western Power's application for the reason that Western Power's forecast new facilities investment of $12.2 million satisfies the efficiency test and incremental revenue test.

Overhead Customer Service Connections

We received a new facilities investment test application from Western Power for the replacement of potentially unsafe overhead customer service connections on 5 November 2010. We published an issues paper and invited comments from interested parties between 8 and 22 March 2011.

We released our final determination on Western Power's new facilities investment test application for overhead customer service connections on 20 May 2011. The final decision was to approve Western Power's application for the reason that Western Power's total forecast new facilities investment of $71.1 million satisfies the efficiency test and safety and reliability test.

Regulatory Test Assessments

Under the *Electricity Networks Access Code 2004*, proposed major augmentations must satisfy a regulatory test before the service provider can proceed. The regulatory test is set out in Chapter 9 of the code and is an assessment of whether a proposed major augmentation maximises the net benefit to those who generate, transport and consume electricity in Western Power's covered network and any interconnected system, after considering alternative options.

Western Power Mid-West Energy Project (Southern Section)

Western Power submitted its Mid-West Energy Project (Southern Section) major augmentation proposal to the ERA on 26 November 2010 for a regulatory test assessment. The proposed augmentation involved the construction of a 330 kV transmission line from Neerabup to Karara Mining Ltd's iron ore mine site via Eneabba and the interconnection of the existing 132 kV Three Springs substation with a new 330 kV Three Springs Terminal.

We published an issues paper on 20 December 2010 to help interested parties prepare submissions on the proposal. Thirteen submissions were received in response to the issues paper.

We determined that Western Power's proposed Mid West Energy Project (Southern Section) major augmentation satisfies the regulatory test under Chapter 9 of the Access Code. In making our determination, we considered Western Power's proposal, independent reports prepared by Geoff Brown and Associates Pty Ltd and Marsden Jacob Associates and all submissions received during the consultation period, which ran from 20 December 2010 to 6 January 2011. The determination was published on our website on 3 February 2011.

What is the significance of Regulatory Tests and New Facilities Investment Tests?

- Under the *Electricity Networks Access Code 2004* (Access Code) the ERA is responsible for assessing the capital investments that service providers make in respect of their covered (regulated) electricity networks.
- Where an investment to augment the network is deemed to be a major augmentation (one that exceeds $10 million for a distribution system and $30 million for a transmission system) the service provider must, prior to committing to the investment, satisfy the "regulatory test".
- The regulatory test is an assessment of whether the proposed augmentation maximises the net benefit to those who generate, transport and consume electricity in the covered (regulated) network after alternative options for providing additional services have been considered (e.g. instead of building a transmission line it may be more beneficial in the short term to manage demand in a particular location to ensure power is available to those who need it). Under the Access Code, the ERA must assess a regulatory test application within 25 or 45 business days after receiving it, depending on whether the Authority decides to consult with the public.

- Service providers generally seek to recover the cost of investments to their covered network through network charges that are regulated by the ERA and paid by third parties who connect to and use the network. The "new facilities investment test" determines whether, or to what extent, investments can be added (rolled in) to the capital base of the covered network and recovered through network charges. Under the Access Code, a service provider may at any time apply to the ERA to conduct a new facilities investment test in relation to actual or forecast investments. On receiving a new facilities investment test application, the ERA must make and publish a determination within a reasonable time after having consulted with the public.

- The amount invested by Western Power in operating, enhancing and expanding its covered network affects the utility's ability to deliver reliable power to customers on behalf of energy retailers (like Synergy in the case of residential and small business customers) and its ability to meet the requirements of growing demand and to connect new customers. Western Power seeks to recover the cost of its investments through regulated network charges. Such charges are an integral component of the retail prices that are set by State Government and paid by residential and small business customers for the electricity they consume.

- The regulatory test and new facilities investment test under the Access Code, and the ERA's role in conducting the tests, are important to ensure that Western Power's network charges reflect only those investments that maximise net benefits to network users, and are prudent and efficient.

Engaging with stakeholders

In undertaking our regulatory and inquiry functions, the ERA is very reliant on submissions and information from stakeholders, as well as on the advisory committees that we have formed.

Liaison Meetings

Throughout the year the Secretariat held numerous stakeholder liaison meetings. Stakeholders include: Horizon Power; Synergy; Western Power; System Management; the Independent Market Operator; the Water Corporation; the Department of Water; the Energy Ombudsman; Energy Safety; the Office of Energy; WA Council of Social Services (WACOSS); the South West Water Industry Group (SWWIG); and the Economic Regulation Authority Consumer Consultative Committee (ERACCC).

Workshops and seminars

Energy Regulatory Managers Forum

The Licensing, Monitoring and Customer Protection Division conducted an Energy Regulatory Managers Forum in November 2010. Around 50 representatives from licensees, government agencies and the ERA attended the forum which covered a broad range of issues related to electricity licensing and regulation. The forum aimed to improve awareness of licensee obligations and enhance licensee compliance with these requirements. The forum, hosted annually/biannually, received excellent feedback from licensees and other participants.

PERFORMANCE

Root Cause Analysis Seminar

In May 2011, we hosted a one-day seminar for licensees, consumer representatives and government agencies on the topic of Root Cause Analysis. The seminar, conducted in consultation with the Economic Regulation Authority Consumer Consultative Committee (ERACCC) and in partnership with the Energy Ombudsman WA and the WA Department of Commerce, is the third in the biennial series. Approximately 65 participants from across WA attended to hear guest speakers from Origin Energy, Western Power, Kildonan Care and independent consultant Nicole Cullen, provide insightful presentations into this methodology. The seminar received positive feedback and remains an excellent way of bringing stakeholders together to improve their understanding of current issues and trends in customer protection.

Inquiry into Water Resource Management and Planning Charges Roundtable

We held a major roundtable on the Inquiry into Water Resource Management and Planning Charges on 26 November 2010 to obtain views and comments from stakeholders in response to the second draft report.

The second draft report set out indicative fees and charges for some of the water resource management and planning services provided by the Department of Water. Around 20 representatives from the water industry, government agencies and the ERA attended the roundtable.

Communications

Switched on – a guide for electricity and gas customers

In mid-2011, we launched a series of information sheets about the electricity and gas regulatory framework. The new publication, *Switched On – A Guide for Electricity & Gas Customers*, is designed to assist consumer organisations, financial counsellors, utilities, government agencies and the energy ombudsman to educate customers, including residential and small business consumers. Switched On details customers' rights and supplier requirements in relation to areas such as:

- choosing retailers;
- household meters;
- bills;
- interruptions and entry to your property; and
- complaints and service standards.

The ERA had previously produced the *Guide to the Code of Conduct for the Supply of Electricity to Small Use Customers*, which provided detailed information regarding the code, in a booklet format. Following a review of the code in 2009 the publication required updating. The ERA decided to produce a broader publication that provided information about energy consumer protection generally, including protection afforded by all of the electricity legislation, not just the code, and regulation of the gas industry as well as the electricity market.

To guide the development of the new publication the ERA formed a focus group comprised of consumer group representatives, energy licensees, relevant government agencies and the energy ombudsman. The focus group provided direction, input on content, feedback on format and edited a first draft.

The publication, a folder containing a set of information sheets, was launched on 1 June 2011. Switched On was distributed to energy utilities, government agencies, the energy ombudsman, financial counsellors, emergency relief organisations and other welfare services. Switched On is also available free to download either as a complete publication or as individual information sheets.

Since the launch date, around 3,000 hard copies have been distributed, over 900 people have downloaded the complete publication and over 500 people have downloaded individual information sheets.

Switched On is an excellent example of how the ERA is working with stakeholders to ensure that customers are aware of the energy regulatory framework in WA and the protections afforded to consumers.

ERA E-News

We continued to publish and distribute our quarterly agency 'e-news' newsletter on our website and via email to over 550 stakeholders and interested parties.

Committees

The Economic Regulation Authority Consumer Consultative Committee

The Economic Regulation Authority Consumer Consultative Committee (ERACCC) was established in March 2005 to ensure that the ERA's communication and compliance strategies meet the needs of consumers. ERACCC members inform the Authority about issues that impact on both the groups they represent and consumers more generally. Members are also a conduit for informing customers regarding the work of the ERA and providing feedback to the ERA on its work.

The ERACCC continued to hold quarterly meetings and a new Work Plan and forward agenda for 2010 – 2012 were developed and approved by the ERACCC. The highlights from meetings conducted over the year include:

- an increased number of presentations regarding ERA inquiries;
- high quality presentations from ERACCC members regarding issues specific to their constituencies; and
- finalisation of the new ERACCC Work Plan

Organisations represented on the ERACCC in 2010/11 were:

- WA Council of Social Service
- WA Farmers Federation
- Pastoralists and Graziers Association of WA

- WA Council of Social Service – Consumer Utilities Projects
- Small Enterprise Network (Chamber of Commerce and Industry of WA)
- Chamber of Minerals and Energy of WA
- WA Local Government Association
- Consumer Credit Legal Service (WA)
- Property Council of Australia (WA)
- Consumers Association of Western Australia (until February 2011)

Current observers that participated in the ERACCC in 2010/11 included:

- Mr Chris Field (The Energy Ombudsman WA)
- Mr Gary Newcombe (Department of Commerce)

A new round of ERACCC appointments was made in February 2011 for the next three years ending in 2014.

The ERA would like to thank all of those members who continue their involvement in ERACCC and wishes to acknowledge the contribution of the Consumers Association of WA who ceased membership of the ERACCC in February 2011.

Electricity Code Consultative Committee

The ERA has established the Electricity Code Consultative Committee (ECCC), as required under section 81 of the *Electricity Industry Act 2004*, to review the *Code of Conduct for the Supply of Electricity to Small Use Customers*.

Following the reviews completed in 2007 and 2009, the ERA plans to commence the next code review in July 2011.

The ECCC has four consumer representatives, four industry representatives, two government representatives and a non-voting chairperson and executive officer. ECCC appointments for 1 April 2010 to 31 March 2013 are provided below.

The four consumer representatives are:

- Ms Julie Abela (Salvation Army)
- Mr Andrew Canion (Small Enterprise Network – Chamber of Commerce & Industry)
- Ms Irina Cattalini (WACOSS)
- Ms Effie Harris (Goldfields Community Legal Centre)

The four industry representatives are:

- Mr Ray Myles (Alinta)
- Ms Margaret Pyrchla (Western Power)
- Mr Simon Thackray (Synergy)

- Mr David Tovey (Horizon Power)

The two government representatives are:

- Mr Gerald Milford (Department of Commerce)
- Ms Chloe Upton (Office of Energy)

Mr Paul Kelly (ERA) chairs the ECCC. Ms Lanie Chopping, also from the ERA, acts as executive officer.

Gas Marketing Code Consultative Committee

The Gas Marketing Code Consultative Committee (GMCCC) was established to advise the ERA on matters relating to the Gas Marketing Code of Conduct 2004, including its review.

In March 2011, the ERA announced new appointments to the Gas Marketing Code Consultative Committee for the period 2011-2013.

The following nominees have been appointed as industry representatives:

- Mr Geoff White (Alinta Sales)
- Mr Simon Thackray (Synergy)
- Mr Brendan McColl (Wesfarmers Kleenheat)

The following nominees have been appointed as consumer organisation representatives:

- Mr Andrew Canion (Small Enterprise Network (Chamber of Commerce & Industry))
- Ms Amelia Brancato (Western Australian Council of Social Service)
- Ms Julie Abela (Salvation Army)

The Department of Commerce has appointed Mr Gerry Milford and the Office of Energy has appointed Ms Lita Geros as government representatives to the committee.

Mr Paul Kelly (ERA) continues as chairman of the committee and Ms Lanie Chopping (ERA) continues to act as executive officer.

Significant issues impacting the agency

Current and emerging issues

The following issues will either definitely impact or potentially impact the ERA in 2011/12.

- The ERA has received approval from the Public Sector Commissioner to restructure the organisation into three operational divisions rather than five and to establish two additional senior positions (a Chief Economist and Chief Analyst). The restructure will provide for greater operational efficiency in undertaking the ERA's regulatory functions. The restructure involves merging the two divisions covering gas, rail and electricity access into one division covering all access functions and merging the electricity and gas markets function with the references and research function to form a new "economics" division. This restructure will be finalised once the additional senior positions are recruited.

- The ERA has been assisting the Department of Treasury with implementing new funding regulations to increase the proportion of regulatory costs recovered by the ERA from industry. Parliamentary Counsel has received drafting instructions and is commencing drafting regulations to introduce funding to fully recover the ERA's costs in undertaking its electricity access functions.

- The Department of Treasury has also received approval from Cabinet to draft and repeal regulations to allow for the introduction of full cost recovery for the ERA's licensing functions in the gas, electricity and water utilities. The ERA is assisting the Department of Treasury to determine an appropriate cost allocation methodology for recovering these costs.

- The ERA will be relocating to Albert Facey House in early 2012. As the ERA is currently spread across two locations (197 St Georges Terrace and the Forrest Centre), the relocation to a central office is anticipated to have a very positive impact on the culture and operational performance of the ERA. However, we are mindful of the challenges associated with the move and are working to ensure the relocation is as seamless as possible.

- The ERA's decisions in relation to the access arrangements for the Goldfields Gas Pipeline and Mid West and South West Gas Distribution Systems have been appealed (to the Western Australian Electricity Review Board and Australian Competition Tribunal, respectively). The outcomes of these appeals may have implications for the ERA's future regulatory decision making.

Expected demands

The major projects that will be undertaken by the ERA in 2011/12 include:

- Finalising the assessment of the proposed revised access arrangement for the Dampier to Bunbury Natural Gas Pipeline.
- Finalising an inquiry into the costs and benefits of the State Underground Power Program.
- Undertaking an inquiry into the efficiency of Synergy's costs and electricity tariffs.
- Undertaking the anticipated three yearly inquiry into the efficiency of the Water Corporation, Aqwest, and Busselton Water's costs and tariffs.
- Undertaking a bi-annual review of the *Code of Conduct for the Supply of Electricity to Small Use Customers*.
- Undertaking the assessment of a revised access arrangement for Western Power.
- Completing a new facility investment test for Western Power's Mid West Energy Project (Southern Section).
- Providing the Minister for Energy with a report on the effectiveness of the Wholesale Electricity Market in meeting the objectives of the market.
- Finalising a review of the *Railways (Access) Code 2000*.

In addition, there is expected to be an ongoing high level of demand associated with the ERA's licensing, monitoring and customer protection functions.

The substantial workload in 2010/11 highlights the need for the ERA to maintain its regulatory, inquiry and reporting capacity.

Disclosures and legal compliance

Auditor General's independent audit opinion

Auditor General

INDEPENDENT AUDITOR'S REPORT
To the Parliament of Western Australia

ECONOMIC REGULATION AUTHORITY
Report on the Financial Statements
I have audited the accounts and financial statements of the Economic Regulation Authority.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Authority's Responsibility for the Financial Statements
The Authority is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Authority, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Economic Regulation Authority at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls
I have audited the controls exercised by the Economic Regulation Authority. The Authority is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Authority based on my audit conducted in accordance with Australian Auditing Standards.

Opinion
In my opinion, the controls exercised by the Economic Regulation Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Report on the Key Performance Indicators
I have audited the key performance indicators of the Economic Regulation Authority. The Authority is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion
In my opinion, the key performance indicators of the Economic Regulation Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence
In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

COLIN MURPHY
AUDITOR GENERAL
4 August 2011

Certification of key performance indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Economic Regulation Authority's performance, and fairly represent the performance of the Economic Regulation Authority for the financial year ended 30 June 2011.

Ms. Pam Herbener
Chief Finance Officer

2 August 2011

Mr. Steve Edwell
Member of Accountable Authority

3 August 2011

Mr. Lyndon Rowe
Chairman of Accountable Authority

2 August 2011

Dr. Stephen King
Member of Accountable Authority

3 August 2011

Detailed key performance indicators

Formulating the Authority's performance indicators

Broad, high-level government strategic goals are supported at agency level by more specific desired outcomes. Agencies deliver services/programs to achieve these desired outcomes, which ultimately contribute to meeting the higher-level government strategic goals. These services/programs are the basis for performance indicators. The strategic high-level government goal relevant to the Authority is:

> *"Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians"*

The desired outcome of the activities of the Authority in support of this high level strategic goal is:

> *"The efficient, safe and equitable provision of utility services in Western Australia"*

The Authority cannot achieve this high-level outcome directly, but instead seeks to play its part towards the achievement of this goal. More directly, the Authority seeks:

> *"to serve the interests of Western Australians by promoting fair prices, quality services and choice and by enhancing competition through independent economic regulation and advice to government"*

It is recognised that decisions of the Authority in support of this outcome are very difficult to measure objectively, as the Authority must balance the interests of various parties.

The requirement on the Authority to prepare performance indicators has, therefore, been modified by legislation to limit them to management functions. Section 23 of the Economic Regulation Authority Act 2003 states that:

> "*any requirement under the Treasurer's Instructions (issued under section 78 of the Financial Management Act 2006) that the Authority prepare performance indicators is to be limited to the Authority's management functions (including financial management), and is not to apply to the performance of any other function of the Authority*"

More objective administrative measures of performance are the quality, quantity and cost of the submissions considered by the Authority's Governing Body that facilitate its decision making.

Therefore, the essential measureable outcome for the Authority in support of this outcome is:

> *"submissions by the Secretariat to the Economic Regulation Authority's Governing Body"*

Key effectiveness indicators

The Authority's key effectiveness indicators are:

Quantity: The number of submissions made to the Authority's Governing Body.

Quality: The Governing Body's monthly ratings on the content, accuracy and presentation of these submissions.

Timeliness: The number (percentage) of submissions provided by the required deadline and the Governing Body's monthly ratings on the perceptive timeliness of the submissions.

Key performance indicators

2010/11 Performance – Effectiveness

Quantity (Submissions)

The Authority's Governing Body met 49 times during the year to review and discuss 222 submissions. In addition to these meetings, 73 submissions were reviewed by email as resolutions without meeting and one submission was delegated to the Chairman for review. The number of submissions considered by the Governing Body exceeded the 2010/11 target of 290.

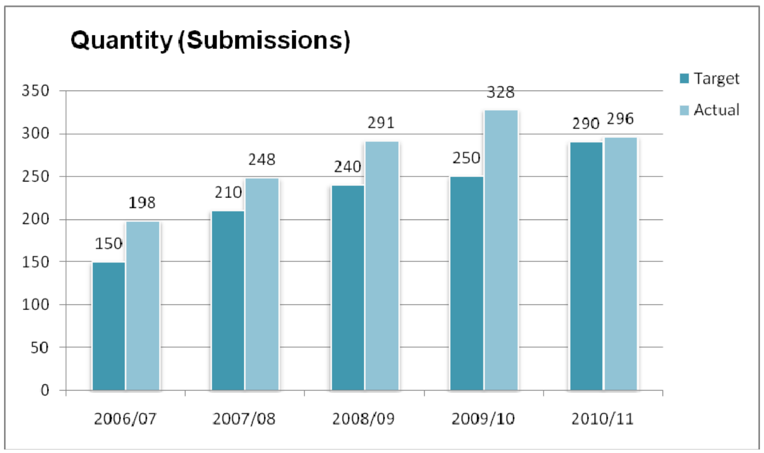


Chart 5 - Comparison between actual results and budget targets for the quantity of submissions

2010/11 Performance – Effectiveness

Quality (Submissions)

On a monthly basis, Members of the Authority's Governing Body rate the submissions they have reviewed for quality and timeliness. Ratings are assigned on a range of one to five, with one being "very poor", three being "satisfactory" and five being "excellent". Ratings are averaged for the three Members.

For 2010/11, quality was rated above the targeted level of performance (4.0), with the average rating for the year being 4.1.

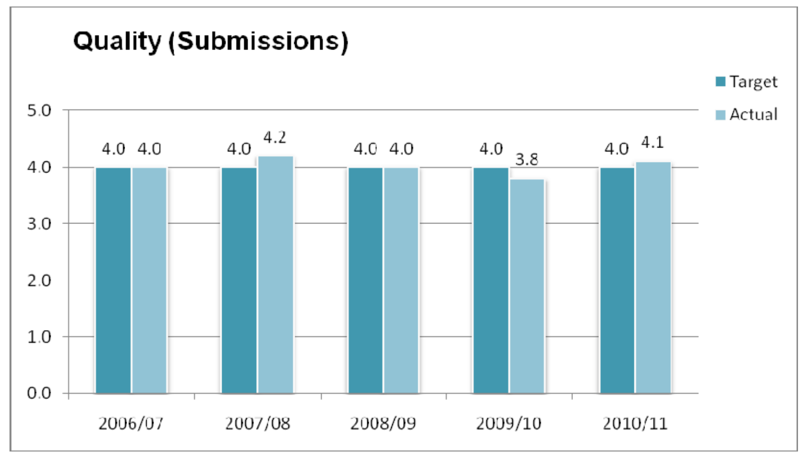


Chart 6 - Comparison between actual results and budget targets for the Governing Body's ratings of the quality of submissions

DISCLOSURES & COMPLIANCE

Timeliness (Legislative deadlines achieved)

Of the 296 submissions reviewed during the year, 40 related to functions that had legislative time limits. The number of submissions with time limits increased on those of the previous year during which 27 submissions related to functions with time limits.

These time limits were either firm deadlines or timelines within which the Authority, taking all reasonable steps, was to complete its assessments.

Of the 40 submissions with deadlines, 36 were completed on or before expiry of the prescribed time limit. This equated to 90 per cent of submissions meeting the target in 2010/11 of 85 per cent.

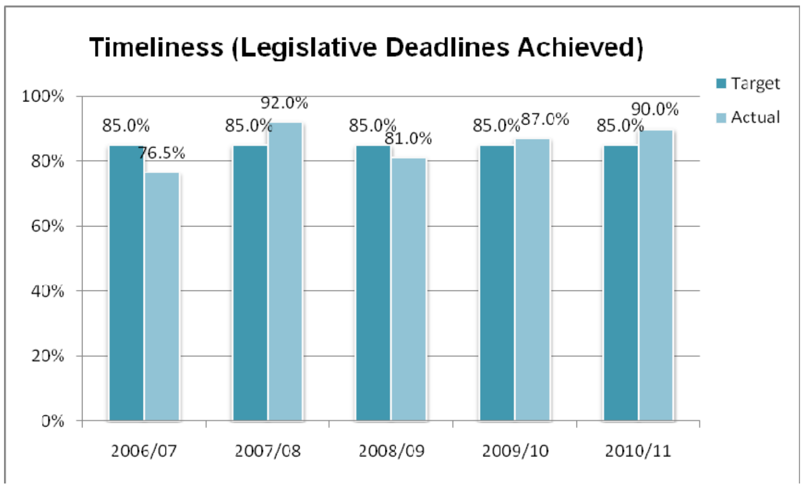


Chart 7 - Comparison between actual results and budget targets for the timeliness (in relation to legislative deadlines) of submissions

Timeliness (Governing Body perception)

In addition to measuring the number of submissions that meet a deadline, Members of the Authority's Governing Body provide a rating on a monthly basis to indicate their perception of the Secretariat's timeliness in preparing submissions.

The average rating for timeliness for the year was 4.1, which was greater than the 2010/11 target of 4.0.

The Governing Body's perception of the Secretariat's timeliness has improved from last year's rating of 4.0.

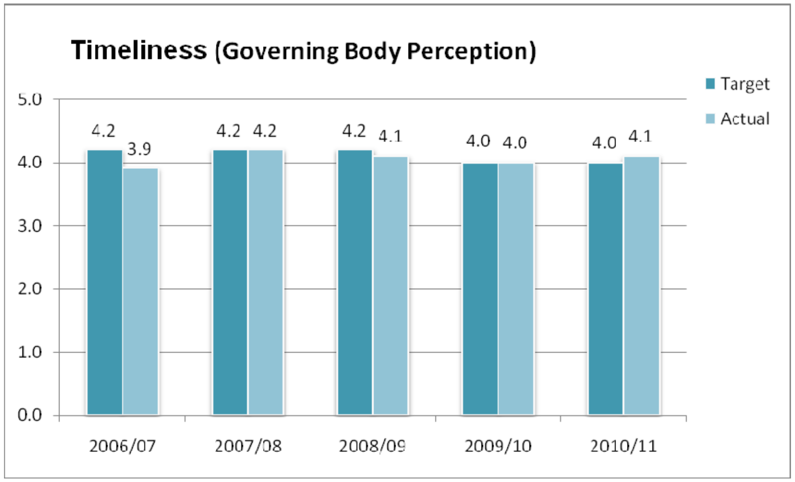


Chart 8 - Comparison between actual results and budget targets for the Governing Body's ratings of the timeliness of submissions

Key efficiency indicators

The Authority's key efficiency indicator is the average cost per submission. The cost is calculated to include the costs of staff and other resources involved in preparing submissions to the Governing Body.

2010/11 Performance – Efficiency

Average Cost (per submission)

The total cost of the Authority's operations for the 12 months under review was $10.588 million, compared to an expenditure limit of $10.417 million. There were 296 submissions compared to the target of 290. The average cost per submission was $35,770 against the target $33,155.

Compared to $30,055 in the previous financial year, the average cost per submission has increased by $5,715 due to the employment of additional staff to build in-house capacity and expertise.

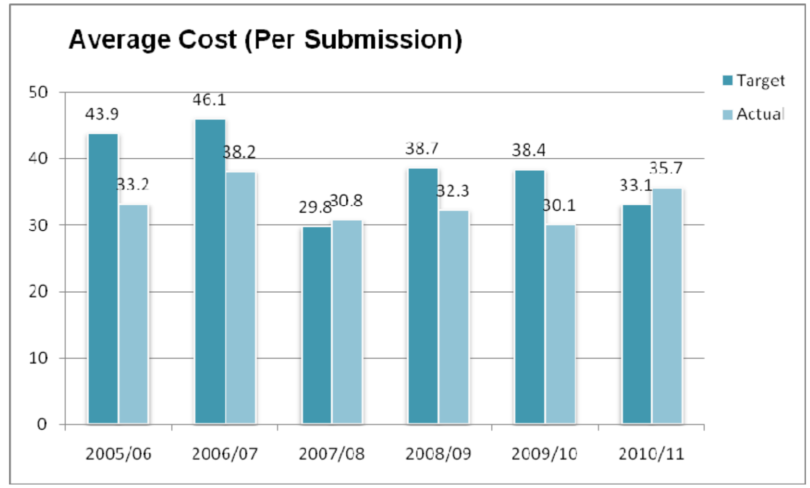


Chart 9 - Comparison between actual results and budget targets for the average cost per submission ($'000s)

DISCLOSURES & COMPLIANCE

Financial statements

Certification of financial statements

For the year ended 30 June 2011

The accompanying financial statements of the Economic Regulation Authority have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2011 and the financial position as at 30 June 2011.

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

Ms. Pam Herbener
Chief Finance Officer

2 August 2011

Mr. Steve Edwell
Member of Accountable Authority

3 August 2011

Mr. Lyndon Rowe
Chairman of Accountable Authority

2 August 2011

Dr. Stephen King
Member of Accountable Authority

3 August 2011

Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 $000	2010 $000
COST OF SERVICES			
Expenses			
Employee benefits expense	6.	6,581	6,103
Supplies and services	7.	3,027	2,931
Depreciation and amortisation expense	8.	90	98
Accommodation expenses	9.	862	700
Other expenses	10.	28	26
Total cost of services		**10,588**	**9,858**
Income			
Revenue			
User charges and fees	11.	4,447	4,195
Interest revenue	12.	120	107
Other revenue	13.	26	29
Total Revenue		**4,593**	**4,331**
Total income other than income from State Government		**4,593**	**4,331**
NET COST OF SERVICES		**5,995**	**5,527**
Income from State Government	14.		
Service appropriation		2,525	6,696
Resources received free of charge		52	43
Total income from State Government		**2,577**	**6,739**
SURPLUS/(DEFICIT) FOR THE PERIOD		**(3,418)**	**1,212**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(3,418)**	**1,212**

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

Statement of Financial Position

As at 30 June 2011

	Note	2011 $000	2010 $000
ASSETS			
Current Assets			
Cash and cash equivalents	25.	1,453	3,881
Receivables	16.	1,065	1,830
Amounts receivable for services	17.	90	53
Other current assets	18.	112	99
Total Current Assets		**2,720**	**5,863**
Non-Current Assets			
Restricted cash and cash equivalents	15. 25.	91	71
Amounts receivable for services	17.	309	319
Plant and equipment	19.	279	309
Intangible assets	20.	-	-
Total Non-Current Assets		**679**	**699**
TOTAL ASSETS		**3,399**	**6,562**
LIABILITIES			
Current Liabilities			
Payables	22.	661	538
Provisions	23.	1,118	991
Total Current Liabilities		**1,779**	**1,529**
Non-Current Liabilities			
Provisions	23.	340	335
Total Non-Current Liabilities		**340**	**335**
TOTAL LIABILITIES		**2,119**	**1,864**
NET ASSETS		**1,280**	**4,698**

EQUITY	24.		
Contributed equity		773	773
Accumulated surplus/(deficit)		507	3,925
TOTAL EQUITY		**1,280**	**4,698**

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

DISCLOSURES & COMPLIANCE

Statement of Changes in Equity

For the year ended 30 June 2011

	Note	Contributed Equity $000	Reserves $000	Accumulated surplus/(deficit) $000	Total equity $000
Balance at 1 July 2009	24.	773	-	2,713	3,486
Total comprehensive income for the year		-	-	1,212	1,212
Balance at 30 June 2010		**773**	**-**	**3,925**	**4,698**
Balance at 1 July 2010		773	-	3,925	4,698
Total comprehensive income for the year		-	-	(3,418)	(3,418)
Balance at 30 June 2011		**773**	**-**	**507**	**1,280**

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

DISCLOSURES & COMPLIANCE

Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011 $000	2010 $000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,445	6,601
Holding account drawdowns		53	-
Net cash provided by State Government		**2,498**	**6,601**
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(6,376)	(5,998)
Supplies and services		(3,161)	(3,558)
Accommodation		(856)	(695)
GST payments on purchases		(133)	(404)
GST payments to taxation authority		-	-
Other payments		(28)	(26)
Receipts			
User charges and fees		5,199	3,813
Interest received		120	-
GST receipts on sales		34	75
GST receipts from taxation authority		329	315
Other receipts		26	29
Net cash provided by/(used in) operating activities	25.	**(4,846)**	**(6,449)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(60)	-
Net cash provided by/(used in) investing activities		**(60)**	**-**
Net increase/(decrease) in cash and cash equivalents		(2,408)	152
Cash and cash equivalents at the beginning of period		3,952	3,800
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	25.	**1,544**	**3,952**

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

For the year ended 30 June 2011

Note 1. Australian Accounting Standards

General

The Authority's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Authority has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended [but not operative] have been early adopted by the Authority for the annual reporting period ended 30 June 2011.

Note 2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Authority's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Economic Regulation Authority.

(d) Contributed equity

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

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Provision of services
Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Interest
Revenue is recognised as the interest accrues.

Service appropriations
Service appropriations are recognised as revenues at fair value in the period in which the Authority gains control of the appropriated funds. The Authority gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Grants, donations, gifts and other non-reciprocal contributions
Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

User Charges and Fees
Revenue for Standing Charges and Specific Charges (formerly known as Service Charges), raised in accordance with the *Economic Regulation Authority (National Gas Access Funding) Regulations 2009*, is recognised at the time the charge is raised on a client. These regulations came into effect on 1 January 2010. Prior to this date, revenue was raised as per the *Economic Regulation Authority (Gas Pipelines Access Funding) Regulations 2003*.

Revenue from licence fees are, where possible, recognised at the time the fee is levied on the licensee. In some instances however, the revenue is not measurable until the cash is received.

Licence fees are raised in accordance with:

- Electricity Industry (Licensing Fees) Regulations 2005
- Energy Coordination (Licensing Fees) Regulations 1999

- Water Services Coordination Regulations 1996

Revenue for the recovery of the costs of the Authority in undertaking its Wholesale Electricity Market (WEM) functions, in accordance with the Wholesale Electricity Market Rules, is recognised on an accruals basis in the accounting period in which the services are rendered.

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Plant and equipment

Capitalisation/expensing of assets

Items of plant and equipment costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than $5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

For items of plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the historical cost model is used for all plant and equipment. All items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

• Office Equipment	5 years
• Computer Equipment	3 to 5 years
• Furniture and Fittings	10 years

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Authority have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

- Software [(a)] 3 to 5 years

(a) Software that is not integral to the operation of any related hardware

Computer Software

Software that is an integral part of the related hardware is recognised as plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

(h) Impairment of assets

Plant and equipment is tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

The Authority holds operating leases for accommodation and vehicle fleet.

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(j) Financial instruments

In addition to cash, the Authority has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable for services
- Financial Liabilities
  - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are generally settled within a fortnight of the financial year end. For the current financial year a component of accrued salaries relates to settlement of liability in relation to the Public Service and Government Officers General Agreement 2011(PSAAG 7 of 2011) pay award. Settlement of this component of accrued salaries is within a month of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(m) Amounts receivable for services (holding account)

The Authority receives income from State Government partly in cash and partly as an asset (holding account receivable). The accrued amount appropriated is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

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

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions – employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Long service leave

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Authority to GESB extinguishes the agency's obligations to the related superannuation liability.

The Authority has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Authority to the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The GESB makes all benefit payments in respect of the Pension Schemes and GSS, and is recouped from the Treasurer for the employer's share.

Provisions – other

Employment on-costs
Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Authority's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, and the GESBS.

(r) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Authority would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3. Judgements made by management in applying accounting policies

The judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements.

Operating lease commitments

The Authority has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. Key sources of estimation uncertainty

There were no estimates or assumptions made concerning the future, or other key sources of estimation uncertainty at the end of the reporting period that is likely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Authority's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Authority:

2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.* [AASB 5, 8, 101, 107, 118, 136, & 139]

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows recognised in the Authority's Statement of Cash Flows relate to increases in recognised assets.

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date:

		Operative for reporting periods beginning on/after
AASB 2009-11	*Amendments to Australian Accounting Standards arising from AASB 9* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 *and Interpretations* 10 & 12]. The amendment to AASB 7 *Financial Instrument: Disclosures* requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 Jan 2013
AASB 2009-12	*Amendments to Australian Accounting Standards* [AASB 5, 8 ,108, 110, 112, 119, 133, 137, 139, 1023 & 1031 *and Interpretations* 2, 4, 16, 1039 & 1052] This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.	1 Jan 2011
AASB 1053	*Application of Tiers of Australian Accounting Standards* This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.	1 July 2013
AASB 2010-2	*Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in the financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 July 2013
AASB 2011-2	*Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements* [AASB 101 & AASB 1054] This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 July 2011
AASB 2010-5	*Amendments to Australian Accounting Standards* [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 *and Interpretations* 112, 115, 127, 132 & 1042] *(October 2010)* This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.	1 Jan 2011
AASB 2010-6	*Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* [AASB 1 & AASB 7] This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets. The Standard is not expected to have any financial impact on the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 July 2011

AASB 9	*Financial Instruments* This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued on 6 December 2010 and the Authority is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.	1 Jan 2013
AASB 2010-7	*Amendments to Australian Accounting Standards arising from* AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 *and Interpretations* 2, 5, 10, 12, 19 & 127] This amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 *Financial Instruments* in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.	1 Jan 2013
AASB 1054	*Australian Additional Disclosures* This Standard, in conjunction with AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 July 2011
AASB 2011-1	*Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 *and Interpretations* 2, 112 & 113] This Amending Standard, in conjunction with AASB 1054 *Australian Additional Disclosures*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 July 2011

Note 6 Employee benefits expense

	2011 $000	2010 $000
Wages and salaries[(a)]	5,925	5,463
Superannuation – defined contribution plans[(b)]	527	483
Other related expenses	129	157
	6,581	**6,103**

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

Employment on-costs expenses, such as workers' compensation insurance are included at note 10 'Other expenses'.

Employment on-costs liability is included at note 23 'Provisions'.

Note 7. Supplies and Services

	2011 $000	2010 $000
Communications	87	60
Consultants and contractors	165	115
Professional services	1,621	1,511
Consumables	66	74
Legal costs	604	670
Motor vehicle	131	144
Travel	80	101
Other	273	256
	3,027	**2,931**

Note 8. Depreciation and amortisation expense

	2011 $000	2010 $000
Depreciation		
Computer equipment	30	30
Furniture and fittings	53	53
Office equipment	7	14
Total depreciation	**90**	**97**
Amortisation		
Intangible assets	-	1
Total amortisation	-	**1**
Total depreciation and amortisation	**90**	**98**

Note 9. Accommodation expenses

	2011 $000	2010 $000
Office accommodation rental	795	632
Other accommodation expenses	13	11
Repairs and maintenance	43	47
Cleaning	11	10
	862	**700**

Note 10. Other expenses

	2011 $000	2010 $000
Audit Fee[a]	28	26
	28	**26**

(a) See also note 33 'Remuneration of auditor'.

Note 11. User charges and fees

	2011 $000	2010 $000
Standing charges	1,922	1,813
Specific charges[a]	756	643
Licence fees and charges	450	420
Regulatory fees	1,319	1,319
	4,447	**4,195**

(a) Specific charges were previously known as 'Service charges'.

Note 12. Interest revenue

	2011 $000	2010 $000
Interest revenue	120	107
	120	**107**

Note 13. Other revenue

	2011 $000	2010 $000
Other revenue	26	29
	26	**29**

Note 14. Income from State Government

	2011 $000	2010 $000
Appropriation received during the year:		
Service appropriation[a]	2,525	6,696
	2,525	**6,696**
Resources received free of charge [b]		
Determined on the basis of the following estimates provided by agencies:		
State Solicitor's Office	46	38
DTF Building Management Works	6	5
	52	43
	2,577	**6,739**

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Note 15. Restricted cash and cash equivalents

	2011 $000	2010 $000
Non-current		
Accrued salaries suspense account [(a)]	91	71
	91	**71**

(a) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

Note 16. Receivables

	2011 $000	2010 $000
Current		
Receivables	396	722
Accrued revenue	563	991
GST receivable	100	117
	1,059	1,830
Loans and advances:		
- Other debtors	6	-
Total current	**1,065**	**1,830**

There were no allowances made in the current year for the impairment of receivables (2009/10: nil).
The Authority does not hold any collateral as security or other credit enhancement relating to receivables.

Note 17. Amounts receivable for services (Holding Account)

	2011 $000	2010 $000
Current	90	53
Non-Current	309	319
	399	**372**

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Note 18. Other assets

	2011 $000	2010 $000
Current		
Prepayments	70	72
Other assets	42	27
Total current	**112**	**99**

DISCLOSURES & COMPLIANCE

Note 19. Plant and equipment

	2011 $000	2010 $000
Computer hardware		
At cost	188	145
Accumulated depreciation	(138)	(108)
	50	37
Furniture fixtures and fittings		
At cost	526	526
Accumulated depreciation	(321)	(268)
	205	258
Office equipment		
At cost	69	69
Accumulated depreciation	(45)	(55)
	24	14
	279	**309**

Reconciliation

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out below:

	Computer hardware	Furniture and Fittings	Office Equipment	Total
2011	**$000**	**$000**	**$000**	**$000**
Carrying amount at start of year	37	258	14	309
Additions	43	-	17	60
Depreciation	(30)	(53)	(7)	(90)
Carrying amount at end of year	**50**	**205**	**24**	**279**
2010	**$000**	**$000**	**$000**	**$000**
Carrying amount at start of year	67	311	28	406
Depreciation	(30)	(53)	(14)	(97)
Carrying amount at end of year	**37**	**258**	**14**	**309**

Note 20. Intangible assets

	2011 $000	2010 $000
Computer Software		
At cost	14	14
Accumulated amortisation	(14)	(14)
	-	-

Reconciliation:

Computer Software		
Carrying amount at start of year	-	1
Amortisation expense	-	(1)
Carrying amount at end of year	-	-

Note 21. Impairment of assets

There were no indications of impairment to plant and equipment or intangible assets at 30 June 2011.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2011 have either been classified as assets held for sale or written-off.

Note 22. Payables

	2011 $000	2010 $000
Current		
Trade payables	161	56
Accrued expenses	325	363
Accrued salaries	148	75
Other payables	27	44
Total current	**661**	**538**

DISCLOSURES & COMPLIANCE

Note 23. Provisions

	2011 $000	2010 $000
Current		
Employee benefits provision		
Annual leave[(a)]	503	407
Long service leave[(b)]	612	581
	1,115	988
Other provisions		
Employment on-costs[(c)]	3	3
	3	3
	1,118	**991**

Non-current

Employee benefits provision

Long service leave[(b)]	339	334
	339	334

Other provisions

Employment on-costs[(c)]s	1	1
	1	1
	340	**335**

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011	**2010**
	$000	**$000**
Within 12 months of the end of the reporting period	263	162
More than 12 months after the reporting period	240	245
	503	407

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011	**2010**
	$000	**$000**
Within 12 months of the end of the reporting period	252	369
More than 12 months after the reporting period	699	546
	951	915

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 10 'Other expenses'.

Movement in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2011 $000	2010 $000
Employment on-cost provision		
Carrying amount at start of year	4	3
Additional provisions recognised	-	1
Carrying amount at end of year	**4**	**4**

Note 24. Equity

The Government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority.

Contributed equity

	2011 $000	2010 $000
Balance at start of period	773	773
Balance at end of period	**773**	**773**

Accumulated surplus/(deficit)

	2011 $000	2010 $000
Balance at start of year	3,925	2,713
Result for the period	(3,418)	1,212
Balance at end of period	**507**	**3,925**
Total Equity at end of period	**1,280**	**4,698**

Note 25. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2011 $000	2010 $000
Cash and cash equivalents	1,453	3,881
Restricted cash and cash equivalents (note 15 'Restricted cash and cash equivalent)	91	71
	1,544	**3,952**

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2011 $000	2010 $000
Net cost of services	(5,995)	(5,527)
Non-cash items:		
Depreciation and amortisation expense	90	98
Resources received free of charge	52	43
(Increase)/decrease in assets:		
Current receivables[a]	763	(378)
Other current assets	(13)	(57)
Increase/(decrease) in liabilities:		
Current payables[a]	123	(654)
Current provisions	127	103
Non-current provisions	5	(23)
Net GST receipts/(payments)[b]	229	(14)
Change in GST in receivables/payables[c]	(227)	(40)
Net cash provided by/(used in) operating activities	**(4,846)**	**(6,449)**

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(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
(b) This is the net GST paid/received, i.e. cash transaction.
(c) This reverses out the GST in receivables and payables.

Note 26. Resources provided free of charge

	2011 $000	2010 $000
During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Authority:		
Energy Disputes Arbitrator – Administrative support	7	-
	7	**-**

Note 27. Commitments

Lease commitments

	2011 $000	2010 $000
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	470	477
Later than 1 year and not later than 5 years	48	404
	518	**881**
Representing:		
Non-cancellable operating leases	518	881
	518	**881**

Non-cancellable operating leases commitments

	2011 $000	2010 $000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	470	477
Later than 1 year and not later than 5 years	48	404
	518	**881**

The Authority has entered into a property lease which is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 5% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

Other expenditure commitments

	2011 $000	2010 $000
Other expenditure commitments for operational expenditure contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	414	953
	414	**953**

Financial statement 2009/10 has been restated to include GST.

These commitments are all inclusive of GST.

Note 28. Contingent liabilities and contingent assets

Contingent liabilities

The Authority had no contingent liabilities as at 30 June 2011.

Contingent assets

The Authority had no contingent assets as at 30 June 2011.

Note 29. Events occurring after the end of the reporting period

There were no events occurring after the reporting date that impact on the financial statements.

Note 30. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2011 and between actual results for 2010 and 2011. Significant variations are considered to be those greater than 10% and $100,000.

Significant variances between estimated and actual result for 2011

	2011 Estimate $000	2011 Actual $000	Variation $000
Employee benefits expense	5,568	6,581	1,013
Supplies and services	2,805	3,027	222
Accommodation	544	862	318
Other expenses	618	28	(590)
User charges and fees	7,189	4,447	(2,742)

DISCLOSURES & COMPLIANCE

Employee benefits expense

Additional staff were required in 2010/11 to assist with an increase in workload and to build in-house capacity and expertise.

Supplies and services

Expenditure relating to supplies and services was categorised against other expenses in the 2010/11 estimate.

Accommodation

Additional accommodation was required in 2010/11 for the increase in staff. Also, accommodation was required for seconded staff working on the Inquiry into the Office of Shared Services.

Other expenses

The estimate for 2010/11 contains expenditure that relates to the supplies and services category.

User charges and fees

The expected increase in user charges and fees did not occur due to a delay in the drafting of regulations to increase the level of cost recovery from regulatory activities.

Significant variances between actual results for 2010 and 2011

	2011 Actual $000	2010 Actual $000	Variance $000
Income			
User charges and fees	4,447	4,195	252
Service appropriation	2,525	6,696	(4,171)
Expenses			
Employee benefits expense	6,581	6,103	478
Accommodation	862	700	162

User charges and fees

Due to the cyclical nature of the work of the Authority the revenue fluctuates on an annual basis. Increased activity in the gas access area resulted in an increase in revenue from standing and specific charges.

Service appropriation

The service appropriation in 2010/11 was lower than 2009/10 as an increase in user charges and fees was anticipated. This did not occur due to the delay in the drafting of regulations.

Employee benefits expense

Additional staff were required in 2010/11 to assist with an increase in workload and to build in-house capacity and expertise.

Accommodation

Additional accommodation was required in 2010/11 for the increase in staff. Also, accommodation was required for seconded staff working on the Inquiry into the Office of Shared Services.

Note 31. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Authority are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 31(c) 'Financial instruments disclosures' and note 16 'Receivables'.

Credit risk associated with the Authority's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business.

The Authority has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks. The Authority's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

(b) **Categories of financial instruments**

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2011 $000	2010 $000
Financial Assets		
Cash and cash equivalents	1,453	3,881
Restricted cash and cash equivalents	91	71
Receivables[(a)]	1,364	2,085
Financial Liabilities		
Financial liabilities measured at amortised cost	661	538

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(c) Financial instrument disclosures

Credit risk and interest rate exposures

The following table discloses the Authority's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets [(a)]

			Interest rate exposure			Past due but not impaired					
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Up to 3 months	3 – 12 months	1-2 Years	2-5 Years	More than 5 Years	Impaired financial assets
	%	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets											
2011											
Cash and cash equivalents	5.00%	1,453	-	1,453	-	-	-	-	-	-	-
Restricted cash and cash equivalents		91	-	-	91	-	-	-	-	-	-
Receivables[(a)]		965	-	-	965	-	6	-	-	-	-
Amount receivable for services		399	-	-	399	-	-	-	-	-	-
		2,908	**-**	**1,453**	**1,455**	**-**	**6**	**-**	**-**	**-**	**-**
2010											
Cash and cash equivalents	4.13%	3,881	-	3,881	-	-	-	-	-	-	-
Restricted cash and cash equivalents		71	-	-	71	-	-	-	-	-	-
Receivables[(a)]		1,713	-	-	1,713	-	-	-	-	-	-
Amount receivable for services		372	-	-	372	-	-	-	-	-	-
		6,037	**-**	**3,881**	**2,156**	**-**	**-**	**-**	**-**	**-**	**-**

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities

	Weighted Average Effective Interest Rate	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Adjustment for discounting	Total Nominal Amount	Up to 3 months	3 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		Interest rate exposure						Maturity date				
	%	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Liabilities												
2011												
Payables		661	-	-	661	-	-	661	-	-	-	-
		661	**-**	**-**	**661**	**-**	**-**	**661**	**-**	**-**	**-**	**-**
2010												
Payables		538	-	-	538	-	-	538	-	-	-	-
		538	**-**	**-**	**538**	**-**	**-**	**538**	**-**	**-**	**-**	**-**

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-100 basis points		+100 basis points	
	Carrying Amount	Surplus	Equity	Surplus	Equity
	$000	$000	$000	$000	$000
2011					
Financial Assets					
Cash and cash equivalent	1,453	(15)	(15)	15	15
Total Increase/(Decrease)		**(15)**	**(15)**	**15**	**15**

		-100 basis points		+100 basis points	
	Carrying Amount	Surplus	Equity	Surplus	Equity
	$000	$000	$000	$000	$000
2010					
Financial Assets					
Cash and cash equivalent	3,881	(39)	(39)	39	39
Total Increase/(Decrease)		**(39)**	**(39)**	**39**	**39**

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 32. Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

$	2011	2010
20,001 - 30,000	-	1
30,001 - 40,000	1	-
60,001 - 70,000	1	-
100,001 – 110,000	-	1
130,001 – 140,000	1	-
490,001 – 500,000	-	1
510,001 – 520,000	1	-
	$000	**$000**
The total remuneration of members of the accountable authority	**759**	**628**

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the accountable authority.

DISCLOSURES & COMPLIANCE

Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

$	2011	2010
30,001 – 40,000[(a)]	-	1
70,001 - 80,000[(b)]	1	-
140,001 – 150,000	1	-
150,001 – 160,000	-	1
160,001 – 170,000	1	-
180,001 – 190,000	-	1
200,001 – 210,000	-	1
210,001 – 220,000	-	1
220,001 – 230,000	1	-
230,001 – 240,000	-	1
250,001 – 260,000	1	-
320,001 – 330,000	1	-
340,001 – 350,000	-	1
	$000	**$000**
The total remuneration of senior officers	**1,192**	**1,381**

(a) The senior officer against this band joined the Authority in March 2010.

(b) The senior officer against this band left the Authority in November 2010.

The total remuneration includes the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority.

Note 33. Remuneration of auditor

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

	2011 $000	2010 $000
Auditing the accounts, financial statements and key performance indicators	26	28

Note 34. Indian Ocean Territories

The Agreement between the Treasurer and the Authority provides for the retention of moneys received by the Authority from the Commonwealth in respect of the Indian Ocean Territories. Revenue retained pursuant to this agreement is to be applied to the Authority's services. Money received by the Authority in respect of the services provided are credited to the Authority's operating account.

	2011 $000	2010 $000
Balance at the start of the year	29	49
Receipts	-	-
Payments	(2)	(20)
Balance at the end of the year	**27**	**29**

Other financial disclosures

Pricing policies of services provided

The ERA currently receives revenue for the following regulated industries.

Gas Industry

Fees and charges are payable for services provided by the ERA under the provisions of the *Economic Regulation Authority (National Gas Access Funding) Regulations 2009*. Payments to the ERA from operators of regulated pipelines include:

- Standing charges that are levied on service providers for costs incurred by the ERA which are not directly attributed to activities of a particular pipeline system.
- Specific charges that are levied by the ERA for specific work carried out for a particular service provider.

The Regulations require that our annual report includes details of the total amount of standing charges, specific charges and fees paid by pipeline operators in a financial year. These details for the year ended 30 June 2011 are listed in the following table.

Service provider	Standing charges ($)	Specific charges ($)
WA Gas Networks Pty Ltd	589,276	374,482
Goldfields Gas Transmission	442,230	84,816
Southern Cross Pipelines Pty Ltd	59,342	0
DBNGP (WA) Transmission Pty Ltd	1,090,848	558,395
Total	2,181,696	1,017,693

The Regulations also provide for the ERA to levy fees for:

- providing documents prepared by or on behalf of the ERA;
- admission to a meeting held by the ERA for the purposes of public consultation; and
- interest on any outstanding amounts.

No document fees were received in 2010/11. Interest on outstanding amounts in 2010/11 amounted to $477.12.

Licensing

Fees and charges are payable for licences issued by the ERA. These fees and charges are determined by regulations created under the *Electricity Industry Act 2004*, the *Energy Coordination Act 1994* and the *Water Services Licensing Act 1995*. It is the responsibility of the relevant minister for each Act to determine the amount of fees charged.

Electricity Market

Regulator fees for our surveillance function are recovered from participants of the Wholesale Electricity Market (WEM) through the Independent Market Operator. Under the WEM Rules, the fees are set to fully recover the costs of the surveillance function.

Commonwealth Service Agreement

Under an agreement with the Commonwealth, the ERA is responsible for licensing water and electricity utilities on the Christmas and Cocos Islands. Applications for licences are yet to be received. However, any costs incurred as a result of pre-lodgement negotiations can be recovered from the Commonwealth Government based on an agreed amount.

Capital works

The ERA's capital works program mainly comprises of expenditure on multi-function devices, the computer network and other servers operated by the ERA. This year we replaced a multifunctional device at a cost of $17,020.

Personal computers and laptops costing less than $5,000 are funded from recurrent annual expenditure.

Employment and industrial relations

The following table provides a breakdown of the categories of staff employment as at 30 June 2011 in comparison to 30 June 2010.

Employee category	No. of staff at 30 June 2011	No. of staff at 30 June 2010
Permanent full-time	42	39
Permanent part-time	2 (1.4 FTE)	2 (1.6 FTE)
Fixed term full-time	10	9
Fixed term part-time	3 (0.8 FTE)	4 (2.3 FTE)
Total	**54.2**	**51.9**

As at 30 June 2011, there were nine vacant positions compared to seven in the previous year.

Staffing policies

The ERA is committed to the ongoing development and retention of our staff and the effective achievement of organisational outcomes. This year, we reviewed our performance management processes and implemented a new program that focuses more on the training needs of staff. By focussing performance management on training we have been able to put in place a training and development program to ensure that all staff can access appropriate training programs as we move into the new financial year.

The ERA continues to create and develop flexible work arrangements for all staff, such as job sharing, job rotation and work/life balance initiatives. This assists in attracting and retaining people to the ERA with relevant expertise and promoting a more effective working arrangement for prospective applicants.

In pursuing this objective, we have initiated and continued with a number of human resource management initiatives such as:

- introducing a divisional information series where divisional staff volunteer to conduct a presentation on the work they are undertaking;
- continuing with a work/life balance committee;
- continuing to conduct quarterly surveys so that staff can provide anonymous feedback;
- reviewing staffing related policies to simplify the processes and make them more user friendly; and
- providing feedback to staff on issues raised through surveys and at staff meetings.

All of the ERA's staffing policies are available through the intranet and also form part of the induction process for new employees.

Industrial relations

Our staff are employed under the *Public Service Award 1992* and the *Public Service and Government Officers General Agreement 2011*. No industrial disputes were recorded during 2010/11.

Workers compensation claims

The ERA complies with the requirements of the *Occupational Safety and Health Act 1984*. There were no workers compensation claims. Three minor incident reports were submitted during the 2010/11 reporting year. There were no outstanding workers compensation claims from a prior period.

Governance disclosures

Shares in statutory authority

The ERA has no shares for senior officers to hold.

Shares in subsidiary bodies

The ERA does not have any subsidiary bodies.

Interests in contracts by senior officers

In 2010/11, no senior officers had any interest in existing or proposed contracts (other than employment contracts) with the ERA.

Benefits to senior officers through contracts with the Authority

In 2010/11, no senior officers disclosed having received any benefits through contracts held by the ERA.

Insurance premiums

There are no senior officers of the ERA defined as directors under Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996* and therefore the ERA is not required to pay an insurance premium to indemnify any senior officer.

Ministerial directives

The ERA is independent of direction or control by the State, or any Minister or officer of the State, in performing its functions. However, under section 28(2) and 28(3) of the *Economic Regulation Authority Act 2003*, the relevant Minister may give direction in writing to the ERA on administration and financial administration matters.

No ministerial directives were received from the relevant Minister during 2010/11.

Other legal requirements

Advertising

The ERA incurred the following expenditure on advertising, market research, polling, direct mail and media advertising in 2010/11. Total expenditure for the period 1 July 2010 to 30 June 2011 was $47,794. The expenditure was incurred as shown in the table below:

Agencies / Organisation	Total Expenditure ($)	Agency	Class Expenditure ($)
Advertising agencies			
Market research organisations	$0		$0
Polling organisations	$0		$0
Direct mail organisations	$0		$0
Media advertising organisations	$47,794	Adcorp	$43,319
		State Law Publisher	$4,475
total	**$47,794**		**$47,794**

Disability access and inclusion plan outcomes

In accordance with the *Disability Services Act 1993* and the *Disability Services Regulations 2004*, the ERA published its Disability Access and Inclusion Plan 2007-2011 (DAIP) in July 2007.

The ERA's DAIP Working Group is scheduled to review its current DAIP in 2012 and the outcomes of the review will be reflected in the 2012-16 DAIP, which will be submitted to the Disability Services Commission.

The Authority addressed the six desired outcomes of the DAIP by maintaining the following initiatives.

Outcome 1

People with disabilities have the same opportunities as other people to access services and events.

An accessibility checklist is maintained and is used to guide staff in the preparation of public events, to ensure that invitations, promotional materials and venues are accessible to people with disabilities. A list of preferred venues for ERA conferences and events is also maintained, which lists specific venues that meet accessibility criteria for people with disabilities.

An accessibility contacts list is maintained. It provides contacts for the following services:

- Audio loop equipment

- Australian sign language interpreters
- Building access issues
- Braille versions of ERA documents
- Digital recordings of ERA documents
- Video captioning

In 2010 the Accessibility Contacts List was updated to ensure that the following access requests could be met:

- captioning videos or films for corporate services;
- purchasing an audio loop for public events; and
- booking interpreters for public events.

The checklist, list of preferred venues, and contacts list are published on the ERA intranet and are circulated to staff annually.

Outcome 2

People with disabilities have the same opportunities as other people to access buildings and facilities.

An accessibility information sheet, which is published on the intranet and is provided to the ERA's customer service officers, details the location of nearby accessible parking bays, the location of the accessible entrance to the building and the location of the building's accessible toilet. It also provides instruction on the ERA's accessible telephone line.

Due to the Government Strategic Accommodation Plan, the ERA will be changing location in 2012. As a result of this move, the ERA's DAIP Working Group will undertake an accessibility assessment of the new location and update accessibility documentation accordingly.

Outcome 3

People with disabilities receive information in a format that will enable them to access information as readily as other people.

An accessibility page is maintained on the ERA's website to ensure that all web information and resources are available to users with disabilities. Users can request information in alternative formats, including:

- Audio (mp3)
- Large print (electronic or hard copy)
- Plain text (electronic – suitable for screen readers)
- Braille

In November 2010, the ERA made an update to its website to include easy click text sizing. On every page of the website, users can choose standard, larger and largest text sizes in a single click.

Outcome 4

People with disabilities receive the same level and quality of service from staff as other people receive from staff.

In considering ways in which to improve the level of quality and service from staff, the DAIP Working Group agreed that staff awareness of accessibility issues is a key factor. To foster and maintain staff awareness in making ERA services accessible to people with disabilities, staff are prompted annually to visit the accessibility information set out on the ERA's intranet and website.

To provide a better service to customers with disabilities, the ERA implemented an accessibility telephone service, which enables customers to:

- request information in alternative formats;
- make verbal submissions; and
- provide feedback or lodge a formal complaint verbally.

Outcome 5

People with disabilities have the same opportunities as other people to make complaints.

The ERA ensures that people with disabilities are given the same opportunity as other people to lodge a formal complaint. Although the public can provide feedback and submissions to the ERA in hard copy, this information can also be lodged:

- via the ERA's website through an online form (which has the easy click text sizing options); and
- via the accessibility telephone service which enables the caller to leave a recording of their complaint or submission.

Outcome 6

People with disabilities have the same opportunities as other people to participate in public consultation.

The ERA issues notices calling for public consultation via its website and via notices published in The West Australian and/or The Australian newspapers. Interested parties are notified via email whenever a notice calling for submissions is issued. Submissions can be lodged via an email link on notices published on the website. Alternatively, submissions can be lodged through the ERA's accessibility telephone service, which enables the caller to make a recording of their submission.

The Authority established the Economic Regulation Authority Consumer Consultative Committee (ERACCC) in March 2005. Part of the ERACCC's role is to ensure that the ERA's communication and compliance strategies meet the needs of consumers.

Compliance with public sector standards and ethical codes

The ERA is committed to ensuring the highest standards of accountability and transparency in all our activities. The ERA actively encourages all employees to demonstrate a high level of integrity, consistent with public sector standards and ethical codes, at all times.

The ERA has developed its own code of conduct. This clearly identifies the ethical values and principles that must be met by employees and consultants. During the year the following activities were undertaken with respect to compliance with public sector standards and ethical codes:

- Commenced an annual review of the agency code of conduct.
- Commenced an update of the human resource standards and procedures document to take into account changes to public sector standards brought about by the *Public Sector Reform Act 2010*.
- Updated the risk management policy and register. The policy explains how staff can assess and monitor risks in carrying out their work.
- Implemented mandatory training for all staff on adherences to standards and legislative requirements.

The ERA places high priority on ensuring that staff are familiar with human resource management policies and procedures. These policies and procedures are regularly reviewed and updated to ensure they reflect current minimum standards of merit, equity and probity in human resource management activities. Policies and procedures are made available to staff on the intranet.

Public Sector Standards

Information about the Public Sector Commissioner Standards is available to all staff via the intranet and is incorporated into the ERA's induction and training processes. Due to the high standards maintained by the ERA, there were no claims of breach lodged during this reporting period.

Western Australian Code of Ethics

Staff are aware of the Code of Ethics developed by the Commissioner for Public Sector Standards. As part of the ERA's approach to continuous learning and training, the code of conduct and conflict of interest procedures and processes are available on the intranet, incorporated into the staff training program and discussed regularly at internal staff meetings.

Record keeping plans

The ERA is committed to developing good record keeping practices and meeting the legislative requirements of the *State Records Act 2000* and the State Records Commission Standard 2, Principle 6.

The ERA regularly monitors and reviews the effectiveness and efficiency of its electronic document records management system. In 2010, the ERA upgraded the TRIM system to version 6.2.5 to resolve and improve performance issues previously identified by staff. A consultant was commissioned, specialising in TRIM technical support, to offer additional assistance to the ERA's Records and IT sections.

During the financial year, an internal audit was undertaken on the records management processes implemented within the ERA. This audit tested 39 risks associated with good record management practices and found 18 risks where controls needed improvement. These risks related to internal policies and processes. We immediately put in place and actioned remediation plans to improve the controls over our record management processes.

The results of the Audit identified that the ERA complies with its record keeping obligations under the *State Records Act 2000*. Various improvement opportunities were also identified and the following improvement strategies have been instigated:

- In addition to upgrading TRIM and commissioning additional TRIM technical support, a major TRIM upgrade to version 7.1 is scheduled for late 2011.
- A review of the ERA's Business Classification Scheme and Thesaurus.
- A review of the ERA's functional retention and disposal schedule.
- A review of the security classifications and controls applied to records in TRIM.
- A review and update of the documented business processes for Records Management.
- Implementation of formal Quality Assurance initiatives for performance integrity.

The ERA has reviewed its records management training program and has developed, and now provides, a series of group training sessions on how to better use TRIM. We have updated and developed training material for staff induction packages and for distribution to current staff, covering a diverse range of topics such as the basics of TRIM, records keeping and information management initiatives.

The ERA's overall usage of TRIM has continued to increase significantly. The table below shows a comparison between the use of TRIM in 2010/2011 and previous years.

The figures for 2009/2010 and 2010/2011 have been adjusted to reflect the actual number of documents created. Previously, the reported figures for the period 2009/2010 included IT data from system logs saved to TRIM. Therefore, the figures previously reported did not accurately reflect the number of documents.

TRIM usage	2007/08	2008/09	2009/10	2010/11	Difference
No. of documents created	6,848	15,875	16,116	27,297	11,181
No. of containers created	1,694	856	1,446	966	-480
No. of archive boxes created	70	71	73	60	-13

There was an increase of 11,181 documents created in TRIM in 2010/11 compared to the previous year.

The number of containers created in 2010/11 decreased by 480 compared to the previous year. However, many of the containers created in 2009/10 remained open and in use throughout 2010/11.

The number of archive boxes created in 2010/11 decreased by 13 compared to the previous year.

Government policy requirements

Substantive equality

The ERA is not a department represented on the Strategic Management Council and does not currently have any obligations under the substantive equality framework. However, the ERA is aware of the intent of the substantive equality framework and seeks to align itself to the goals of the policy by providing equal employment opportunities, eliminating discrimination in the provision of its services and promoting sensitivity to the different needs of people.

The ERA is committed to ensuring that its employment practices are open and transparent, based on the principles of merit and equity at all times. The ERA has an equal employment opportunity and diversity policy. The intent of the policy is publicised in all staff recruitment advertising processes and is adhered to by all staff.

Occupational safety, health and injury management

The ERA is committed to the health and wellbeing of its employees, contractors and visitors by providing and maintaining a safe work environment.

The ERA has an Occupational Safety and Health Committee. This committee meets regularly to discuss and resolve any occupational health and safety issues raised. Information about the membership, role, activities and outcomes of this committee is available on the intranet.

Committee members are available to assist staff in the discussion and resolution of occupational safety and health issues including the assessment of risks and hazards and incident reporting.

The ERA occupational safety and health policies and procedures are available on the intranet. These reinforce that it is the responsibility of every employee to ensure that they conduct themselves in a safe manner at all times and do not place themselves or any other person at risk at any time.

The ERA has in place a documented injury management system in accordance with the *Workers' Compensation and Injury Management Act 1981* and the Public Sector Commissioner's Circular 2009-11, Code of Practice: Occupational Safety and Health in the Western Australian Public Sector.

This documented injury management system is available to all employees through the induction process and via the intranet. In the event that an injury occurs, the ERA supports the early rehabilitation of injured employees through its return to work programs. These programs incorporate the use of external providers working with the staff member's supervisors to ensure that the injured employee is given the best qualified professional assistance possible to manage their rehabilitation.

Due to the small number of staff and a nil recording of incidents during previous years, the ERA conducted a self-evaluation assessment of its health and safety controls using the Australian Standard 4801:200 compliant WorkSafe Plan.

The results proved positive overall with staff generally having a good knowledge of occupational safety and health. It also gave the ERA an insight into some of the areas that required further development and training.

Further training to assist staff in identifying hazards and to highlight best workplace practices through on-line courses and DVDs is planned for the forthcoming year. The next assessment of our health and safety controls is planned for 2011.

A report of annual performance for 2010/11 is as follows.

Indicator	Target 2010/11	Actual 2010/11
Number of fatalities	Zero (0)	Zero
Lost time injury/disease (LTI/D) incidence rate	Zero (0) or 10% reduction on previous year	Zero
Lost time injury severity rate	Zero (0) or 10% improvement on previous year	Zero
Percentage of injured workers returned to work within 28 weeks	Actual percentage result to be reported	Zero
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	100%

Our Occupational Safety and Health program for 2010/11 included:

- ongoing management of the Occupational Safety and Health Register;
- roll out of on-line training for all staff “OSH compliance – Participate in OSH processes”;
- continued ergonomic assessment for all staff on a regular basis;
- continuation of the employee assistance program which provides a confidential counselling service;
- Senior First Aid training for nominated employees; and
- continued provision of preventative health care for staff including on-site flu vaccination clinics, and a number of work/life balance initiatives for staff.

Other disclosures

Complaints handling

There are three main areas that may be the source of complaints for the ERA: the administration of our Secretariat; employment-related matters; and matters concerning our regulatory functions.

Handling of complaints relating to the administration of the Secretariat and employment-related matters are dealt with under the ERA's Code of Conduct, the WA Public Sector Code of Ethics, and the ERA's Conflict of Interest Policy. These documents are available in either hard copy at our reception desk or on our website and intranet.

The ERA's Code of Conduct advises that concerns in relation to the observance of either the WA Public Sector Code of Ethics or the ERA's Code of Conduct by ERA staff should be raised with the Chief Executive Officer. Staff and consultants working for the ERA are provided with a hard copy of our code of conduct during the induction process. The code sets out relevant policies in detail, including the handling of complaints regarding administrative and employment-related matters.

Our website allows for any member of the public to express dissatisfaction or make a complaint. There were no complaints lodged during the year.

A variety of circumstances may give rise to complaints on the performance of the ERA's regulatory functions. Many of these functions involve the exercise of discretion in circumstances where the competing interest of owners of infrastructure or other interested parties may give rise to complaints.

Complaints relating to regulatory matters are handled through comprehensive public consultation involving submissions, public forums, and purpose specific conferences and meetings with the Governing Body or Secretariat. Submissions may be made on either a public or confidential basis. Public submissions are published on the ERA website.

The ERA's decisions are subject to legal appeal on legal matters to the Supreme Court and to merit reviews by the Australian Competition Tribunal.

An appeal relating to the ERA's final decision on the Goldfields Gas Pipeline access arrangement is currently before the WA Electricity Review Board as the access arrangement was lodged under the old Gas Code.

Public interest disclosures

The ERA's public interest disclosure internal procedures was reviewed and published on our intranet in August 2009. Public interest disclosure is a regular item for discussion at our monthly staff meetings. This year we distributed posters around the office as a visual reminder and incorporated mandatory training for staff into the annual training program.

Memorandums of understanding

A memorandum of understanding (MOU) is a public document that assists with consultation, information sharing, and working relationships. In the 2010/11 financial year, the ERA had MOUs with the following organisations.

Energy Ombudsman Western Australia

We signed an MOU with the Energy Ombudsman on 30 October 2008. The purpose of the MOU is to provide consultation between the two parties and the coordination of their regular activities in relation to the regulation of the electricity and gas industries.

Office of Energy

We signed an MOU with the Office of Energy on 5 February 2007. The MOU sets out the arrangements between the ERA and the Office of Energy to promote effective cooperation and coordination between the two agencies in performing their different but complementary roles in Western Australia's energy market.

Independent Market Operator (IMO)

We signed an MOU with the IMO on 9 January 2007. It establishes an agreed framework for mutual cooperation in relation to functions relevant to both agencies. In the MOU, the ERA and the IMO agreed to mutually assist each other with the exchange of information, expert advice, appropriate referral of matters and cooperation more generally, consistent with legislation. An operational protocol has also been agreed between the two agencies to deal with operational matters.

Department of Water

We signed an MOU with the Department of Water on 12 December 2006 to ensure efficient and effective decision making and advisory processes of both agencies in relation to the water service industry. The MOU also promotes best practice regulation and monitoring of compliance under the *Water Services Licensing Act 1995* and other relevant legislation.

This MoU is currently under review.

Director of Energy Safety (Department of Commerce)

We signed an MOU with the Directorate of Energy Safety of the Department of Commerce on 23 May 2006 to promote cooperation between the two agencies on the regulation of the electricity and gas industries in Western Australia. Both agencies recognise that the framework of mutual cooperation established by the MOU can contribute significantly to the ability of the agencies to effectively and efficiently carry out their respective functions.

Risk management and audit program

During the year the ERA was in the second year of its Strategic Audit Plan (SAP) for 2009/10 – 2011/12. Internal audit for the three year period of the SAP is conducted by William Buck (WA) Pty Ltd.

This year, five planned internal audits were undertaken compared to eight in the previous year. During the year a management initiated audit was instigated to review our project management processes. That audit was in progress at the end of the financial year.

The ERA's three year audit plan covers areas of audit in the corporate environment as well as our regulatory divisions' compliance with legislation. This year we focussed on both areas of audit. The following table summarises the audit activity undertaken during our 2010/11 audit program.

Audit Number	Audit Activity
2011/01	Electricity Access
2011/02	Gas and Rail Access
2011/03	Records Management
2011/04	Procurement
2011/05	Financial Management
2011/06	Management initiated audit project - management processes
2010-07	Risk Management
2010-08	Response to incoming mail

Appendices

Appendix 1: Administered legislation

Regulated utility	Relevant legislation
Gas	Energy Coordination Act 1994
	Gas Pipelines Access (Western Australia) Act 1998
	National Gas Law
	National Gas Regulations
	National Gas Access (WA)(Part 3) Regulations 2009
	National Gas Access (WA)(Local Provisions) Regulations 2009
Water	Water Services Licensing Act 1995
	Water Services Coordination Regulations 1996
Rail	Railways (Access) Act 1998
	Railways (Access) Code 2000
Electricity	Electricity Industry Act 2004
	Electricity Industry (Access Code Enforcement) Regulations 2005
	Electricity Industry (Code of Conduct) Regulations 2005
	Electricity Industry (Customer Contracts) Regulations 2005
	Electricity Industry (Licence Conditions) Regulations 2005
	Electricity Industry (Licensing Fees) Regulations 2005
	Electricity Industry (Obligation to Connect) Regulations 2005
	Electricity Industry (Ombudsman Scheme) Regulations 2005
	Electricity Industry (Wholesale Electricity Market) Regulations 2004
	Wholesale Electricity Market Rules
	Electricity Industry (Network Quality and Reliability of Supply) Code 2005
	Code of Conduct for the Supply of Electricity to Small Use Customers
	Electricity Industry Customer Transfer Code 2004
	Electricity Networks Access Code 2004
	Electricity Industry Metering Code 2005

Appendix 2: Other legislation impacting the agency

- Commercial Arbitration Act 1985
- Competition and Consumer Act 2010
- Copyright Act 1968 (Commonwealth)
- Corruption and Crime Commission Act 2003
- Criminal Code Act Compilation Act 1913
- Disability Services Act 1993
- Electoral Act 1907
- Electronic Transactions Act 2003
- Equal Opportunity Act 1984
- Evidence Act 1906
- Financial Management Act 2006
- Freedom of Information Act 1992
- Industrial Relations Act 1979
- Interpretation Act 1984
- Limitation Act 1935
- Limitation Act 2005
- Minimum Conditions of Employment Act 1993
- Occupational Safety and Health Act 1984
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994
- Rail Freight System Act 2000
- Salaries and Allowances Act 1975
- State Records Acts 2000
- State Records (Consequential Provisions) Act 2000
- State Supply Commission Act 1991
- Statutory Corporations (Liability of Directors) Act 1996
- Workers' Compensation and Injury Management Act 1981

Appendix 3: Reference maps

Electricity Maps

- Electricity Infrastructure in WA
- Electricity Licensing Areas in WA

Gas Maps

- Gas Licensing Distribution Systems and Trading Locations in WA
- Gas Pipeline Infrastructure in WA
- Gas Supply Areas in WA

Rail Map

- Railway Infrastructure Regulated by the ERA

Water Map

- Water Services Controlled and Operating Areas in WA