



Economic Regulation Authority
WESTERN AUSTRALIA

ANNUAL REPORT 2016-17





Economic Regulation Authority
WESTERN AUSTRALIA



Image courtesy of Western Power

Statement of compliance

Hon. Ben Wyatt MLA
Treasurer
11th Floor, Dumas House
Havelock Street
West Perth WA 6005

Dear Treasurer

ECONOMIC REGULATION AUTHORITY 2016-17 ANNUAL REPORT

In accordance with section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the annual report of the Economic Regulation Authority for the financial year ended 30 June 2017.

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,

Nicola Cusworth
Chair

Front cover image courtesy of Western Power



Image courtesy of Western Power

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More information about us is available on our website or you can connect with us through [Twitter @ERA_WA](https://twitter.com/ERA_WA) or find us on [LinkedIn](#) and [YouTube](#)

Accessing the annual report

Our 2016-17 annual report and previous annual reports are available on our website www.erawa.com.au.

To make our annual report as accessible as possible, we have provided it in the following 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.
- 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

This report can also be made available in alternative formats upon request, including audio, large print and braille.

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OVERVIEW

The Economic Regulation Authority (ERA) makes sure the delivery of water, electricity, gas and rail services is in the long-term interests of consumers.

The ERA is the independent economic regulator for Western Australia. It regulates monopoly infrastructure and essential services.

The ERA also undertakes inquiries, which provide recommendations to government on economic issues that are likely to have significant implications for the people and businesses of Western Australia.

The ERA's work includes:

- Carrying out surveillance of Western Australia's wholesale electricity market;
- Determining third-party access arrangements for electricity, gas and rail infrastructure;
- Administering the licensing schemes for electricity, gas and water service providers; and
- Providing advice and analysis to the State Government on a wide range of economic issues.

Image courtesy of Arc Infrastructure



OVERVIEW



Nicola Cusworth

The past year has been challenging for the Economic Regulation Authority, with significant changes in our work, structure and personnel. I was appointed Chair in July 2016, after Professor Stephen King left to become a Commissioner at the Productivity Commission, and so the period reviewed in this report was my first year at the ERA.

Chair's address

The world of economic regulation is changing. Regulators are increasingly expecting utility companies to engage directly and deeply with their customers before presenting regulatory proposals. Changing technologies mean that not all services providers operate under the business models assumed in the design of some regulatory schemes. This is especially true in the energy sector, where the rapid growth of solar generation is changing the operation of electricity systems and electricity networks, and leading to new models of retail energy businesses.

Energy policy attracted a great deal of attention across Australia in 2016/17. Blackouts in South Australia, reports of gas shortages in the eastern states and rising energy prices raised government and public awareness of the challenge of delivering reliable, sustainable and affordable energy. Western Australia is not directly connected to the eastern states' energy market, but many of the issues raised in national debate are relevant here.

At the beginning of 2016/17 the ERA had just acquired a new role in monitoring the energy market previously undertaken by the Independent Market Operator, but expected to lose some functions as the government planned to transfer regulation of access to energy infrastructure to the national energy regulator. In the event, the transfer did not happen before the March 2017 election, and the new Minister for Energy has indicated that the ERA will retain responsibility for access regulation for electricity networks and gas pipelines. A new access arrangement for Western Power will be determined in 2017/18.

One pleasing development in the Western Australia energy market has been increasing competition in the gas sector. In May 2017, the ERA granted retail licenses to two new entrants to the south west gas market, Origin and AGL. This brings to four the number of companies competing to supply gas to small businesses and household customers, and these customers are deriving substantial benefits in lower gas prices.

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Nevertheless, there is evidence that some households are struggling to pay their energy bills in Western Australia's weaker economy. The ERA's 2016 review of the energy retail market found the proportion of customers seeking more time to pay their bills has increased significantly in both the electricity and gas sectors.

The ERA's licencing and consumer protection roles are usually low-profile compared to some of our other activities, but are an important part of meeting our principal objective of serving the long-term interests of consumers. The ERA issues licences and monitors compliance with licence conditions by water and electricity suppliers. Codes of conduct and standard form contracts protect customers by setting minimum standards for the supply of essential services.

The ERA is both a regulator and a provider of advice for government. In 2016, the Treasurer instructed the ERA to undertake two new inquiries on policy matters.

After the Waroona bushfire, the Ferguson review recommended an independent inquiry into the management and distribution of the Emergency Services Levy. The government decided that this inquiry should be undertaken by the ERA. In 2017 the ERA conducted extensive consultation with stakeholders in the industry and will deliver a final report to the Treasurer in September 2017.

The second inquiry begun in 2016 was into the efficient costs and tariffs of the Water Corporation, Busselton Water, and Aqwest. This follows similar inquiries conducted previously by the ERA to investigate the efficient level and structure of water tariffs. The ERA's final report on this inquiry will be delivered in November 2017.

The ERA has responded to changes in its functions and work programme by restructuring its organisation into three divisions – energy markets, regulation and inquiries, and corporate services. For some staff this meant changes in roles, and there have been significant changes

of personnel. After more than ten years on the Governing Body, Steve Edwell left the ERA in April 2017. In June 2017 I announced that Greg Watkinson was resigning as the ERA's CEO to join the Governing Body, and that Dr Ray Challen will also join the Governing Body in 2017/18.

I conclude with some thanks: to Stephen King and Steve Edwell for an orderly transfer when I took over as Chair, and for their great contribution to the ERA over many years; to Greg Watkinson for his diligence and commitment as CEO in steering the organisation through some difficult challenges; and to the staff of the ERA for their professionalism and dedication, and for the support offered to me over the past year.

Nicky Cusworth
Chair

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Executive Summary

The Governor appointed Ms Nicky Cusworth as full-time chair of the Economic Regulation Authority (ERA). Ms Cusworth is experienced working in government and in the private sector analysing the evolution of the Western Australian economy, and implications for businesses and consumers.

The ERA increased its regulatory responsibility in the wholesale electricity market. It now monitors compliance by electricity generators and it investigates alleged breaches by market participants. During the 2016/17 financial year, the ERA conducted 54 compliance investigations. These new functions resulted in the ERA expanding the team of analysts working in its Energy Markets division.

The ERA granted retail licences to two of the eastern states' biggest energy providers, AGL Sales and Origin Energy, to supply gas to small use customers in the southwest of Western Australia. Customers have the choice between four gas retailers: Alinta Energy, Kleenheat, Origin Energy Retail and AGL Sales. These retailers will compete for 700,000 residential customers and almost 10,000 small use business customers.

A customer protection program introduced additional performance measures for electricity and gas retailers, covering customers in hardship and reporting of the levels of bill debt in the community.

Property development continued across the State, despite a struggling economy. The ERA's annual energy distributors report found growth in both gas and electricity connections in Western Australia. In the past five years electricity connections grew by more than 10 per cent and gas connections grew by almost 16 per cent.

The annual water report found water drawn from WA's dams, rivers and irrigation channels has fallen by 75 per cent in the past six years. There was a drop in Perth in the amount of water drawn from dams, with reliance on water sourced from the Binningup and Cockburn Sound desalination plant overtaking groundwater for the first time.

There was an overall improvement in asset management by licensees, and the ERA found that licensees were meeting their obligations under their licence.



Image courtesy of Western Power

The ERA granted two new 30 year electricity generation licences for large scale solar and wind projects. Australia's biggest solar project, the Greenough River Solar Farm southeast of Geraldton, expanded its capacity to 40 megawatts. Wind Portfolio Pty Ltd gained a licence for a wind farm in the Shire of Dandaragan, about 180 kilometres north of Perth. Both projects will deliver electricity into the main Western Australian grid.

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Operational structure

The ERA has three divisions:

- Corporate Services;
- Regulation and Inquiries; and
- Energy Markets.

Corporate Services provides strategic, business planning and executive support to the Governing Body, Secretariat and the Corporate Executive.

The **Regulation and Inquiries Division** issues, amends, transfers, renews and monitors electricity, gas and water licences. It also has a customer protection function, monitoring marketing conduct, contracts, billing, financial hardship and complaints.

The division regulates third party access to electricity and gas infrastructure that facilitates the transport of energy, including over 5,500 kilometres of Western Australian railway tracks.

Inquiries are also undertaken on important state economic matters, as requested by the State Treasurer.

The **Energy Markets Division** monitors the wholesale electricity market to ensure that participants are operating within the rules of the market.

The ERA ensures that market participants comply with the obligations of the wholesale electricity market and the gas services information rules. As part of this function it investigates alleged breaches and initiates appropriate compliance responses for these matters.

The division is also responsible for amendments to the Gas Retail Market Scheme.

Enabling legislation

The ERA was established by The *Economic Regulation Authority Act 2003*.

Our powers, responsibilities and obligations derived from certain Acts of Parliament and Regulations established under those Acts which include:

- *Economic Regulation Authority (Electricity Networks Access Funding) Regulations 2012*
- *Economic Regulation Authority (Licensing Funding) Regulations 2014*
- *Economic Regulation Authority (National Gas Access Funding) Regulations 2009*

Responsible Minister

Although the ERA functions independently of government, it receives written directions on financial and administration matters from the Western Australian State Treasurer.

The ERA has legislative reporting responsibilities to the following ministers:

- The Minister for Energy, on matters related to the wholesale electricity market and electricity and gas licensing;
- The Treasurer, on economic inquiries; and
- The Minister for Water, in relation to Water licensing.

Organisational structure

The Electricity Market Review contemplated changes to the functions of the ERA. This had implications for the structure of the organisation. The major changes included:

- a proposal to transfer electricity and gas access functions to the Australian Energy Regulator;
- addition of electricity market enforcement and compliance functions;

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- additional review functions previously undertaken by Independent Market Operator (IMO);
- addition of secretariat services to an independent Rule Change Panel.

There were other reasons for a review of the organisational structure at this time:

- the structure had not been reviewed since 2010;
- contracts of Executive Directors were coming to an end in 2016/17;
- the workload of various officers had changed since the current structure was put in place in 2010.

The Secretariat was restructured to align with changes in the ERA's functions. Since December 2016, the ERA has been restructured from four divisions to three - Regulation and Inquiries, Energy Markets and Corporate Services.

On 30 June 2017 the Secretariat had 54 employees. This includes 46 permanent staff, seven contract staff and one on casual basis. One permanent staff member is on a secondment to the Australian Energy Regulator.

About us

Mission

To ensure that the State of Western Australian has an efficient and customer focused economy.

Who we are

The ERA is the independent economic regulator for Western Australia.

Our funding

The ERA's primary functions are funded by industry (80%), except for inquiries, gas markets, rail and the requirements under the Electricity Generation and Retail Corporation Regulator Scheme. These functions are funded by government.

Our governance framework

The ERA came into existence through the *Economic Regulation Authority Act 2003*.

The ERA comprises a Governing Body and a Secretariat. The Governing Body is the decision making body, it performs the functions of the ERA.



Image courtesy of Western Power

The Governing Body is assisted in its decision making by the Secretariat. The Secretariat is the initial contact for the day-to-day dealings of the ERA.

While the Secretariat provides analysis and administrative assistance, it is ultimately the Governing Body that has responsibility for the ERA's regulatory and inquiry functions.

Our commitments

The ERA provides high quality economic analysis and advice on a broad range of issues. It is dedicated to ensuring regulatory compliance is at a high standard. The ERA is committed to providing independent regulation and advice that is both understood and valued. It effectively engages with stakeholders.

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Our values

Excellence

We strive to achieve excellence in everything we do.

Respect

We treat everyone fairly and show consideration and regard for others and their views.

Impartiality

We make independent decisions that are free from bias.

Integrity

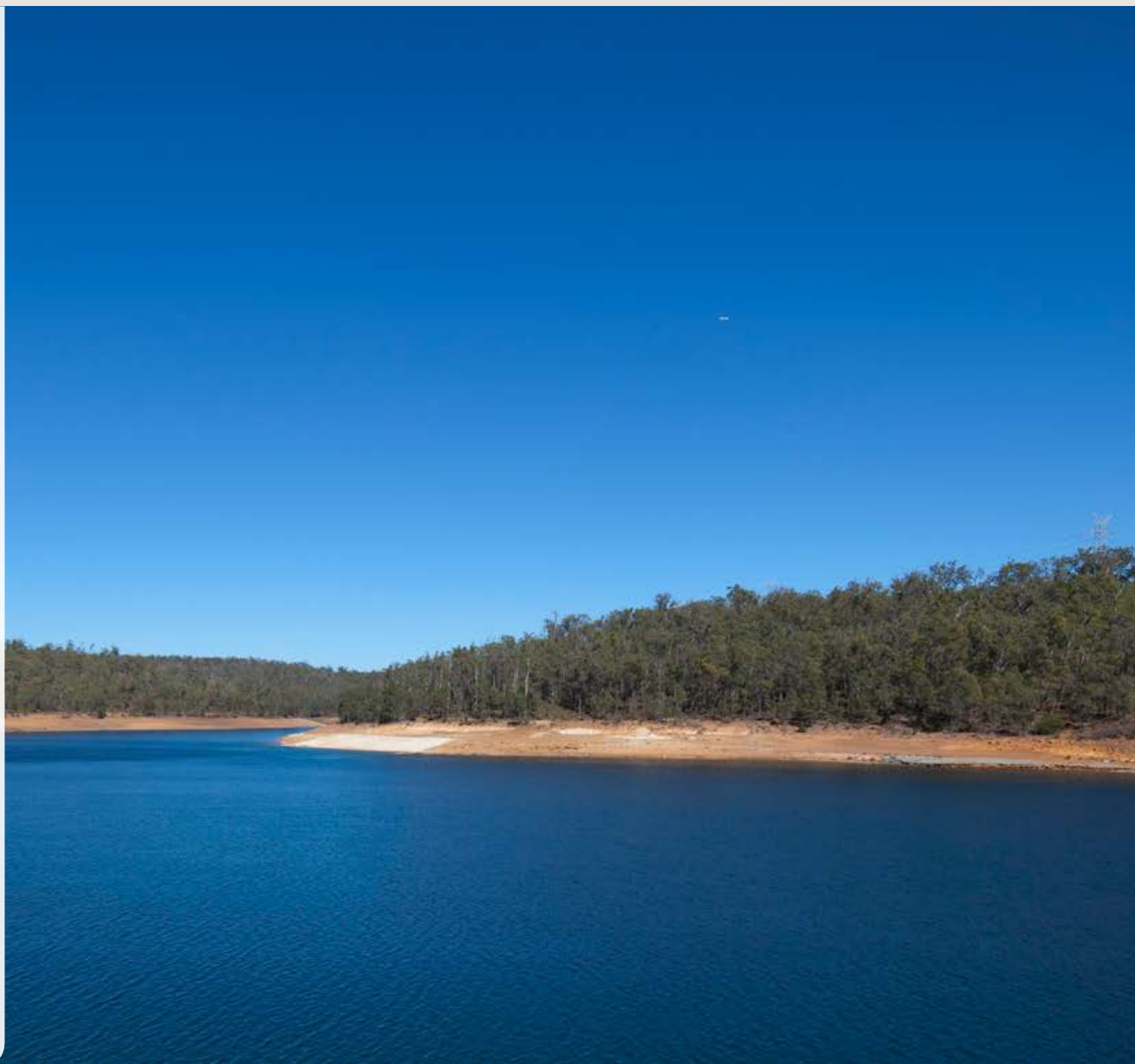
We are honest, trustworthy and not inappropriately influenced.

Social awareness

Staff have a keen sense of social responsibility, actively participating in a variety of ways throughout the year. Planned activities raise funds for nominated charities.

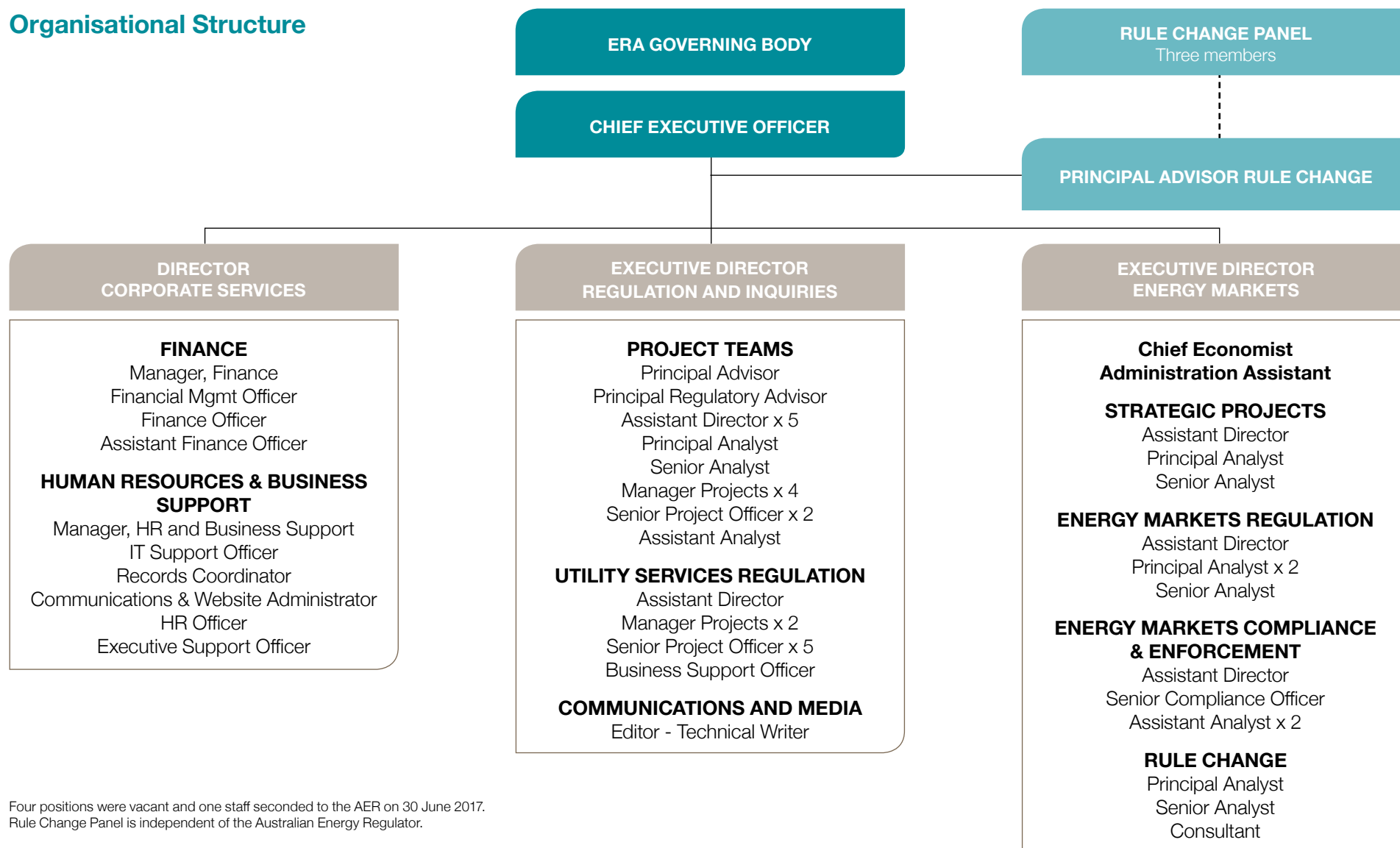
We support the community through our:

- Social club;
- Access and Inclusion plan;
- Reconciliation Action plan;
- Morning teas and free-dress Fridays;
- Blood donations; and
- Battery recycling.



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Organisational Structure



Four positions were vacant and one staff seconded to the AER on 30 June 2017.
Rule Change Panel is independent of the Australian Energy Regulator.

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Governing Body

The ERA is overseen by a Governing Body that in this period consists of a full-time Chair and a part-time Member.

Ms Nicky Cusworth was appointed Chair of the ERA from July 4, 2016. Mr Steve Edwell resigned from his position as part-time member on January 16, 2017, but continued in the position until April 16, 2017.



Nicky Cusworth

Nicky Cusworth is an economist with experience in government and in the private sector. Educated at Oxford University, she worked in industrial relations in the United Kingdom in the eighties

setting the groundwork for an abiding interest in the relationship between sound economic management and people's living standards.

Before joining the ERA, she was Deputy Director General at the Department of State Development, leading the Strategic Policy team. She was the director of economic policy at the Department of Treasury and Finance and the chief economist at the Chamber of Commerce and Industry of Western Australia. She has been involved in economic reform projects including the Electricity Market Review and the Mineral Royalty Rate Analysis.

Nicky is a regular moderator and speaker at economic forums including conferences hosted by the Committee for Economic Development of Australia and the Australian Institute of Management.



Mr Steve Edwell

Steve Edwell is an economist specialising in the reform and access regulation of utility services. He has led teams to restructure electricity markets in Queensland and Western Australia,

including implementation of the Western Australian wholesale electricity market. Steve was the inaugural full time chair of the Australian Energy Regulator between 2005 and 2010 and has been a Governing Body member of the ERA since 2006. He has provided advice on economic regulation issues to the Western Australian State Government on projects such as Wheatstone, Browse and Oakajee port and rail, and has managed various energy projects in the Pilbara, including Pilbara Power. Steve resigned from the ERA in April 2017.

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Corporate Executive

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



Mr Greg Watkinson
Chief Executive Officer

Greg Watkinson was appointed as CEO in February 2010. Prior to his appointment, Greg headed the ERA's References and Research division, responsible for undertaking

independent inquiries for the Western Australian government. Greg has worked as an economist in the public sector since completing a Masters of 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.



Mr Paul Kelly
*Executive Director
Regulation and Inquiries*

Paul Kelly has almost 30 years' experience at senior and senior executive levels in the public sector. Paul is the Chairman of the Electricity Code Consultative

Committee and the Gas Marketing Code Consultative Committee. Both are statutory positions respectively under the *Electricity Industry Act 2004* and the *Energy Coordination Act 1994*. Prior to his current role, Paul was the Director of the Water Division of the ERA, responsible for all regulatory matters relating to the Water industry.

Paul's previous roles include a seven year term 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 takes a keen interest in local government and is a member of both the Metropolitan Development Assessment Panel and the Local Government Standards Panel. He is a fellow of

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the Australian Institute of Company Directors. He has been a Director on a number of Boards, including aged care, insurance and local government.

Paul completed his Masters of Social Science at the Waikato University in New Zealand. He has completed postgraduate studies in both clinical psychology and education.



Mr Rajat Sarawat
*Executive Director
Energy Markets*

Rajat Sarawat joined the ERA in January of 2012. Rajat has over 20 years of experience working in the field of economic regulation. Prior to joining the ERA,

Rajat has held various senior positions with the Essential Services Commission of South Australia (ESCOSA) and the Australian Energy Market Commission (AEMC), including as Acting CEO at ESCOSA and Senior Director at AEMC. In these roles, Rajat has led various price reviews, access arrangements, inquiries and competition reviews. Rajat has a Bachelor of Science and an MBA. He is a graduate member of the Australian Institute of Company Directors.



Pam Herbener
*Director Corporate
Services*

Pam Herbener has been employed in access regulation since joining the Western Australian Office of Gas Access Regulation in 1998. Pam has more than 30 years management experience across the not-for-profit, local, State and Commonwealth government sectors. Pam has accrued a breadth of knowledge across the finance, compliance, human resources, information technology, recordkeeping and communications functions.

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Administered Legislation

The legislation that is administered by the ERA are the codes that regulate the conduct of utility service providers.

- *Gas Marketing Code of Conduct 2017*
- *Code of Conduct for the Supply of Electricity to Small Use Customers 2016*
- *Water Services Code of Conduct (Customer Service Standards) 2013*



Image courtesy of Western Power

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Other key legislation impacting on the ERA's activities

Gas

- *Energy Coordination Act 1994*
- *Energy Coordination Regulations 2004*
- *Energy Coordination (Customer Contracts) Regulations 2004*
- *Energy Coordination (Last Resort Supply) Regulations 2005*
- *Energy Coordination (Licensing Fees) Regulations 1999*
- *Electricity Coordination (Ombudsman Scheme) Regulations 2004*
- *Energy Coordination (Retail Market Schemes) Regulations 2004*
- *Gas Services Information Act 2012*
- *National Gas Access (WA) Act 2009*
- *National Gas Access (WA) (Local Provisions) Regulations 2009*
- *National Gas Access (WA) (Part 3) Regulations 2009*
- *Gas Marketing Code of Conduct 2017*

Electricity

- *Electricity Corporations Act 2005*
- *Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013*
- *Electricity Industry Act 2004*
- *Electricity Industry (Code of Conduct) Regulations 2005*
- *Electricity Industry (Customer Contracts) Regulations 2005*
- *Electricity Industry Customer Transfer Code 2004*
- *Electricity Industry (Licence Conditions) Regulations 2005*
- *Electricity Industry (Access Code Enforcement) Regulations 2005*
- *Electricity Industry (Licensing Fees) Regulations 2005*
- *Electricity Industry Metering Code 2012*
- *Electricity Industry (Obligation to Connect) Regulations 2005*
- *Electricity Industry (Ombudsman Scheme) Regulations 2005*
- *Electricity Industry (Wholesale Electricity Market) Regulations 2004*
- *Electricity Industry (Network Quality and Reliability of Supply) Code 2005*
- *Energy Industry (Rule Change Panel) Regulations 2016*
- *Code of Conduct for the Supply of Electricity to Small Use Customers 2016*

Rail

- *Railways (Access) Act 1998*
- *Railways (Access) Code 2000*

Water

- *Water Services Coordination Regulations 1996*
- *Water Services Act 2012*
- *Water Services Code of Conduct (Customer Service Standards) 2013*

The Economic Regulation Authority operates under the following associated Acts:

- *Corruption, Crime and Misconduct Act 2003;*
- *Disability Services Act 1993;*
- *Energy Arbitration and Review Act 1998;*
- *Equal Opportunity Act 1984;*
- *Financial Management Act 2006;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Occupational Safety and Health Act 1984;*
- *Public Interest Disclosure Act 2003;*
- *Public Sector Management Act 1994;*
- *State Records Act 2000; and*
- *Workers' Compensation and Injury Management Act 1981.*

OVERVIEW



Image courtesy of Arc Infrastructure

Performance Management Framework

Relationship to government goals

Broad government goals are supported at an agency level by specific outcomes. Agencies deliver services to achieve these outcomes.

The following table illustrates the relationship between the agency's desired services and desired outcomes, and the government goal to which it contributes.

Table 1 Relationship to government goals

Government Goal	Results-Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.
Desired Outcome	The efficient, safe and equitable provision of utility services in Western Australia.
Service	Submissions to the ERA Governing Body.

Shared responsibilities with other agencies

The ERA did not share any responsibilities with other agencies during 2016/17.

AGENCY PERFORMANCE

Key performance indicators

For the reasons set out in the disclosure and legal compliances section of the report, the ERA is only required to report on the administrative performance of the Secretariat.

The key performance indicators are the quantity, quality, timeliness and average cost per submission prepared for the Governing Body. The submissions help the Governing Body carry out its functions, including reaching decisions on regulatory matters.

Key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes.

The ERA's key effectiveness indicators are:

- **Quantity:** number of submissions made to the ERA's Governing Body.
- **Quality:** rating by the ERA's Governing Body as to the content, accuracy and presentation of these submissions.
- **Timeliness:** percentage of submissions provided by the required deadline. Rating by the ERA Governing Body as to their perception of the timeliness of submissions.

Table 2 Summary of Key Performance Indicators

	2016-17 Target ¹	2016-17 Actual	Variation
Desired Outcome: The efficient, safe and equitable provision of utility services in Western Australia.			
Key effectiveness indicators			
Number of submissions made to the ERA's Governing Body	195	212	17
Rating by the ERA's Governing Body as to the content, accuracy and presentation of these submissions. ^(a)	4.0	4.1	0.1
Number (percentage) of submissions provided by the required deadline.	100	94	(6)
Rating by the ERA's Governing Body as to their perception of the timeliness of submissions. ^(a)	4.0	4.1	0.1
Service\key efficiency indicator			
Cost per submission made to the ERA's Governing Body.	\$60,584	\$52,396	(\$8,188)

¹ As specified in the Budget Statements.

^(a) Performance is rated as follows by the Governing Body: 1 = well below expectations, 2 = below expectations, 3 = satisfactory, 4 = above expectations, 5 = well above expectations.

Key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

The key efficiency indicator is the cost per submission made to the Governing Body.

The cost is calculated to include the costs of all staff and other resources involved in preparing submissions to the Governing Body.

Performance against key performance indicators in 2016-17

The ERA exceeded its target number of submissions to the Governing Body, and 94% of those submissions met the required deadline. The actual cost per submission was less than the target of \$60,584. Further details on key performance indicators are provided in the '[Disclosures and legal compliance](#)' section.

AGENCY PERFORMANCE

Financial performance

Full details of the ERA's financial performance are presented in the '[Disclosures and legal compliance](#)' section of this report.

Regulations and Rules allow full cost recovery of expenditure for gas and electricity access, wholesale electricity market and licensing functions. The Government provides an appropriation to fund the functions of inquiries, rail access, gas markets and the regulatory scheme relating to the merger of Verve Energy and Synergy.

The 2016-17 Government budget estimates allowed expenditure of \$11.814 million. Actual expenditure for 2016-17 was \$11.108 million or 94 per cent of the budget estimate.

Employee expenses were the main reason that the total cost of services was lower than expected. For several months, there was uncertainty as to whether gas and electricity functions were going to be transferred to the Australian Energy Regulator. During this time, several positions remained vacant until a decision was made that the functions would remain. In addition, the Governing Body

operated with only a Chair and one Governing Body member. It had been expected that a second Governing Body member would be appointed, but due to external factors, this did not eventuate.

The total equity target of \$3.751 million was updated by the Department of Treasury in February 2017 to \$4.732 million.

Further explanations are contained in note 31 '[Explanatory statement](#)' to the financial statements of this report.

Table 3 Actual Performance compared to Resource Agreement targets

	2016-17 Target ² \$000	2016-17 Actual \$000	Variation \$000
Total cost of services (expense limit)	11,814	11,108	(706)
Net cost of services	(2,959)	(3,204)	(245)
Total equity	3,751	4,502	751
Net increase/(decrease) in cash held	(118)	(43)	75
Approved salary expense level	7,190	6,791	(399)

The ERA is not required to operate within an agreed working cash limit.

² As specified in the Budget Statements.

AGENCY PERFORMANCE

The ERA's purpose statement is to benefit the Western Australian community by promoting an efficient and customer-focused economy.

The ERA's staff of researchers, analysts and economists contribute to this outcome by ensuring the companies it regulates have the incentive to operate efficiently and in the long-term interests of their customers. It provides independent economic advice to government on specific issues, such as the ERA's review of the arrangements for managing and distributing the emergency services levy and the inquiry into the pricing of water in Western Australia.

Staff work in two divisions: Regulation and Inquiries and Energy Markets. These divisions are supported in their work by corporate services. The highlights for each division are set out as follows:

Energy Markets

Western Australia's energy market consists of generators, transmission and distribution networks, and retailers. The ERA's Energy Markets division monitors private and state-owned companies which trade in the wholesale electricity market to ensure companies are operating within the market rules.

Western Australia's wholesale electricity market operates on an isolated grid and most of the State's generation, transmission and distribution is owned by the government. The ERA monitors and regulates the wholesale energy market to ensure a fair outcome for customers. In January 2014, the Western Australian government merged two of its energy businesses: Verve Energy (generation) and Synergy (retail). The new entity, known as Synergy, has control of around three-quarters of wholesale energy supply. In a competitive market a player with significant market power should not unduly favour its own retail arm over third party retailers when offering wholesale energy supplies. The Electricity Generation and Retail Corporation Regulations (EGRC) and EGRC Regulatory Scheme were put in place to protect third party retailers and consumers in the energy market. The ERA is responsible for conducting annual reviews of this scheme to assess its effectiveness.

In the 2015 EGRC Regulatory Scheme Report, the ERA highlights the need for changes to the scheme to make the energy market more competitive. The ERA recommends market power mitigation measures are necessary to ensure only the lowest sustainable cost is passed through to customers. The ERA

recommends the gap between the buy and sell price of standard electricity products in the State's southwest electricity market is narrowed to ensure these energy contracts are priced competitively. The ERA states this will help third party retailers manage risk and will encourage greater competition in the market. The ERA also recommends Synergy improve the transparency of its financial reporting to provide confidence to the market that there are no cross subsidies between Synergy's businesses.

The ERA prepares an annual Wholesale Electricity Market Report for the Minister of Energy, reporting on whether the market is following a number of objectives. The objectives of the Wholesale Electricity Market are promoting the economically efficient, safe and reliable production and supply of electricity and electricity related services, encouraging competition among generators and retailers, including facilitating efficient entry of new competitors, avoiding discrimination against particular energy options and technologies, minimising the long-term cost of electricity supplied to customers and encouraging measures to manage the amount of electricity used and when it is used. The ERA found customers were paying for excess capacity in the market, there were inefficient investment

AGENCY PERFORMANCE



Image courtesy of Western Power

signals to the market and there was inefficient dispatch of energy in the market. This led to higher costs for customers. The reform program put in place by the previous government was expected to address many of these weaknesses in the market design.

This year the ERA increased its regulatory responsibility in the wholesale electricity market and gas services. The compliance function of the market was transferred from the Independent Market Operator (IMO) to the ERA. The ERA now investigates alleged breaches by market participants. These new functions resulted in the ERA expanding the team of analysts working in the Energy Markets division.

Investigations generally concern market operations, including data provision requirements, generator dispatch non-compliance, generator outage and availability requirements and bidding obligations. During the 2016/17 financial year, the ERA conducted 54 investigations of these matters.

AGENCY PERFORMANCE

As part of the ERA's new compliance responsibilities, it provided an annual report to the Minister for Energy on the Australian Energy Market Operator's (AEMO) compliance with the rules of both the electricity market and the gas services information rules. AEMO became the State's market operator in 2015 and system operator in 2016. This year's annual report included the audit reports of AEMO's compliance with the rules and included investigations carried out for the eight months to 28 February 2017. The ERA found most non-compliance matters were minor in nature. The ERA noted recurring problems with information technology systems affected AEMO's System Management functions. The ERA will monitor this in the next reporting period.

A complex three-year review, involving the ERA, into Vinalco Energy was heard by the Electricity Review Board in May. The ERA's investigation dates back to events in February 2014 when a transformer at Muja substation failed, threatening the reliability of power supply to the Great Southern region of Western Australia. The Electricity Review Board did not hand down its decision in 2016/17.

Regulation and Inquiries

The ERA is responsible for issuing and monitoring licences to providers of Western Australia's gas, electricity and water services. It also approves the access arrangements for gas, electricity and rail infrastructure in Western Australia. The ERA also conducts inquiries and provides reports to the State Government on economic issues.

Licences are an important tool for protecting the rights of consumers and ensuring the utility provider delivers safe and reliable services to customers. Each year the ERA conducts audits and asset management reviews of licensees. This year the ERA found an overall improvement in asset management by licensees, and that licensees were meeting their obligations under their licence. This resulted in 12 licensees being granted an increased period until the next audit and review. A deterioration in performance resulted in the ERA reducing the audit or review period for three licensees.

Table 4 ERA 2016/17 Audit and Reviews

	Audits	Asset Management Reviews
Electricity Licences	14	11
Gas Licences	6	2
Water Licences	4	5
Total	24	18



AGENCY PERFORMANCE

The Water Network



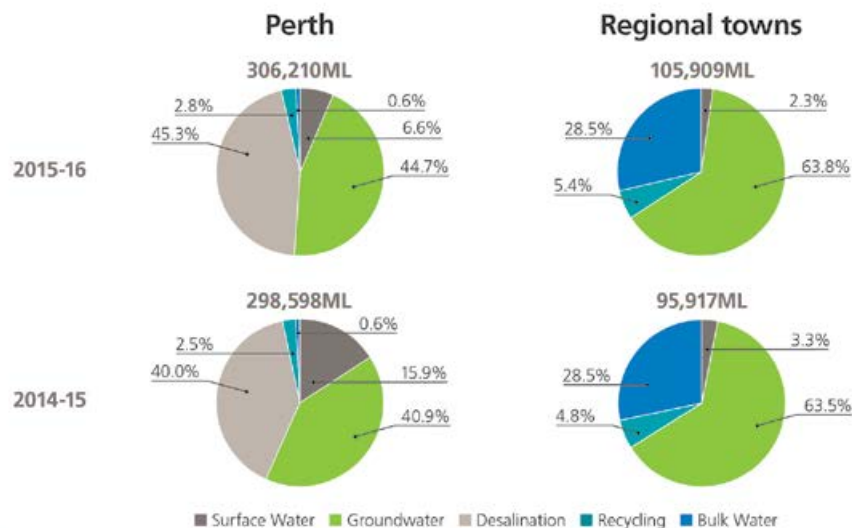
As at 30 June 2016:

1,058,000 connections
20,618km of mains

In 2015 - 16

37,000 more connections
737km of additional mains

Where is urban water sourced from?



The ERA publishes three annual reports on the performance of electricity, gas and water service licensees in Western Australia. The reports cover the performance of energy distributors, energy retailers and water service providers.

The Water Report

The ERA's 2015/16 Water, Sewerage and Irrigation Performance report found water drawn from WA's dams, rivers and irrigation channels had fallen by 75 per cent in the past six years. There was a 9.3 per cent drop in Perth in the water drawn from dams. In Perth, reliance on water sourced from the Binningup and Cockburn Sound desalination plants, increased by 13.8 per cent overtaking groundwater for the first time. This decline was the result of the government's strategy to use more climate independent sources of water, such as marine desalination and recycling.

The ERA's report gave a snapshot of how Perth and regional WA are developing. The long-term upward trend in Perth's water supply is being driven by population growth and consequential residential property development. However, on average in the regions, water supplied to residential properties continued its long term-downward trend. Property development increased the number of connections to water and sewer mains across the State. The report found that the total length of sewer mains and channels in Perth and in regional towns increased in the year. This mirrored the growth in water mains. Growth in mains was driven by land development.

AGENCY PERFORMANCE

The Energy Retailers Report

The ERA's 2015/16 Energy Distributors Annual Performance Report found growth in both gas and electricity connections in Western Australia. The report found in the past five years that electricity connections have grown by more than 10 per cent and gas connections have grown by almost 16 per cent. Growth in new connections was a sign that property development was withstanding the effects of an economic downturn.

The ERA also found Western Power improved the reliability of its network in the reporting year, with the average length of interruptions for customers falling by 10 per cent to 152 minutes. Customers on the Horizon Power's network experienced an almost 32 per cent increase in outages to 199 minutes.

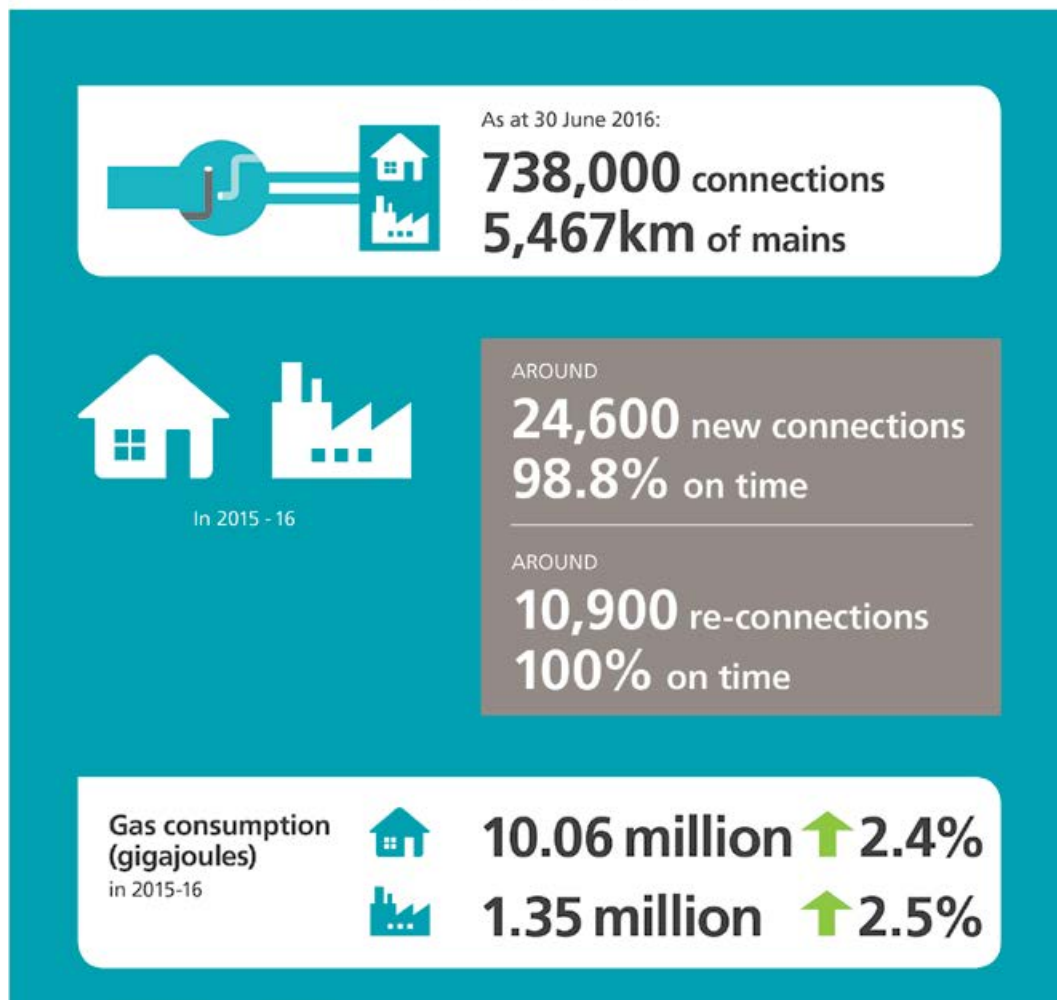
The ERA found there was a decline in faults with metropolitan streetlights, however, faults with regional street lights were at a six year high. The numbers of people contacting energy distributor call centres was down on previous years, which could be attributed to customers using social media platforms and websites to log problems with the service.

Electricity and Gas Customers



AGENCY PERFORMANCE

The Gas Network



The Gas Distribution Network Report

The ERA found an increase in consumption of gas both by households and small business. ATCO Gas Australia's distribution systems supplied 99.8% of the total number of connections with Kleenheat and Esperance Power Station supplying the rest. There were 24,642 new gas connections in 2015-16. ATCO added 24,600 new customers, Kleenheat added 24 new connections and Esperance Power Station added 18 new connections.

There was a total of 10,888 reconnections on gas distribution systems, 10,875 on ATCO's system, eight on Kleenheat's and five on Esperance Power Station's system. All reconnections were provided on time.

Routine testing by ATCO found more leaks on its gas mains and property connections than last year.

AGENCY PERFORMANCE

Highlights: Consumer Protection

The ERA's consumer protection functions ensure customers of electricity, gas and water services have basic protections in place. The ERA approves electricity and gas licensees' standard form contracts to ensure customers are guaranteed a fair contract. The ERA also approves water licensees' financial hardship policies, which protect vulnerable customers.

Each year the ERA organises a number of public forums to allow representatives from consumer groups and industry to engage on topical matters in the industry. The ERA had two major forums this year, the Water Forum and the ERA Consumer Consultative Committee (ERACCC) Seminar. ERACCC was established in 2005. Its members represent the interests of a wide range of consumers. This year's Water Forum invited customers to have their say on service standards in Western Australia's water industry. Issues discussed included standards in areas such as billing, payment, connection, metering, financial hardship and complaints.

Case Study: ERACCC Biennial Seminar

Every second year, the ERA organises a seminar targeted at key issues affecting stakeholders.

The ERACCC Biennial Seminar focussed on alternative dispute resolution.

Keynote presenter Deborah Lockhart of the Australian Disputes Centre spoke to industry and customer representatives about timely and cost effective dispute resolution.

Ms Lockhart shared her knowledge in dispute resolution both in Australia and overseas with stakeholders.

Stakeholders worked through scenarios involving dispute and looked at alternate ways of dealing with them.

Highlights: Licensing

A number of companies interested in pursuing renewable projects in Western Australia approached the ERA this year about licences. Although there were a number of enquiries to the ERA, only two new 30 year electricity generation licences were granted in the year for large scale solar and wind projects. Smaller scale projects producing less than 30MW do not require a licence.

Australia's first large scale solar farm, located 50 kilometres southeast of Geraldton, expanded its capacity to 40 megawatts. The Greenough River Solar Farm, co-owned by Synergy and US energy company General Electric, delivers electricity into the main Western Australian grid.

Private company Wind Portfolio Pty Ltd was granted a licence for a wind farm in the Shire of Dandaragan, about 180 kilometres north of Perth. The windfarm once constructed will be made up of 37 turbine generators, each with a rated capacity of 3.6 megawatts, giving a total output of 130 megawatts. The windfarm will be connected to the main grid and is expected to export between 500 to 550 gigawatt hours of electricity per year. All of the electricity generated will be sold to Alinta Energy.

AGENCY PERFORMANCE

AGL Sales and Origin Energy Retail Case Study: More choice for customers in the natural gas market

In late May the ERA granted retail licences to two of the eastern states' biggest energy providers, AGL Sales and Origin Energy, to supply gas to small use customers in the southwest of Western Australia.

Customers will have the choice between four gas retailers: Alinta Energy, Kleenheat, Origin Energy Retail and AGL Sales.

This means these retailers will compete for 700,000 residential customers and almost 10,000 small use business customers.

The ERA welcomed the entry of new retailers as more competition benefits customers.

Highlights: Electricity

Proposed legislation to transfer the regulation of Western Power's network to the national framework was introduced to Parliament in June 2016. It was intended that the Bills would be passed by late November 2016 to allow Western Power to begin the regulatory process under the national regulatory framework in December 2016 and for the Australian Energy Regulator's determination to apply from July 1, 2018. However, the timeframe was not met and the ERA continues to regulate the Western Power network.

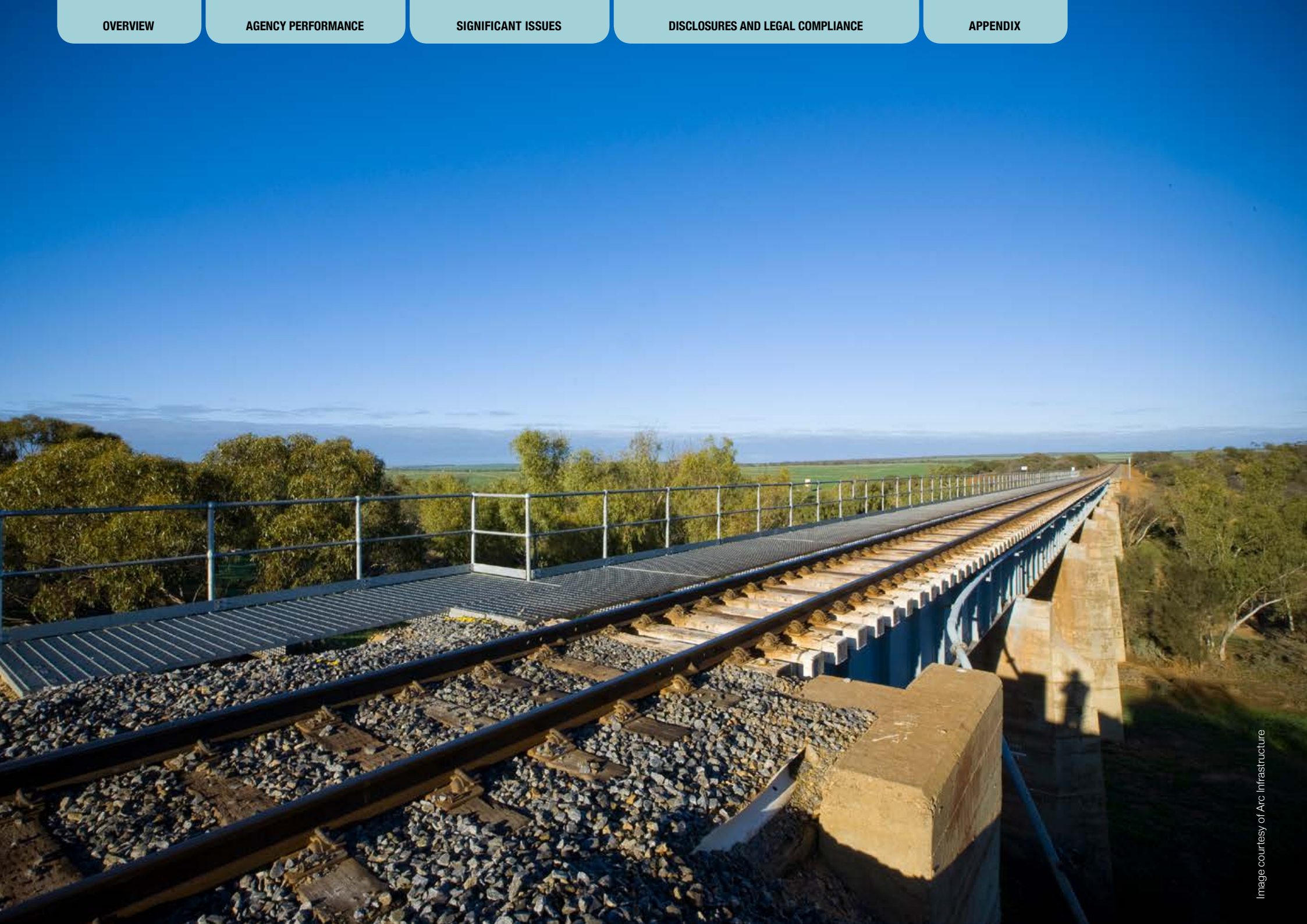
The ERA is responsible for determining what the operators of the wholesale market - the Australian Energy Market Operator (AEMO) - can charge market participants for the service it provides. The ERA approved an adjustment to AEMO's proposed expenditure for the three year period from 1 July 2016 to 30 June 2019. The ERA stated the adjustment was reasonable in light of the continued uncertainties regarding the electricity market reform program.

Highlights: Rail

The ERA is responsible for regulating services provided by owners of four rail networks in Western Australia: Brookfield Rail's (now known as Arc Infrastructure) freight network

in the southwest, The Pilbara Infrastructure rail network in the Pilbara region, Roy Hill infrastructure network in the Pilbara, and Public Transport Authority's urban rail network in the Perth metropolitan area. The ERA's work in rail rests on ensuring that third parties that want to operate trains on a rail network owned by another company can negotiate fair terms and conditions or otherwise seek arbitration. The owners of trains are known as above rail operators and the owners of railway networks are known as below rail owners.

- This year the ERA finalised its reviews of the Brookfield Rail and Roy Hill segregation arrangements. Segregation arrangements set out controls and procedures to ensure that above rail operators are not disadvantaged by below rail owners.
- The ERA also finalised reviews of all other regulatory instruments required to be submitted by Roy Hill Infrastructure. This will provide complete documented coverage of the railway by the rail access regulations, for the first time since it became subject to those regulations.



AGENCY PERFORMANCE

Highlights: Gas

In Western Australia there is a single retail market scheme that covers the gas distribution network owned and operated by ATCO Gas Australia. ATCO's distribution systems provides reticulated gas to a network that covers around 13,500 km and connects 700,000 end users to natural gas. The ERA regulates the gas access arrangements for the Mid-West and South-West networks. There are some small gas distributions systems in the State which aren't owned by ATCO. The gas market in Western Australia is contestable, which means retailers can compete in the marketplace for gas customers.

- This year the ERA amended its access arrangement decision for the Mid-West and South-West gas distribution systems owned by ATCO. This was required as a result of a direction by the Australian Competition Tribunal. ATCO had sought the Tribunal's review of the ERA's 2015 access arrangement decision. The Tribunal's direction resulted in an increase in ATCO's revenue of \$2.08 million in present value terms. However, the ERA's 2015 access arrangement decision still reduces overall network tariffs and could result in lower retail

gas prices for customers if the reduced network tariffs are passed on by gas retailers. The reduced tariffs will continue to 2019. The reduction in network tariffs creates a more competitive environment for gas retailers.

Highlights: Inquiries

The Treasurer can request the ERA to undertake detailed research and analysis into economic issues. An inquiry is initiated when the Treasurer issues the ERA with a terms of reference. The terms of reference sets out the scope, duration and process for conducting the inquiry. Inquiries can take up to a year to complete and involve several rounds of public consultation.

- This year the ERA is examining the pricing of water in the State. This involves recommending the revenues and tariffs for the water corporations (Water Corporation, Aquwest and Busselton Water) to cover the efficient costs of providing water services to an appropriate standard. Part of the ERA's analysis involves assessing the capital and operating costs the water corporations incur in providing water, wastewater and drainage services. Interested parties were invited to

make submissions to the inquiry, which will be included in the draft report. The final report is expected to be tabled in Parliament in November 2017.

- The ERA is also reviewing arrangements for managing and distributing the emergency services levy (ESL) funds to emergency services in the State. The review was in response to findings from Mr Euan Ferguson's Report of the Special Inquiry into the January 2016 Waroona Fire. Under the terms of reference, the ERA is investigating options to improve the allocation of ESL funds. It is also reviewing to what extent the ESL should be available to fund a Rural Fire Service, and what consequence that would have on how much people pay for emergency services. The review team has initiated several rounds of public consultation while putting the draft paper together.

Corporate

This year there was a restructure of the Secretariat, reconfiguring it to two separate teams: Energy Markets, and Regulation and Inquiries. Voluntary severances were offered to staff. An increase in work in the enforcement and compliance, and regulation has added four full-time staff to the overall Secretariat.

AGENCY PERFORMANCE

Highlights: Stakeholder Survey

Every three years the ERA commissions a survey to determine whether key stakeholders are satisfied with its performance.

Independent research consultancy Advantage Communications Research surveyed 113 stakeholders working in electricity, gas, rail, water licensing, state and local government, regulation, industry associations and consumer representation groups.

The survey evaluation measures included the overall performance of the ERA, how the ERA was meeting its strategic plan goals, the importance of the ERA's goals to stakeholders, whether the ERA demonstrated its core values and the performance of the ERA in effectively promoting awareness of its role to the wider community.

Overall 84% of stakeholders indicated satisfaction with the performance of the ERA.

Key stakeholders placed a high degree of importance on all four of the ERA's strategic plan goals of effectively engaging with stakeholders, providing quality economic analysis and advice, providing independent regulation and advice that is understood and valued, and providing regulatory compliance at a high standard.

Image courtesy of Western Power



Perceptions of the ERA's performance in meeting its strategic plan goals were very positive, particularly in its role ensuring the water, gas and electricity industries regulatory compliance was of a high standard. However, stakeholders did indicate that the ERA could more effectively engage with its stakeholders and the wider community.

Stakeholders' ratings for other aspects of performance were mixed including providing accessible communications (81%), minimising compliance costs (61%) and promoting certainty to minimise regulatory risks (75%). There was a high degree of confidence in regulatory decisions made by the ERA (82%).

The ERA performed well in demonstrating its core values. The highest scores were for commitment (95%), professionalism (95%) and integrity (95%). The lowest score was for continuous improvement (75%), which was also the lowest score in the 2014 survey.

Around half of all stakeholders surveyed felt the ERA effectively promoted its role to the wider community.

The ERA plans to focus its attentions in the 2018-21 Strategic Plan on issues raised in this survey such as communicating more effectively with stakeholders, compliance costs, and promoting awareness of its role in the wider community.

SIGNIFICANT ISSUES IMPACTING THE AGENCY

Current and emerging issues and trends

Customers are adopting emergent technologies to better manage their energy costs, including renewable energy sources and battery storage. The regulatory framework will need to change to accommodate the increasing range of energy products on offer to customers.

A demand for energy product innovation has emerged with increased competition between gas retailers in Western Australian, for example Alinta Energy recently launched a capped plan for residential gas customers. Under the plan customers pay a fixed monthly charge for their gas supply. Gas retail licences include a range of conditions that regulate the conduct of gas retailers. As competition increases, the ERA will review the licences to ensure they continue to protect customer rights.

Economic and social trends

Indicators point to the economic downturn affecting vulnerable customers' capacity to meet the cost of utility bills. The ERA has recognised this and has begun a program to introduce additional performance measures for electricity and gas retailers, covering customers in hardship and reporting of the levels of bill debt in the community.

Changes in law

During the last financial year, the Government made some institutional reforms that affected the ERA. As a result of the Electricity Markets Review (EMR), the ERA was given additional functions. These include: Compliance and Enforcement function within the Wholesale Electricity Market (WEM); the Gas Services Information Rules (GSI) and providing Secretariat support services to the Rule Change Panel.

These additional functions were conferred through regulations and subordinate-legislation, such as the WEM and GSI Rules.

There have been other changes as a result of the EMR, which affect the way that the ERA undertakes its responsibilities. For example, the WEM Rules now require the ERA to undertake market procedures and methodology reviews, which were not previously the responsibility of the ERA.

In October 2016, the ERA's Electricity Compliance Reporting Manual was updated to incorporate the *Electricity Industry (Customer Transfer) Code 2016*. The code replaced the *Electricity Industry (Customer Transfer) Code 2004*.



Image courtesy of ATCO Gas Australia

In November 2016, the ERA restarted the previously delayed audits and asset management reviews of seven electricity generation licensees, because the Licensing and Other Authorisations Amendment Bill 2016 was not passed by the Parliament before the 2017 State Election. The Bill included amendments to the *Electricity Industry Act 2004* to remove electricity generation from the licensing scheme.

Likely developments and forecast results of operations

The ERA will continue its network access functions for electricity and gas. Reform to the energy market is likely in the future, which may change the functions of the ERA.

DISCLOSURES AND LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

ECONOMIC REGULATION AUTHORITY

Report on the Financial Statements

Opinion

I have audited the financial statements of the Economic Regulation Authority which comprise the Statement of Financial Position as at 30 June 2017 the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Economic Regulation Authority for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Authority 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Authority is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authority.
- Conclude on the appropriateness of the Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the 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 during the year ended 30 June 2017.

The Authority's Responsibilities

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

DISCLOSURES AND LEGAL COMPLIANCE

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Economic Regulation Authority for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the 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 2017.

The Authority's Responsibility for the Key Performance Indicators

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 and for such internal control as the Authority determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

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

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Economic Regulation Authority for the year ended 30 June 2017 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
27 July 2017

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Certification of financial statements

For the year ended 30 June 2017

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 2017 and the financial position as at 30 June 2017.

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

25 July 2017

Ms Nicola Cusworth

Chair of Accountable Authority

25 July 2017

DISCLOSURES AND LEGAL COMPLIANCE

Statement of comprehensive income

For the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	5.	7,735	7,417
Supplies and services	7.	2,134	2,800
Depreciation and amortisation expense	8.	57	49
Accommodation expenses	9.	1,149	1,163
Other expenses	10.	33	40
Total cost of services		11,108	11,469
Income			
<i>Revenue</i>			
Regulatory fees	12.	7,825	8,966
Interest revenue	13.	43	46
Other revenue	14.	36	71
Total revenue		7,904	9,083
Total income other than income from State Government		7,904	9,083
NET COST OF SERVICES		(3,204)	(2,386)
Income from State Government	15.		
Service appropriation		2,704	2,438
Services received free of charge		281	282
Total income from State Government		2,985	2,720
SURPLUS/(DEFICIT) FOR THE PERIOD		(219)	334
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(219)	334

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

DISCLOSURES AND LEGAL COMPLIANCE

Statement of financial position

As at 30 June 2017

	Note	2017 \$000	2016 \$000
ASSETS			
Current assets			
Cash and cash equivalents	26.	3,270	3,361
Restricted cash and cash equivalents	16. 26.	24	4
Receivables	17.	2,763	3,165
Amounts receivable for services	18.	-	9
Other current assets	19.	146	168
Total current assets		6,203	6,707
Non-current assets			
Restricted cash and cash equivalents	16. 26.	28	-
Amounts receivable for services	18.	552	447
Plant and equipment	20.	157	200
Intangible assets	21.	14	19
Other non-current assets	19.	25	19
Total non-current assets		776	685
TOTAL ASSETS		6,979	7,392
LIABILITIES			
Current liabilities			
Payables	23.	550	655
Provisions	24.	1,588	1,672
Total current liabilities		2,138	2,327
Non-current liabilities			
Provisions	24.	339	344
Total non-current liabilities		339	344
TOTAL LIABILITIES		2,477	2,671
NET ASSETS		4,502	4,721
EQUITY			
Contributed equity	25.	725	725
Accumulated surplus/(deficit)		3,777	3,996
TOTAL EQUITY		4,502	4,721

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

DISCLOSURES AND LEGAL COMPLIANCE

Statement of changes in equity

For the year ended 30 June 2017

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2015		773	-	3,662	4,435
Total comprehensive income for the period		-	-	334	334
Distribution to Owner - Return of unspent capital funds		(48)	-	-	(48)
Balance at 30 June 2016		725	-	3,996	4,721
Balance at 1 July 2016	25.	725	-	3,996	4,721
Total comprehensive income for the period		-	-	(219)	(219)
Distribution to Owner - Return of unspent capital funds		-	-	-	-
Balance at 30 June 2017		725	-	3,777	4,502

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

DISCLOSURES AND LEGAL COMPLIANCE

Statement of cash flows

For the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,599	2,286
Holding account drawdowns		9	17
Net cash provided by State Government		2,608	2,303
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(7,794)	(7,419)
Supplies and services		(2,192)	(2,730)
Depreciation and amortisation		-	-
Accommodation		(929)	(920)
GST payments on purchases		(304)	(377)
Other payments		(33)	(40)
Receipts			
Regulatory fees		8,201	8,894
Interest received		43	46
GST receipts on sales		18	87
GST receipts from taxation authority		312	230
Other receipts		36	71
Net cash provided by/(used in) operating activities	26.	(2,642)	(2,158)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(9)	(78)
Net cash provided by/(used in) investing activities		(9)	(78)
Net increase/(decrease) in cash and cash equivalents		(43)	67
Cash and cash equivalents at the beginning of period		3,365	3,298
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	26.	3,322	3,365

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

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the financial statements

For the year ended 30 June 2017

Note 1. Australian Accounting Standards

General

The Authority's financial statements for the year ended 30 June 2017 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*. There has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Authority for the annual reporting period ended 30 June 2017.

Note 2. Significant accounting policies

Significant accounting policies are shown in the notes to which they relate except as follows:

(a) General statement

The Authority is a not-for-profit reporting entity that prepares general purpose financial statements 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 impose legislative provisions that govern 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 '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 reporting period.

(c) Reporting entity

The reporting entity comprises the Economic Regulation Authority.

(d) Comparative figures

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

Note 3. Key sources of estimation uncertainty

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

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.

DISCLOSURES AND LEGAL COMPLIANCE

Note 4. 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 2016 that impacted on the Authority.

AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>
AASB 2014-4	<p><i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i></p> <p>The adoption of this Standard has no financial impact for the Authority as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>
AASB 2015-1	<p><i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i></p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Authority has determined that the application of the Standard has no financial impact.</p>
AASB 2015-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i></p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>
AASB 2015-6	<p><i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10,124 & 1049]</i></p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.</p>
AASB 2015-7	<p><i>Amendments to Australian Accounting Standards Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]</i></p> <p>This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.</p>

Voluntary changes in accounting policy

There were no voluntary changes in accounting policy which have been adopted by the Authority.

DISCLOSURES AND LEGAL COMPLIANCE

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* or by an exemption from TI 1101. By virtue of a limited exemption, the Authority has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Where applicable, the Authority plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p>Financial Instruments</p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p>Revenue from Contracts with Customers</p> <p>This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The Authority's income is principally derived from regulatory fees and appropriations which will be measured under AASB 1058 <i>Income of not-for-profit entities</i> and will be unaffected by this change. However, the Authority has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Authority has discharged its performance obligations.</p>	1 Jan 2019
AASB 16	<p>Leases</p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p><i>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$759,000. The worth of non-cancellable operating leases which the Authority anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.</i></p>	1 Jan 2019
AASB 1058	<p>Income of Not-for-Profits Entities</p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019

DISCLOSURES AND LEGAL COMPLIANCE

		Operative for reporting periods beginning on/after
AASB 2010-7	<p><i>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 Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-5	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2015-8	<p><i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For not-for-profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Authority has not yet determined the application or the potential impact of AASB 15.</p>	1 Jan 2019
AASB 2016-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></p> <p>This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	1 Jan 2017

DISCLOSURES AND LEGAL COMPLIANCE

		Operative for reporting periods beginning on/after
AASB 2016-3	<p><i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Authority has not yet determined the application or the potential impact.</p>	1 Jan 2018
AASB 2016-7	<p><i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i></p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.</p>	1 Jan 2017
AASB 2016-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p> <p>This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</p>	1 Jan 2019

Changes in accounting estimates

There were no changes in accounting estimates that will have an effect on the current reporting period.

DISCLOSURES AND LEGAL COMPLIANCE

Note 5. Employee benefits expense

Accounting policy

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

The Authority makes contributions to GESB or other fund providers on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. All the superannuation schemes are defined contribution plans.

Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates. Eligible employees contribute to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

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). From 30 March 2012, existing members of WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. Contributions to these accumulation schemes extinguish the Authority's liability for superannuation charges in respect of employees who are not members of the GSS.

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 (a defined benefit pension scheme closed to new members since 1987) 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.

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.

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income.

Financial disclosure

	2017 \$000	2016 \$000
Wages and salaries ^(a)	6,958	6,667
Superannuation - defined contribution plans	650	634
Other related expenses	127	116
	7,735	7,417

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

Employment on-costs expenses, such as workers' compensation insurance are included at note 10 'Other expenses'. Employment on-costs liability is included at note 24 'Provisions'.

Note 6. Compensation of Key Management Personnel

The Authority has determined that key management personnel include Ministers, Governing Body members, and senior officers of the Authority. However, the Authority is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the *Annual Report on State Finances*.

The 2015-16 figures have been restated as a result of AASB 124 "Related party disclosure" for Key Management Personnel and to recognise a new method of reporting leave accruals for the year (LSL 69.64 hours and AL 150 hours).

Compensation represents the benefit expense and leave entitlements accrued during the year. A negative compensation amount may represent the reversal of non vesting entitlements. Total compensation for key management personnel, comprising members and senior officers, of the Authority for the reporting period are presented within the following bands:

Compensation of members of the accountable authority

Compensation band \$	2017	2016
140,001 - 150,000	1	-
170,001 - 180,000	-	1
200,001 - 210,000	-	1
470,001 - 480,000	1	-

No members of the accountable authority are members of the Pension Scheme.

DISCLOSURES AND LEGAL COMPLIANCE

Compensation of senior officers

Compensation band \$	2017	2016
150,001 - 160,000 ^(a)	1	-
180,001 - 190,000	-	1
220,001 - 230,000	1	-
270,001 - 280,000	1	2
280,001 - 290,000	-	1
290,001 - 300,000	1	-
360,001 - 370,000	1	-
370,001 - 380,000	-	1
Short-term employee benefits	1,735	1,592
Post-employment benefits	153	145
Other long-term benefits	46	37
Termination benefits	-	-
Total compensation of key management personnel	1,934	1,774

(a) The officer against this band ceased being a senior officer from December 2016.

No senior officers are members of the Pension Scheme.

Note 7. Supplies and services

	2017 \$000	2016 \$000
Communications	165	163
Consultants and contractors ^(a)	74	85
Professional services	694	915
Consumables	113	55
Legal costs	699	1,175
Motor vehicle	99	107
Travel	29	73
Other	261	227
	2,134	2,800

Note 8. Depreciation and amortisation expense

Accounting policy

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

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 intangible assets are:

Software (that is not integral to the operation of any related hardware) - 3 to 5 years

Financial disclosure

	2017 \$000	2016 \$000
<u>Depreciation</u>		
Computer equipment	45	38
Office equipment	7	6
Total depreciation	52	44
<u>Amortisation</u>		
Intangible assets	5	5
Total amortisation	5	5
Total depreciation and amortisation	57	49

DISCLOSURES AND LEGAL COMPLIANCE

Note 9. Accommodation expenses

	2017 \$000	2016 \$000
Office accommodation rental	1,133	1,144
Repairs and maintenance	16	19
	1,149	1,163

Note 10. Other expenses

	2017 \$000	2016 \$000
Employment on-costs	-	1
Write Offs	-	7
Audit Fee ^(a)	33	32
	33	40

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

Note 11. Related party transactions

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

Related parties of the Authority include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- the Governing Body and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related entities:

Significant transactions include:

- service appropriation (Note 15)
- services received free of charge (Note 15)
- services provided free of charge (Note 27)
- superannuation payments to GESB (included in note 5)
- audit fee (Note 33)
- insurance payments to Riskcover (included in Note 7)
- communication payments to the Department of Finance (included in Note 7)
- motor vehicle lease payments to the Department of Finance (included in Note 7)
- professional services payment to the Department of Premier and Cabinet (included in Note 7)
- income from Standing charges (included in Note 12)
- commitments for future lease payments for motor vehicles (included in Note 28)

Significant balances with government related entities at year end include:

- amounts receivable for services (holding account) (Note 18)
- accrued revenue receivable (Note 17)

Material transactions with related parties

The Authority had no material related party transactions with Ministers, Senior Officers or their close family members or their controlled or jointly controlled entities.

Note 12. Regulatory fees

Accounting Policy

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is received for the following:

Standing Charges and Specific Charges are recognised at the time the charge is raised on a client. Revenue is raised in accordance with the:

- *Economic Regulation Authority (National Gas Access Funding) Regulations 2009*;
- *Economic Regulation Authority (Electricity Networks Access Funding) Regulations 2012*
- *Economic Regulation Authority (Licensing Funding Regulations) 2014*

Revenue from annual licence charges is recognised at the time the charge is levied on the licensee. The charges are levied in accordance with the *Economic Regulation Authority (Licensing Funding Regulations) 2014*.

DISCLOSURES AND LEGAL COMPLIANCE

The Authority also recovers costs under the *Water Services Act 2012*. The revenue is recognised at the time the costs are raised on a licensee.

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

Financial disclosure

	2017 \$000	2016 \$000
Standing charges	4,448	5,504
Specific charges	31	796
Licence fees and charges	351	286
Regulatory market fees	2,882	2,196
Water audit cost recovery	113	184
	7,825	8,966

Note 13. Interest revenue

Accounting policy

Revenue is recognised as the interest accrues.

Financial disclosure

	2017 \$000	2016 \$000
Interest revenue - bank	43	46
	43	46

Note 14. Other revenue

	2017 \$000	2016 \$000
Government vehicle scheme contributions from staff	30	31
Miscellaneous revenue	2	-
Fringe benefit tax refund - past year	-	23
Accommodation variable outgoings refund - past year	4	17
	36	71

Note 15. Income from State Government

Accounting Policy

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.

Assets or services received free of charge or for nominal cost, that the Authority would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. 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.

Financial disclosure

	2017 \$000	2016 \$000
Appropriation received during the period:		
Service Appropriation ^(a)	2,704	2,438
	2,704	2,438

Services received free of charge from other State Government agencies during the financial period:

	2017 \$000	2016 \$000
State Solicitor's Office	61	39
Department of Finance	220	243
	281	282
	2,985	2,720

(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 budgeted depreciation expense for the year.

DISCLOSURES AND LEGAL COMPLIANCE

Note 16. Restricted cash and cash equivalents

Accounting policy

The Authority has an agreement with the Commonwealth Government for services provided to the Indian Ocean Territories. The Commonwealth Government is invoiced in advance of the service being provided.

The accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

Financial disclosure

Current

Indian Ocean Territories funding

Non-current

Accrued salaries suspense account^(a)

Total restricted cash and cash equivalents

	2017 \$000	2016 \$000
Current		
Indian Ocean Territories funding	24	4
	24	4
Non-current		
Accrued salaries suspense account ^(a)	28	-
	28	-
	52	4

(a) The next 27th pay year is 2026-27.

Note 17. Receivables

Accounting policy

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.

Financial disclosure

	2017 \$000	2016 \$000
<u>Current</u>		
Receivables	1,445	953
Allowances for impairment of receivables	-	-
Accrued revenue	1,229	2,097
GST receivable	89	115
Total current	2,763	3,165

The Authority does not hold any collateral as security or other credit enhancement relating to receivables.

Note 18. Amounts receivable for services (Holding Account)

Accounting policy

The Authority receives income from the State Government partly in cash and partly as an asset (holding account receivable). The holding account receivable balance, resulting from service appropriation funding, is accessible on the emergence of the cash funding requirement to cover asset replacement.

Financial disclosure

	2017 \$000	2016 \$000
<u>Current</u>		
Non-Current	552	447
	552	456

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

DISCLOSURES AND LEGAL COMPLIANCE

Note 19. Other assets

	Restated		
	2017 \$000	2016 \$000	2016 \$000
<u>Current</u>			
Prepayment	146	168	187
<u>Non-Current</u>			
Prepayment	25	19	-
Total other assets	171	187	187

Note 20. Plant and equipment

Accounting policy

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 (other than where they form part of a group of similar items which are significant in total).

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 the fair value at the date of acquisition.

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

Upon disposal or derecognition of an item of plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Financial disclosure

	2017 \$000	2016 \$000
<u>Computer hardware</u>		
At cost	375	366
Accumulated depreciation	(236)	(191)
	139	175
<u>Office equipment</u>		
At cost	33	33
Accumulated depreciation	(15)	(8)
	18	25
	157	200

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 \$000	Office Equipment \$000	Total \$000
2017			
Carrying amount at start of year	175	25	200
Additions	9	-	9
Disposal	-	-	-
Depreciation	(45)	(7)	(52)
Carrying amount at end of year	139	18	157
2016	\$000	\$000	\$000
Carrying amount at start of year	161	14	175
Additions	52	17	69
Disposal	-	-	-
Depreciation	(38)	(6)	(44)
Carrying amount at end of year	175	25	200

DISCLOSURES AND LEGAL COMPLIANCE

Note 21. Intangible assets

Accounting policy

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 lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

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.

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.

Financial disclosure

	2017 \$000	2016 \$000
<u>Computer Software</u>		
At cost	46	46
Accumulated amortisation	(32)	(27)
	14	19
Reconciliation:		
<u>Computer Software</u>		
Carrying amount at start of period	19	15
Additions	-	9
Amortisation expense	(5)	(5)
Carrying amount at end of period	14	19

Note 22. Impairment of assets

Accounting policy

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period.

Financial disclosure

There were no indications of impairment to plant and equipment or intangible assets at 30 June 2017.

Note 23. Payables

Accounting policy

Payables are recognised at the amounts payable 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.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

Financial disclosure

	2017 \$000	2016 \$000
<u>Current</u>		
Trade payables	258	144
Accrued expenses	217	478
Accrued salaries	51	21
Other payables	24	12
Total current	550	655

DISCLOSURES AND LEGAL COMPLIANCE

Note 24. Provisions

Accounting policy

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

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability 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 end of the reporting period.

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and 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 end of the reporting period. Pre-conditional and 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.

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 Note 10 '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'.

Financial disclosure

	2017 \$000	2016 \$000
<i>Current</i>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	520	601
Long service leave ^(b)	1,064	1,066
	1,584	1,667
<i>Other provisions</i>		
Employment on-costs	4	5
	4	5
	1,588	1,672
<i>Non-current</i>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	338	343
	338	343
<i>Other provisions</i>		
Employment on-costs	1	1
	1	1
	339	344

(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

DISCLOSURES AND LEGAL COMPLIANCE

	2017 \$000	2016 \$000
Within 12 months of the end of the reporting period	423	445
More than 12 months after the end of the reporting period	98	158
	521	603

(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017 \$000	2016 \$000
Within 12 months of the end of the reporting period	477	496
More than 12 months after the end of the reporting period	929	917
	1,406	1,413

Movement in other provisions

Employment on-cost provision

Carrying amount at start of period

Additional provisions recognised

Carrying amount at end of period

	2017 \$000	2016 \$000
Carrying amount at start of period	6	5
Additional provisions recognised	-	1
Carrying amount at end of period	6	6

Note 25. Equity

Accounting policy

The Western Australian 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.

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.

Financial disclosure

Contributed equity

	2017 \$000	2016 \$000
Balance at start of period	725	773
Distribution to Owner - Return of unspent capital funds	-	(48)
Balance at end of period	725	725

Accumulated surplus/(deficit)

	2017 \$000	2016 \$000
Balance at start of period	3,996	3,662
Result for the period	(219)	334
Balance at end of period	3,777	3,996
Total Equity at end of period	4,502	4,721

DISCLOSURES AND LEGAL COMPLIANCE

Note 26. Notes to the Statement of Cash Flows

Accounting policy

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 cash at bank.

Financial disclosure

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:

	2017 \$000	2016 \$000
Cash and cash equivalents	3,270	3,361
Restricted cash and cash equivalents (note 16 'Restricted cash and cash equivalents')		
Current	24	4
Non-Current	28	-
	3,322	3,365

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

	2017 \$000	2016 \$000
Net cost of services	(3,204)	(2,386)
<u>Non-cash items:</u>		
Depreciation and amortisation expense	57	49
Services received free of charge	281	282
Net (gain)/loss on sale of plant and equipment	-	-
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(a)	376	(72)
Other current assets	16	(71)
<u>Increase/(decrease) in liabilities:</u>		
Current payables ^(a)	(105)	(78)

Current provisions	(84)	146
Unearned revenue	-	(9)
Non-current provisions	(5)	41
Net GST receipts/(payments) ^(b)	26	(60)
Change in GST in receivables/payables ^(c)	-	-
Net cash provided by/(used in) operating activities	(2,642)	(2,158)

(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 transactions.

(c) This reverses out the GST in receivables and payables.

Note 27. Services provided free of charge

	2017 \$000	2016 \$000
During the year the following services were provided to other agencies free of charge for functions outside the normal operations of the Authority:		
Energy Disputes Arbitrator - Administrative support	12	12
	12	12

Note 28. Commitments

Accounting policy

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 items. The commitments below include GST where relevant.

Financial disclosure

Non-cancellable operating lease commitments

	2017 \$000	2016 \$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	721	720
Later than 1 year and not later than 5 years	38	712
	759	1,432

DISCLOSURES AND LEGAL COMPLIANCE

The Authority has a non-cancellable property lease with a three year term. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be reviewed every two years in accordance with Landgate valuation, with any new rental not to be lower than the rental being paid at the time of the review. Rent is payable monthly in advance. As the lessor retains substantially all the risks and rewards incidental to ownership, it has been classified as an operating lease.

Other expenditure commitments

	2017 \$000	2016 \$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	664	95
Later than 1 year and not later than 5 years	82	-
	746	95

Note 29. Contingent liabilities and contingent assets

Contingent liabilities

The Authority had no contingent liabilities as at 30 June 2017.

Contingent assets

The Authority had no contingent assets as at 30 June 2017.

Note 30. Events occurring after the end of the reporting period

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

DISCLOSURES AND LEGAL COMPLIANCE

Note 31. Explanatory Statement

All variances between estimates (original budget) and actual results are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than 5% and \$229,000.

	Variance notes	Original Budget 2017	Actual 2017	Actual 2016	Variance between estimate and 2017 actual	Variance between actual results for 2017 and 2016
		\$000	\$000	\$000	\$000	\$000
Statement of Comprehensive Income						
Expenses						
Employee benefits expense	1	8,282	7,735	7,417	(547)	318
Supplies and services	A	2,250	2,134	2,800	(116)	(666)
Depreciation and amortisation expense		49	57	49	8	8
Accommodation expenses		1,198	1,149	1,163	(49)	(14)
Other expenses		35	33	40	(2)	(7)
Total Cost of services		11,814	11,108	11,469		
Income						
<i>Revenue</i>						
Regulatory fees	2, B	8,775	7,825	8,966	(950)	(1,141)
Interest revenue		49	43	46	(6)	(3)
Other revenue		31	36	71	5	(35)
Total revenue		8,855	7,904	9,083		
Total income other than income from State Government		8,855	7,904	9,083		
NET COST OF SERVICES		(2,959)	(3,204)	(2,386)		
Income from State Government						
Service appropriation	C	2,704	2,704	2,438	-	266
Services received free of charge		264	281	282	17	(1)
Total income from State Government		2,968	2,985	2,720		
SURPLUS/(DEFICIT) FOR THE PERIOD		9	(219)	334		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9	(219)	334		

DISCLOSURES AND LEGAL COMPLIANCE

Budget has been restated for disclosure purposes to align with the format in the Financial Statements.

Variances between estimate and actual

1. Due to the uncertainty for several months as to whether gas and electricity functions were being transferred to the Australian Energy Regulator, the Authority did not employ staff for vacant positions. In addition, it was expected that a new Governing Body member would be appointed but due to external factors this did not eventuate.
2. The budget included revenue for an electricity access arrangement revision. Due to the uncertainty of whether electricity functions were being transferred to the Commonwealth Government, the access arrangement was delayed and will now take place in 2017-18.

Variances between actual results for 2017 and 2016

- A. The 24% decrease in the actual for supplies and services between 2016 and 2017 is because the Authority undertook three access arrangement revisions in 2016. This work required more expenditure on economic and legal advice to assist the Authority with its decisions.
- B. As the Authority undertook three access arrangement revisions in 2016, more revenue was recouped from the gas industry than in 2017. In addition, more staff were allocated to work in the Wholesale Electricity Market due to the volume of work in this area. This work included unanticipated work due to the investigation into Vinalco Energy.
- C. The service appropriation in 2017 was \$266,000 more than the amount in 2016 because of funding for the Electricity Generation Corporation Scheme.

DISCLOSURES AND LEGAL COMPLIANCE

Note 31. Explanatory statement (continued)

All variances between estimates (original budget) and actual results are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than 5% and \$127,000.

	Variance notes	Original Budget 2017	Actual 2017	Actual 2016	Variance between estimate and 2017 actual	Variance between actual results for 2017 and 2016
		\$000	\$000	\$000	\$000	\$000
Statement of Financial Position						
ASSETS						
Current assets						
Cash and cash equivalents	1	2,205	3,270	3,361	1,065	(91)
Restricted cash and cash equivalents		21	24	4	3	20
Receivables	2, A	3,284	2,763	3,165	(521)	(402)
Amounts receivable for services		-	-	9	-	(9)
Other current assets		116	146	168	30	(22)
Total current assets		5,626	6,203	6,707		
Non-current assets						
Restricted cash and cash equivalents		30	28	-	(2)	28
Amounts receivable for services		552	552	447	-	105
Plant and equipment		117	157	200	40	(43)
Intangible assets		14	14	19	-	(5)
Other non-current assets		-	25	19	25	6
Total non-current assets		713	776	685		
TOTAL ASSETS		6,339	6,979	7,392		
LIABILITIES						
Current liabilities						
Payables	3, B	810	550	655	(260)	(105)
Provisions	4	1,426	1,588	1,672	162	(84)
Total current liabilities		2,236	2,138	2,327		

DISCLOSURES AND LEGAL COMPLIANCE

Note 31. Explanatory statement (continued)

	Variance notes	Original Budget 2017	Actual 2017	Actual 2016	Variance between estimate and 2017 actual	Variance between actual results for 2017 and 2016
		\$000	\$000	\$000	\$000	\$000
Non-current liabilities						
Provisions		352	339	344	(13)	(5)
Total non-current liabilities		352	339	344	(13)	(5)
TOTAL LIABILITIES		2,588	2,477	2,671	(111)	(194)
NET ASSETS		3,751	4,502	4,721		
EQUITY						
Contributed equity		773	725	725	(48)	-
Accumulated surplus/(deficit)	5, C	2,978	3,777	3,996	799	(219)
TOTAL EQUITY		3,751	4,502	4,721		

Variances between estimate and actual

1. Expenditure was less than anticipated in 2017. Employee expenses were lower as positions were held vacant in the first half of the year and one of the positions on the Governing Body was vacant. Supplies and services were less than anticipated as an electricity access arrangement revision will now take place in 2017-18.
2. The amount of receivables varies according to the total expenses and staff allocation against each of our functions each quarter. Expenses were less in 2017 than expected so the amount to be recovered from industry is also less.
3. Payables are less than estimated as accrued salaries have been over estimated in the budget.
4. The 2017 actual for provisions was greater than the budget as current long service leave was greater than estimated.
5. The accumulated surplus was \$799,000 more than the budget as expenditure was less than expected.

Variances between actual results for 2017 and 2016

- A. Receivables were greater in 2016 as expenditure was higher on supplies and services associated with three access arrangement revisions.
- B. Payables were higher in 2016 due to the timing of work associated with three access arrangement revisions.
- C. The ERA operated at a loss in 2017 as revenue was less than expenditure as staff spent less time on functions that are industry funded. In addition, a portion of our expenditure could not be recouped from industry as it was for legal costs associated with the judicial and merit reviews of the access arrangement revisions.

DISCLOSURES AND LEGAL COMPLIANCE

Note 31. Explanatory statement (continued)

All variances between estimates (original budget) and actual results are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than 5% and \$229,000.

	Variance notes	Original Budget 2017	Actual 2017	Actual 2016	Variance between estimate and 2017 actual	Variance between actual results for 2017 and 2016
		\$000	\$000	\$000	\$000	\$000
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	A	2,599	2,599	2,286	-	313
Holding account drawdowns		9	9	17	-	(8)
Net cash provided by State Government		2,608	2,608	2,303		
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	1, B	(8,263)	(7,794)	(7,419)	469	(375)
Supplies and services	2, C	(2,489)	(2,192)	(2,730)	297	538
Accommodation		(977)	(929)	(920)	48	(9)
GST payments on purchases	3	-	(304)	(377)	(304)	73
Other payments		(61)	(33)	(40)	28	7
Receipts						
Regulatory fees	4, D	8,736	8,201	8,894	(535)	(693)
Interest received		49	43	46	(6)	(3)
GST receipts on sales		-	18	87	18	(69)
GST receipts from taxation authority		267	312	230	45	82
Other receipts		21	36	71	15	(35)
Net cash provided by/(used in) operating activities		(2,717)	(2,642)	(2,158)		
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets		(9)	(9)	(78)	-	69
Net cash provided by/(used in) investing activities		(9)	(9)	(78)		
Net increase/(decrease) in cash and cash equivalents		(118)	(43)	67	75	(110)
Cash and cash equivalents at the beginning of period	5	2,374	3,365	3,298	991	67
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		2,256	3,322	3,365		

DISCLOSURES AND LEGAL COMPLIANCE

Budget has been restated for disclosure purposes to align with the format in the Financial Statements.

Variances between estimate and actual

1. Several positions were vacant in the first half of 2017 as there was uncertainty on whether the Authority's gas and electricity functions would be transferred to the Australian Energy Regulator. In addition, one of the positions on the Governing Body was not filled as expected.
2. The 2017 budget included funds for work on an electricity access arrangement revision. This will now take place in 2017-18.
3. GST payments on purchases were not budgeted for in the Cashflow.
4. The 2017 budget included revenue from work on an electricity access arrangement revision. This will now take place in 2017-18.
5. The budgeted cash amount at the beginning of period is lower than the actual as expenses were lower in 2016 than estimated.

Variances between actual results for 2017 and 2016

- A. The service appropriation received in 2017 was more than the amount received in 2016 because of funding for the Electricity Generation Retail Corporation Scheme.
- B. Employee expenses were lower in 2016 as the Authority could not recruit staff during the State Government's recruitment freeze. The Chair position was also vacant during the year.
- C. The decrease in the actual for supplies and services between 2016 and 2017 is due to the Authority requiring more economic and legal advice in 2016 for three access arrangement revisions.
- D. As the Authority undertook three access arrangement revisions in 2016, more revenue was recouped from the gas industry than in 2017. In addition, more staff were allocated to work in the Wholesale Electricity Market due to the investigation of Vinalco Energy.

DISCLOSURES AND LEGAL COMPLIANCE

Note 32. Financial instruments

Accounting policy

In addition to cash, the Authority has two categories of financial instruments: Receivables and Financial liabilities measured at amortised cost.

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.

Financial disclosure

(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 allowance for impairment as shown in the table at note 32(c) 'Financial instruments disclosures' and note 17 'Receivables'.

Credit risk associated with the Authority's financial assets is minimal because the Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that services are only provided 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 is minimal and is limited to the holdings in cash and cash equivalents.

b) Categories of financial instruments

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

	2017 \$000	2016 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	3,270	3,361
Restricted cash and cash equivalents	52	4
Receivables ^(a)	2,674	3,050
Amounts receivable for services	552	456
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	550	655

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

DISCLOSURES AND LEGAL COMPLIANCE

Note 32 Financial instruments (continued)

(c) Financial instrument disclosures

Credit risk

The following table discloses the Authority's maximum exposure to credit risk 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.

Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1 - 3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2017								
Cash and cash equivalents	3,270	3,270	-	-	-	-	-	-
Restricted cash and cash equivalents	52	52	-	-	-	-	-	-
Receivables ^(a)	2,674	2,661	13	-	-	-	-	-
Amount receivable for services	552	552	-	-	-	-	-	-
	6,548	6,535	13	-	-	-	-	-
2016								
Cash and cash equivalents	3,361	3,361	-	-	-	-	-	-
Restricted cash and cash equivalents	4	4	-	-	-	-	-	-
Receivables ^(a)	3,050	3,047	3	-	-	-	-	-
Amount receivable for services	456	456	-	-	-	-	-	-
	6,871	6,868	3	-	-	-	-	-

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

DISCLOSURES AND LEGAL COMPLIANCE

Liquidity risk and interest rate exposure

The following table details the Authority's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate	Carrying Amount	Interest rate exposure				Maturity dates				
			Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal Amount	Up to 1 month	1 - 3 months	3 months to 1 year	1-5 years	More than 5 years
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2017											
<u>Financial Assets</u>											
Cash and cash equivalents	1.98%	3,270	-	3,270	-	3,270	3,270	-	-	-	-
Restricted cash and cash equivalents ^(b)	1.98%	52	-	24	28	52	24	-	-	-	28
Receivables ^(a)		2,674	-	-	2,674	2,674	2,674	-	-	-	-
Amount receivable for services		552	-	-	552	552	-	-	-	552	-
		6,548	-	3,294	3,254	6,548	5,968	-	-	552	28
<u>Financial Liabilities</u>											
Financial liabilities measured at amortised cost		550	-	-	550	550	550	-	-	-	-
		550	-	-	550	550	550	-	-	-	-
2016											
<u>Financial Assets</u>											
Cash and cash equivalents	2.26%	3,361	-	3,361	-	3,361	3,361	-	-	-	-
Restricted cash and cash equivalents ^(b)	2.26%	4	-	4	-	4	4	-	-	-	-
Receivables ^(a)		3,050	-	-	3,050	3,050	2,904	146	-	-	-
Amount receivable for services		456	-	-	456	456	-	-	9	447	-
		6,871	-	3,365	3,506	6,871	6,269	146	9	447	-
<u>Financial Liabilities</u>											
Financial liabilities measured at amortised cost		655	-	-	655	655	655	-	-	-	-
		655	-	-	655	655	655	-	-	-	-

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

(b) Only the Indian Ocean Territories funding closing balance attracts interest.

DISCLOSURES AND LEGAL COMPLIANCE

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.

	Carrying Amount	+100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000
2017					
<u>Financial Assets</u>					
Cash and cash equivalents	3,270	(33)	(33)	33	33
Restricted cash and cash equivalents	24	-	-	-	-
Total Increase/(Decrease)		(33)	(33)	33	33
2016					
<u>Financial Assets</u>					
Cash and cash equivalents	3,361	(34)	(34)	34	34
Restricted cash and cash equivalents	4	-	-	-	-
Total Increase/(Decrease)		(34)	(34)	34	34

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.

DISCLOSURES AND LEGAL COMPLIANCE

Note 33. Remuneration of auditor

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

	2017 \$000	2016 \$000
Auditing the accounts, financial statements and key performance indicators	34	33

Note 34. Indian Ocean Territories

An 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.

The 2016 amount changed after the 2015-16 statements were audited as it was decided that the cost for Indian Ocean Territories should be calculated in the same way as our regulatory costs.

	2017 \$000	2016 \$000
Balance at the start of the period	4	21
Receipts	75	-
Payments	(55)	(17)
Balance at the end of the period	24	4

Note 35. Parental leave

The purpose of this account is to distribute parental leave funds on behalf of the Commonwealth Government.

	2017 \$000	2016 \$000
Balance at the start of the period	-	-
Receipts	-	24
Payments	-	(24)
Balance at the end of the period	-	-

Note 36. Related and affiliated bodies

	2017 \$000	2016 \$000
There were no related and/or affiliated bodies requiring disclosure for the year.	-	-

Note 37. Supplementary financial information

Write Offs

During the financial year, the following was written off under the authority of the Governing Body:

	2017 \$000	2016 \$000
Minor equipment - iPhone	-	1
Accounts Receivable	-	6
	-	7

There were no losses through theft or default during the financial year.

Invoices not raised for minor amounts

During the financial year, invoices were not raised for standing charges where the amount was less than \$5 or for interest on overdue invoices where the amount was less than \$5.

In 2015/16, interest on overdue invoices was not raised where the amount was less than \$20.

Invoices not raised for standing charges in 2015/2016: \$59.31

Invoices not raised for standing charges in 2016/2017: \$38.02

Invoices not raised for overdue invoices in 2015/2016: \$101.27

Invoices not raised for overdue invoices in 2016/2017: \$19.03

DISCLOSURES AND LEGAL COMPLIANCE

Certification of Key Performance Indicators

We hereby certify that the key 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 2017.

Ms Pam Herbener

Chief Finance Officer

25 July 2017

Ms Nicola Cusworth

Chair of Accountable Authority

25 July 2017

DISCLOSURES AND LEGAL COMPLIANCE

Key performance indicators

The Economic Regulation Authority (ERA) is the independent economic regulator for Western Australia. The ERA has three main functions. The first is to ensure utilities are operating in the best long term interests of consumers. The second is to ensure the wholesale electricity market is operating effectively. The third is to conduct independent inquiries on important economic issues and make recommendations to the State Government.

The ERA contributes to the government goal of 'greater focus on achieving results in key service delivery areas for the benefit of all Western Australians'. The desired outcome in support of this goal is 'the efficient, safe and equitable provision of utility services in Western Australia'.

The ERA's role means it cannot achieve this outcome directly but can play a part towards its achievement. The ERA's contribution to this goal is embedded in the Strategic Plan. Its purpose is "to benefit the West Australian community by promoting an efficient and customer focused economy".

The requirement to prepare performance indicators is modified by legislation to be limited to the ERA's management functions.

The ERA's Secretariat prepares submissions that are considered by the Governing Body when making a decision. The measures of ERA performance are therefore the quality, quantity and cost of submissions considered by the Governing Body to facilitate its decision making.

Key effectiveness indicators

The ERA's key effectiveness indicators are:

Quantity: number of submissions made to the ERA Governing Body.

Quality: rating by the ERA Governing Body as to the content, accuracy and presentation of these submissions.

Timeliness: percentage of submissions provided by the required deadline.

Rating by the ERA Governing Body as to their perception of the timeliness of submissions.

Performance Effectiveness

Quantity – number of Submissions

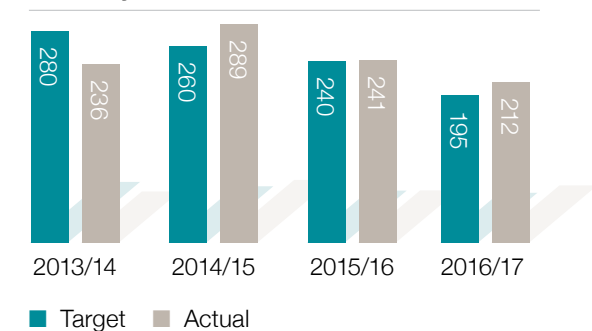
A total of 212 submissions was considered by the Governing Body during the 2016/17 financial year. The Governing Body met 27 times during the year to consider 132 of the 212

submissions. The remaining 80 submissions were reviewed out of session by email.

The total number of submissions exceeded the 2016/17 target of 195. Compared to the previous financial year, there was a 12% decrease in the number of submissions provided to the Governing Body.

The target number of submissions is based on estimates provided by each division on the number of submissions they will need to provide the Governing Body to carry out their regulatory work program for the year. The actual and targeted number of submissions varies on an annual basis in accordance with the cyclical nature of regulation.

Quantity (Submissions)



DISCLOSURES AND LEGAL COMPLIANCE

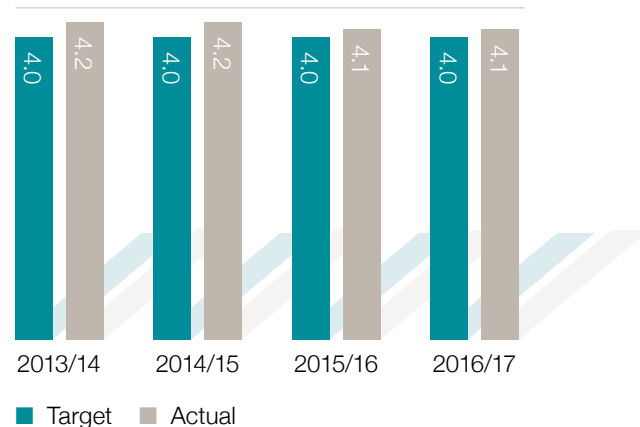
Quality of submissions

On a monthly basis, the Governing Body consider the relevance, accuracy and readability of submissions that have been prepared by the Secretariat and provide an overall rating of their satisfaction.

Using a rating scale of one to five¹ the Governing Body has set a target of four, meaning that submissions rated above four are of a high standard.

For 2016/17, the average quality of submissions was 4.1 out of 5, which exceeded the targeted quality level of 4.0.

Quality (Submissions)



¹ one = well below expectations, two = below expectations, three = satisfactory, four = above expectations and five = well above expectations

Timeliness (Legislative Deadlines Achieved)

31 of the 212 submissions related to decisions that had legislative time limits 2016/17 compared to 40 out of 241 submissions in 2015/16.

These time limits were either firm deadlines or timelines within which the ERA, taking all reasonable steps, was required to complete its decision making.

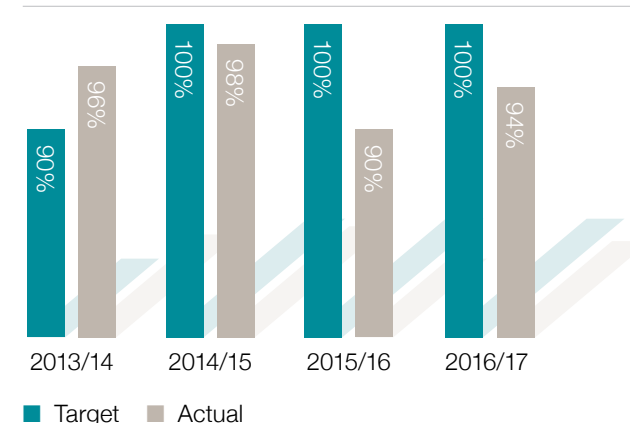
Of the 31 submissions with deadlines, 29 were completed on or before expiry of the deadline; this equated to 94% of submissions meeting the legislative deadline. This is an increase from 90% achieved in the previous financial year.

The decisions that did not meet their timelines were:

Lancelin South - water services licence application. The assessment of the application exceeded 90 days primarily due to the time it took to conduct the financial assessment of the application to ensure the applicant has the resources to fulfil the activities authorised by the licence. The effective assessment of the application required a number of additional requests for information from the applicant.

AGL Sales Pty Ltd – gas trading licence application. The assessment of the application exceeded 90 days due to the complexity of the review of the applicant's standard form contract. The approval of a gas trading licence is conditional on the applicant having an ERA-approved standard form contract.

Timeliness (Legislative Deadline Achieved)



DISCLOSURES AND LEGAL COMPLIANCE



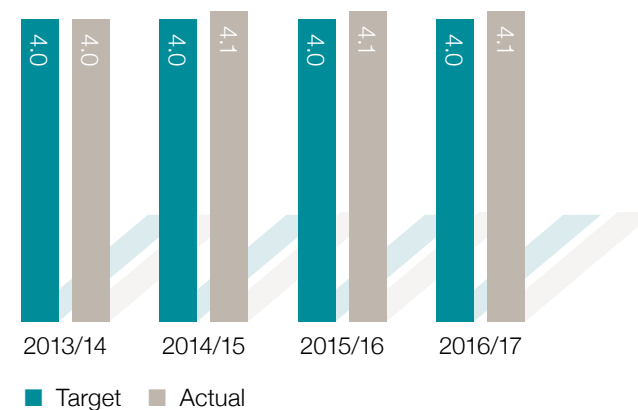
Image courtesy of Western Power

Timeliness (Governing Body Perception)

In addition to measuring the number of submissions that meet legislative timeframes, the ERA Secretariat has internal deadlines for providing submissions to the Governing Body in a timely manner. As with the rating of quality of submissions considered by the ERA's Governing Body, a rating on a scale of one to five is provided on a monthly basis to indicate the perceptions of Governing Body members of the Secretariat's timeliness in preparing submissions.

The average rating for timeliness for the year was 4.1, which exceeded the 2016/17 target of 4.

Timeliness (Governing Body Perception)



DISCLOSURES AND LEGAL COMPLIANCE

Key efficiency indicators

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

2016/17 Performance – Efficiency

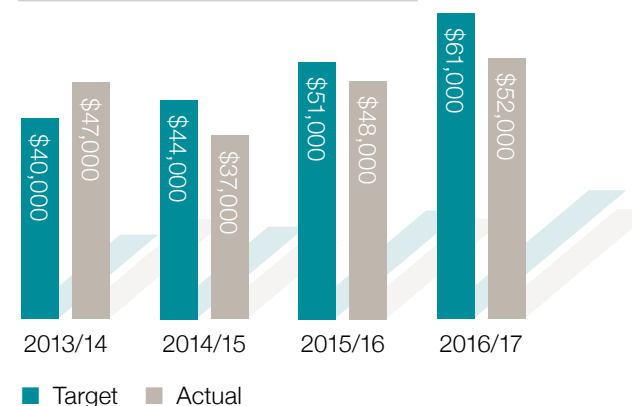
Average Cost (Per Submission)

The total cost of the ERA's operations for the 12 months under review was \$11.108 million compared to an expenditure limit of \$11.814 million (as per published budget estimates). There were 212 submissions compared to the target of 195. The average cost per submission was \$52,396 against the target of \$60,584. The actual average cost per submission was lower than the targeted cost per submission.

The cost per submission was 13.5% less than the estimate. The biggest contributor to this was employee costs. For several months, there was uncertainty as to whether gas and electricity functions were going to be transferred to the Australian Energy Regulator. During this time, several positions were left vacant. In addition, it was expected that a new Governing Body member would be appointed, but due to external factors this did not eventuate.

	2013/14	2014/15	2015/16 Actual	2016/17 Target	2016/17 Actual
Cost of services (\$ millions)	11.041	10.759	11.469	11.814	11.108
Number of submissions	236	289	241	195	212
Average cost of submissions (\$ thousands)	47	37	48	61	52

Average Cost (per Submission)



DISCLOSURES AND LEGAL COMPLIANCE

Ministerial Directions

The ERA is independent of direction or control by the State, or any Minister or officers 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 matters. No ministerial directives were received during 2016-17.

Other Financial Disclosures

Pricing policies of services provided

The ERA receives revenue from the following regulated industries.

Electricity Industry

Regulated electricity network operators pay fees and charges for services provided by us under the *Economic Regulation Authority (Electricity Networks Access Funding) Regulations 2012*. The regulations require that the following charges are disclosed in the annual report:

- Standing charges - costs incurred by us that are not directly attributed to specific activities relating to the covered network.
- Specific charges - for specific activities carried out for a particular service provider.

The following table provides the total amount of standing charges and specific charges for Western Power as the operator of the only regulated electricity network in 2016-17.

Service provider	Standing charges (\$)	Specific charges (\$, including GST)
Western Power	920,387.08	2,101.86

Gas Industry

Regulated gas pipeline operators pay fees and charges for services provided by us under the *Economic Regulation Authority (National Gas Access Funding) Regulations 2009*. Section 10 of the regulations states that the following details must be included in the annual report:

- the total amount of standing charges for each person. Standing charges are levied for costs incurred by us that are not directly attributed to specific activities of a particular pipeline system.
- the total amount of specific charges for each person. The ERA levy specific charges for specific activities carried out for a particular service provider.
- the total amount of fees. These include 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 fees were received in 2016-17.

The following table provides the total amount of standing charges and specific charges for operators of regulated gas pipelines in 2016-17.

Service provider	Standing charges (\$)	Specific charges (\$, including GST)
ATCO Gas Australia Pty Ltd	323,000.52	3,320.90
DBNGP (WA) Nominees Pty Ltd	597,927.65	7,390.90
Goldfields Gas Transmission Pty Ltd	242,399.87	2,809.40
Southern Cross Pipelines Pty Ltd	32,527.27	-
Total	1,195,855.31	13,521.20

DISCLOSURES AND LEGAL COMPLIANCE

Image courtesy of Western Power



Licensing

Under the *Economic Regulation Authority (Licensing Funding) Regulations 2014*, the ERA charges electricity, gas and water licensees for the following charges which must be reported in the annual report:

- Standing charges which are levied for costs incurred by the ERA, which are not directly attributed to specific activities of a particular licensee.
- Specific charges, which are levied for specific activities, carried out for a particular licensee.

The following table provides the total amount of standing charges and specific charges paid or payable by licensees in 2016-17.

Licensee	Standing charges (\$)	Specific charges (\$, including GST)
AGL Sales Limited	-	3,955.85
Alcoa of Australia Ltd	8,141.95	-
Alinta Co-generation (Pinjarra) Pty Ltd	8,651.79	-
Alinta Co-generation (Wagerup) Pty Ltd	10,845.63	-
Alinta DEWAP Pty Ltd	7,031.24	-
Alinta Energy Transmission (Roy Hill) Pty Ltd	8,692.44	-
Alinta Sales Pty Ltd	164,221.24	-
Amanda Energy Pty Ltd	24.16	-
Aquasol Pty Ltd	11.20	-
Aqwest-Bunbury Water Corporation	13,965.01	-
ATCO Gas Australia Pty Ltd	186,269.74	-
ATCO Power Australia (Karratha) Pty Ltd	2,966.33	-
BHP Billiton Nickel West Pty Ltd	156.14	57.60
Bluewaters Power 1 Pty Ltd	7,085.56	-
Bluewaters Power 2 Pty Ltd	7,085.19	-
Busselton Water Corporation	10,628.33	-
Change Energy Pty Ltd	-	4,280.80
City of Kalgoorlie-Boulder	10,735.64	-
Collgar Wind Farm Pty Ltd	6,371.42	-
Emu Downs Wind Farm Joint Venture	2,447.22	-
Energy Developments Ltd	1,050.57	-
Esperance Gas Distribution Company Pty Ltd	97.70	-
Esperance Power Station Pty Ltd	523.83	-

DISCLOSURES AND LEGAL COMPLIANCE

Licensee	Standing charges (\$)	Specific charges (\$, including GST)
Gascoyne Water Co-operative Limited	139.51	100.80
Goldfields Power Pty Ltd	3,399.10	-
Greenough River Solar Farm Pty Ltd	-	4,175.40
Hamersley Iron Pty Ltd	2,258.57	-
Harvey Water (SWIMCO)	875.86	-
Horizon Power	37,237.96	-
Karara Power Pty Ltd	2,611.70	-
Lancelin South Pty Ltd	-	6,260.80
Merredin Energy Pty Ltd	2,533.73	-
Mumbida Wind Farm Pty Ltd	1,699.46	-
Newgen Neerabup Partnership Pty Ltd	10,196.74	-
Newgen Power Kwinana Pty Ltd	10,128.76	-
Newmont Power Pty Ltd	43.30	-
Ord Irrigation Cooperative Limited	91.62	-
Origin Energy Retail Limited	-	4,245.25
Pacific Hydro Ltd	4,499.77	-
Perth Energy Pty Ltd	377.55	-
Perth Power Partnership	3,785.15	-
Preston Valley Irrigation Co-operative	71.81	-
RATCH-Aust Kemerton Pty Ltd	9,578.76	-
Robe River Mining Co Pty Ltd	331.86	-
Rottneest Island Authority	204.93	-
Southern Cross Energy Partnership	15,440.53	-

Licensee	Standing charges (\$)	Specific charges (\$, including GST)
South32 Worsley Alumina Pty Ltd	3,537.96	-
South West Cogeneration Joint Venture	3,584.31	-
Synergy (Electricity Generation and Retail Corp)	292,694.83	-
Tronox Management Pty Ltd	1,390.47	-
Walkaway Wind Power Pty Ltd	2,753.13	-
Water Corporation	959,774.40	-
Water West North Dandalup Pty Ltd	-	7,105.40
Wesfarmers Kleenheat Gas Pty Ltd	24,053.74	-
Western Energy Pty Ltd	3,707.91	-
Western Power	392,156.48	-
Wind Portfolio Pty Ltd	78.55	5,005.30
WR Carpenter No 1 Pty Ltd	3,522.52	-
TOTAL	2,249,763.30	35,187.20

The Regulations also allow the ERA to charge annual licence charges which are payable for each licence held by a licensee and levy fees for interest on any outstanding amounts.

The ERA can also recover costs relating to audits and reviews under the *Water Services Act 2012*. Licensees must provide the ERA with a report, by an independent expert engaged by the ERA, as to the effectiveness of their asset management system. The ERA may recover reasonable costs and expenses arising from the appointment and remuneration of the independent expert, from the licensee.

DISCLOSURES AND LEGAL COMPLIANCE

Electricity Market

Regulator fees for the surveillance function are recovered from participants of the Wholesale Electricity Market (WEM) through the Australian Energy Market Operator. In 2016-17, the Rule Change Panel and the functions of compliance and enforcement were transferred to the ERA from the Independent Market Operator. The costs of these functions are also recovered from the WEM.

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.

Any costs incurred as a result of pre-lodgement negotiations can be recovered from the Commonwealth Government based on an agreed amount.

Capital Works

Capital works 2016-17

Capital item	Amount (\$, excluding GST)
Office equipment	-
Computer hardware	
Scanner	8,940

Employment and Industrial Relations

ERA staff, with exception of the chief executive officer, are employed under the Public Service Award 1992 and the Public Service and Government Officers General Agreement 2014. No industrial disputes were recorded during 2016-17.

The following table provides a breakdown of the categories of staff employment as at 30 June 2017 compared to 30 June 2016.

In addition to the 54 staff employed at the ERA at 30 June 2017, there was one Governing Body member and one staff on a secondment to the AER.

Staff numbers by categories of employment

Employment Category	Number of staff as at 30 June 2016	Number of Staff as at 30 June 2017
Permanent full-time	42	44
Permanent part-time	5	3
Part-time measured on an FTE basis	3.5	1.9
Fixed term full-time	5	7
Fixed term part-time	0	0
Total employees	52	54
Total FTEs	50.5	52.9

Apart from the above FTEs, the ERA employed one staff member on a casual basis to provide assistance to the Rule Change Panel.

DISCLOSURES AND LEGAL COMPLIANCE

The following table provides a breakdown of staff numbers at 30 June 2017 by category of employment and gender.

Staff numbers by categories of employment and gender

Employment category	Female	Male	Total
Permanent full-time	19	25	44
Permanent part-time	3	0	3
Part-time measured on an FTE basis	1.9	0	1.9
Fixed term full-time	6	1	7
Fixed term part-time	0	0	0
Total employees	28	26	54
Total FTEs	26.9	26	52.9

Staff Development

The performance development and management program (PDMP) drives the ERA's learning and development function. Through the PDMP process staff identified various training programs that they intended to attend. Some of the programs that they attended with external agencies are:

1. Management Essentials
2. Cert IV in compliance and risk management
3. Cert IV in Investigations
4. New Manager

The Chief Economist also conducted a training program on the topic 'Business Problem Solving and Decision Making' which was tailored for staff working in the regulatory space.

The ERA continued participating in the inter departmental mentoring program along with other WA government agencies such as the Department of Finance, Department of Treasury, Department of Training and Workforce Development, Department of Aboriginal Affairs and Mental Health Commission.

Performance Development and Management Program (PDMP)

The ERA's PDMP process is used as a positive tool to assess performance with a view to addressing any developmental needs such as growth opportunities or improvements that are done in a non-threatening and collaborative manner. It is a process of planning, reflecting and developing to ensure employees are better able to reach not only the organisational goals but also their individual goals.

Workers' Compensation

The ERA complies with the requirements of the *Occupational Safety and Health Act 1984*.

There were no workers' compensation claims and no outstanding workers compensation claims from a prior period.

Compliance with public sector standards and ethical codes

The ERA is committed to ensuring the highest standards of transparency and accountability in its activities. The ERA ensures compliance with the WA Public Sector Code of Ethics and Code of Conduct, Public Sector Standards in *Human Resource Management and Equal Opportunity Act 1984*.

All new staff have to undergo an induction program where the Public Sector Code of Ethics and the ERA's Code of Conduct is explained. Staff also have to declare to the agency any conflict of interest regularly.

DISCLOSURES AND LEGAL COMPLIANCE

All ERA staff have undergone training in accountable and ethical decision making.

Mandatory staff training activities include:

- Public Sector Introduction (for staff new to the sector)
- Ethical and Accountable Decision Making
- Record Keeping
- Cultural Awareness
- Equal Opportunity Law
- Risk Management

Actions to ensure compliance with the Public Sector Standards in Human Resource Management

- The Recruitment and Selection and Appointment standard is followed during any recruitment process.
- An annual individual performance development management process is in place to document pre-agreed annual work deliverables and success indicators and identify training opportunities.
- A process to resolve or redress employee grievances is explained during the induction program.
- Staff are advised of and encouraged to report non-compliance to the Public Interest Disclosure Officer.

Supervisory staff also have to undergo training in injury management, recruitment and selection and grievance resolution.

Evidence of compliance in 2016-17

Compliance issues that arose during 2016-17 regarding public sector standards	There were no breach claims lodged in 2016-17
Compliance issues that arose during 2016-17 regarding Code of Ethics	There were no reports on non compliance in 2016-17
Compliance with own agency Code of Conduct	There were no breaches of the Code of Conduct in 2016-17

Flexible workplace

The staff of the ERA are provided flexible working arrangements to enjoy a work-life balance including flexible start and end times, flexidays and part-time work arrangements. Surface Pro tablets facilitate staff requiring to work from home.

Healthy Workplace

The ERA continued its wellness initiatives through ergonomic assessments, flu vaccinations, glasses subsidies and a confidential employee assistance program. Stand up desks were provided for staff who wanted them.

The following health talks were given to ERA staff in this financial year:

1. Ageing well and being highly productive
2. What is Diabetes?
3. Talk on work life balance

The staff of the ERA continued participating in corporate challenge and participated in activities such as Volleyball, Petanque, Soccer, Croquet, Touch Rugby, Lawn Bowls, Shuffleboard and Aussie Footy Sixes.

DISCLOSURES AND LEGAL COMPLIANCE

Social Club Activities

The ERA's social club organise activities for staff. Some of the events that the committee conducted this year are:

- Staff Lunchtime Quiz
- Melbourne Cup Lunch
- Christmas Lunch
- Charity Fundraising Morning Teas
- Easter Egg Hunt
- Indoor Rock-climbing
- Pool Tournament
- Footy Tipping Competition
- Funcats (catamarans)

Policies

This year the ERA developed a Human Resource Policy manual that provided staff with the rules and regulations of public sector employment. The manual acts as a central reference to all of the ERA's HR policies.



Image courtesy of Western Power

DISCLOSURES AND LEGAL COMPLIANCE

Governance Disclosures

At the date of reporting, no senior officers, or firms of which senior officers are members or entities in which senior officers have substantial interests, had any interest in existing or proposed contracts with the ERA other than normal contracts of employment of service.

Board and committee member remuneration

ERA Governing Body

Position	Name	Type of remuneration	Period of membership	Gross remuneration in 2016-17
Chair	Nicola Cusworth	Annual	1/07/16 – 30/06/17	\$368,517
Member	Steve Edwell	Annual	1/07/16 – 16/04/17	\$126,121
Total				\$494,638

Rule Change Panel

Position	Name	Type of remuneration	Period of membership	Gross remuneration in 2016-17
Chair	Peter Kolf	Annual	1/04/17 – 30/06/17	-
Member	Shaun Dennison	Annual	1/04/17 – 30/06/17	-
Member	Roland Sleeman	Annual	1/04/17 – 30/06/17	-
Total				-

Although the Rule Change Panel started on 1 April 2017, the members continue in their roles on the Independent Market Operator (IMO) board. All three members are still being paid by the IMO.

Unauthorised Use of Credit Cards

Officers of the ERA hold corporate credit cards where their responsibilities warrant use of this facility. No card-holders used their credit cards inappropriately in 2016-17.

Other Legal Requirements

Expenditure on advertising, market research, polling and direct mail

Disclosure of expenditure as required under Section 175ZE of the *Electoral Act 1907* (ex GST)

Expenditure category	Service provider	Amount
Advertising	Adcorp	\$5,450.14
	Beilby Corporation Pty Ltd	\$5,417.28
	Linkedin	\$2,451.80
	Public Sector Commission	\$2,979.34
	State Law Publisher	\$4,068.03
	The Economic Society of Australia	\$100.00
Market research	Advantage Communications and Marketing Pty Ltd	\$4,965.00
Polling	N/A	Nil
Direct mail	N/A	Nil
Media advertising	N/A	Nil
Total		\$25,431.59

DISCLOSURES AND LEGAL COMPLIANCE

Disability access and inclusion plan

The ERA is committed to identifying and removing barriers that exclude people from accessing information, services, facilities, events and employment opportunities. The Disability Access and Inclusion Plan 2013-18 outlines the ERA's intent to engage with, and improve the lives of all people, including those with a disability. It also meets legislative requirements and emphasises a proactive approach to addressing access and inclusion barriers for all members of the community.

Compliance with public sector standards and ethical codes

The ERA is committed to ensuring the highest standards of transparency and accountability in its activities.

The ERA actively encourages all employees to demonstrate a high level of integrity, consistent with public sector standards and ethical codes. Information about the Public Sector Commissioner's standards in human resource management is made available to all staff through the intranet and is part of the staff induction program.

Recordkeeping plans

The Recordkeeping Plan was approved by the State Records Commission in December 2014 and remains valid for five years. The Retention and Disposal (R&D) Schedule has been approved until August 2018. Both of these documents will be subject to further review as a result of the additional functions transferred to the ERA during the year in relation to compliance, enforcement, and rule change functions associated with the Wholesale Electricity Market.

One of the main achievements during the year was the successful design and implementation of information and record structures within the ERA's record system, HP Records Manager 8, to manage the records associated with the new market compliance, enforcement, and rule change functions. These structures have allowed for the records associated with these functions to be managed fully digitally, compared to the hybrid physical system employed at the IMO. Information that must remain published and available for statutory requirements was successfully migrated from the IMO to the ERA websites.

This year a new one-on-one training program was implemented to train staff. The new program divides training into two separate components — records awareness and agency specific requirements related to ownership, copyright, and information governance; and user training for the HP Records Manager 8 system. Over the course of the year, the ERA has increased its staff numbers by a third to backfill vacant positions and manage the new Wholesale Electricity Market functions.

During the year the records area was restructured as part of the review of corporate service functions. The structure facilitates a move away from a centralised model for the performance of low level or process driven record keeping tasks and functions, with the ownership of these being moved to other business areas. The centralised functions are now focused more around policy and procedure development and implementation, strategy, and information governance. This will continue into next year.

DISCLOSURES AND LEGAL COMPLIANCE

Substantive equality

The ERA embraces the principles of Substantive Equality and is committed to its Policy Framework. The ERA invite staff from the Equal Opportunity Commission every year to conduct a training program for all its new staff on Equal Opportunity Law. The ERA has a good gender balance with roughly an equal number of men and women working in the organisation.

The ERA ensures that the principles of the policy framework are upheld and management decisions are made taking into consideration equity, parity and fairness to the community.

Occupational Safety, Health and Injury Management

The ERA is committed to providing and maintaining a safe and healthy working environment for its employees within the legislative framework of the *Occupational Safety and Health (OSH) Act 1984* and other associated legislation, including the Code of Practice for Occupational Safety and Health in the Western Australian Public Sector 2007.

To ensure a formal mechanism for reporting, an Occupational Health and Safety Report is a standing agenda item in the quarterly Corporate Executive management indicators.

All staff are informed of health and safety expectations within the agency in the first stage of all inductions. The office has an Occupational Safety and Health Representative whose role is to conduct workplace inspections to assess risks and hazards, report issues to the Corporate Executive group and resolve OSH issues.

Some of the formal and informal mechanisms in place are:

- New and existing employees are given a workplace ergonomic assessment to ensure that their work station set-up and posture are conducive to best practice.
- Standing office desks have been provided to staff on request.
- A comprehensive Employee Assistance Program is available to all employees and their immediate family.

The following table sets out performance against occupational health and safety targets in 2016-17.

Performance against occupational health and safety targets

Indicator	2016-17 Target	2016-17 Actual
Number of fatalities	Zero	Zero
Lost time injury/disease incidence rate	Zero or 10% improvement on the previous three (3) years	Zero
Lost time injury severity rate	Zero (0) or 10% improvement on previous three (3) years	Zero
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	Greater than or equal to 80% return to work within 26 weeks.	Zero
Percentage of managers and supervisors trained in occupational, safety, health and injury management responsibilities.	Greater than or equal to 80%	55%

DISCLOSURES AND LEGAL COMPLIANCE

Other disclosures

Complaints handling

There are three main areas that may be the source of complaints: the administration of the Secretariat; employment-related matters; and matters concerning regulatory functions.

Handling of complaints relating to the administration of the Secretariat and employment-related matters are dealt with under the Western Australian Public Sector Code of Ethics, ERA's Code of Conduct, and Conflict of Interest Policy. These documents are available in either hard copy at our reception desk or on our website.

The Code of Conduct recommends concerns be raised directly with the staff member involved. The next step is to raise the concern with the immediate supervisor, and then the Chief Executive Officer. Staff and consultants are provided with a hard copy of the Code of Conduct during their induction. Staff can discuss their concerns about any employment-related matter with the Senior Human Resource Consultant. Our website allows for any member of the public to express dissatisfaction or make a complaint.

There were no administration or employment related complaints lodged with the ERA during 2016-17.

A variety of circumstances, such as the competing interests of infrastructure owners and other interested parties, may give rise to views that differ from the ERA's in respect to regulatory functions.

The ERA's regulatory processes typically provide opportunities for interested parties to express their views on decisions. These processes include comprehensive public consultation, involving submissions, public forums and meetings with the Governing Body or Secretariat.

Submissions may be made on either a public or confidential basis. Public submissions are published on our website.

The ERA's decisions are ultimately subject to legal appeal on legal matters to the Supreme Court and to merit review by the Australian Competition Tribunal and the Electricity Review Board.

Public interest disclosures

The ERA has internal procedures that outline how it complies with the *Public Interest Disclosure Act 2003*.

These procedures are available on the intranet and are also provided to all new employees as part of their induction process.

The ERA currently has two PID officers.

Memoranda of Understanding

A memorandum of understanding (MOU) is a public document that assists with consultation, information sharing, and working relationships. In 2016-17, the ERA had MOUs with the organisations listed in the following table.

DISCLOSURES AND LEGAL COMPLIANCE

Memoranda of Understanding

Organisation	Date of signature	Purpose of the MOU
Energy Ombudsmen of Western Australia	30 October 2008	Provides for consultation between the two parties. Coordinate regular activities between the signed parties in relation to the regulation of the electricity and gas industries.
Public Utilities Office	5 February 2007	Promote effective cooperation and coordination between the two agencies in performing their complementary roles in Western Australia's energy market.
Department of Water	12 December 2006	Ensure efficient and effective decision-making and advisory processes of both agencies in relation to the water services industry. Promote best practice regulation and monitoring of compliance under relevant legislation.
Independent Market Operator	9 January 2007	Agreed framework for mutual cooperation in relation to functions relevant to both agencies. Agreement to mutually assist each other with the exchange of information, expert advice, appropriate referral of matters and cooperation, consistent with legislation. Protocol between the two agencies to deal with operational matters.
Energy Safety Division (Department of Commerce)	13 April 2006	Promote cooperation on the regulation of the electricity and gas industries in Western Australia. Contribute significantly to the ability of the agencies to effectively and efficiently carry out their functions.
Gas Industry Ombudsman (Western Australia)	3 March 2005	Ensure that the decision making and advisory processes of the parties in relation to the Gas Industry is integrated and as well informed as possible, insofar as allowed under legislation.

DISCLOSURES AND LEGAL COMPLIANCE

Audit and risk

Risk management

The Corporate Executive team actively identifies and monitors agency-wide and project risks and reviews the risk register on a quarterly basis.

2016-17 Internal Audit program

This was the first year of the three-year Strategic Audit Plan, which is effective for the period 2016-17 to 2018-19. 2020 Global have been contracted to undertake the internal audits identified in that plan.

The following audit activities were undertaken: Recordkeeping; Human Resource and Payroll and Financial Management. The outcomes of each of these audits are described below.

Human Resource and Payroll Audit

This audit identified four minor risks one of which is yet to be addressed related to documenting a procedure. The auditor concluded that overall the ERA is performing at a high standard of compliance staff for the areas of human resources and payroll examined.

Recordkeeping Audit

This audit found one medium risk and two low risks which have all been addressed. The auditor concluded that:

- Overall, the ERA's records management system is well documented and managed. Discussion with Executives noted no concerns with the current suite of procedures and guidance from the records management staff. The Record Keeping Plan meets the criteria required by the State Records Office.
- The electronic records management system (HPRM8) is well established with appropriate controls over access and is logical and intuitive in relation to its use.

Financial Management Audit

This audit found one medium risk and one low risk, which will be addressed in 2017/18.

The ERA's Audit and Risk Committee met two times this year. The standing items considered by the committee included the internal audit reports, an audit log of issues raised by the auditor that still have actions outstanding, a risk register report, and a report on any changes to risks since the last report.

APPENDIX

Published notices

Month	Title of Notice
June	Tronox Management Pty Ltd - EGL023 - 2016 Audit & Review
	Walkaway Wind Power Pty Ltd - EGL002 - 2017 Audit & Review
May	AGL Sales Pty Limited - GTL014 - Decision to grant Gas Trading Licence 14 and approve standard form contract
	Harvey Water - WL031 - 2016 Audit and Review
	Origin Energy Retail Limited - GTL013 - Decision to grant Gas Trading Licence No13 and approve standard form contract
	Shire of Morawa WL024 - 2016 Review
	ECCC membership 2017-2019 - Call for expressions of interest
	Final Monitoring Protocol Market Procedure & Procedure Change Report
	Synergy Regulatory Scheme - invitation for public submissions
	Greenough River Solar Farm Pty Ltd - Consultation on electricity generation licence application
	AGL Sales Pty Limited - Initial gas standard form contract - publication of public submission
	AER Retail - Decision on amendment of standard form contract
	A-Star Electricity - Decision on amendment of standard form contract
	ERA approves AEMO's expenditure proposal
	Gas Marketing Code of Conduct 2017 - Final Decision
	Alinta Sales Pty Ltd - Public consultation on proposed replacement electricity standard form contract
	Origin Energy Retail Ltd - Public submission - initial gas standard form contract
	2017 Report to Minister on AEMO compliance
	Wind Portfolio Pty Ltd (Badgingarra Wind Farm) - EGL026 - consultation on licence
	Esperance Power Station - GDL010 - 2016 Audit & Review
	RATCH-Australia Kemerton Pty Ltd - EGL005 - 2016 Audit & Review

Month	Title of Notice
April	Horizon Power - EIRL002 - Notification of Type 1 licence contravention
	AGL Sales - Public consultation on initial gas standard form contract
	Horizon Power - Notification of Type 1 licence contraventions of Code of Conduct - EIRL002
	Robe River Mining Co Pty Ltd - Decision on amendments to financial hardship policy
	Origin Energy Retail Ltd - Public consultation on initial gas standard form contract
	Roy Hill Infrastructure Segregation Arrangements - Final Decision
	Mumbida Wind Farm Pty Ltd - EGL024 - 2016 Audit & Review
	AER Retail - Public consultation on proposed replacement standard form contract
	Appointment of new member to the GMCCC Committee and the WCCC - Mr Joe Doleschal-Ridnell
	A-Star Electricity- Public consultation on proposed replacement standard form contract
	ERACCC Meeting 01-2017 - 13 March 2017
	NewRet Pty Ltd - Surrender of Electricity Retail Licence No.23
March	Collgar Wind Farm Pty Ltd - EGL022 - 2016 Audit and Review
	Determination of the Ancillary Service Margin Peak and Margin Off- Peak Parameters
	Roy Hill Infrastructure Part 5 Instruments - Draft Decisions
	Emergency Services Levy Review - Publication of Submissions to Issues Paper
	Urban Water Utilities - Publication of the 2015-16 National Performance Report
	Monitoring Protocol Procedure Change Proposal - call for submissions
	Alinta Sales Pty Ltd - 2016 Performance Audit
	Lancelin South Pty Ltd - Decision to grant WL47
	Karara Power Pty Ltd - ETL006 - 2016 Audit & Review
	AEMO Supplementary Proposal - Consultation Paper - Publication

APPENDIX

Published notices (continued)

Month	Title of Notice
February	GMCCC - consultation on ERA Draft Decision
	Wesfarmers Kleenheat Gas Pty Ltd 2016 Performance Audit
	Water West North Dandalup Pty Ltd - Decision to grant WL46
	Gas Marketing Code of Conduct - Publication of 2016-17 review
	Estimating the Utilisation of Franking Credits - Secretariat Working Paper
	Roy Hill Infrastructure proposed Segregation Arrangements
	Goldfields Gas Pipeline - Quarterly Tariff Variation
	Horizon Power - Publication of approved replacement standard form contract (Feb 2017)
	AGL Sales Limited - Consultation on gas trading licence
	Western Power Technical Rules Exemption from 1 October 2016
	2016-17 Review of the Water Services Code of Conduct - public submissions
	2017-2018 Margin Values - amended proposal by AEMO
January	Wesfarmers Kleenheat Gas - GDL009 - 2016 Audit & Review
	Annual WEM report to the Minister for Energy for period to June 2016
	Water Inquiry 2016 - Receipt of submissions on Issues Paper
	ERA Computer Code Repository
	BHPB Nickel West - EDL002 and ERL002- Consultation on licence amendment application
	Horizon Power - public consultation on proposed replacement standard form contract
	ERACCC Meeting 04-2016 - 5 December 2016
	Gas Compliance Reporting Manual - 2017 January

Month	Title of Notice
December	2017-18 Margin Values
	Rottnest Island Authority - EIRL003 -decision on amendment of standard form contract
	Insertion of amended Compendium of Gas Customer Licence Obligations
	Customer Complaints Guidelines (December 2016) - updated
	Western Power Service Standard Performance Standards Report 2015-16
	AEMO Allowable Revenue Determination
	Change Energy Pty Ltd - Decision to approve standard form contract and grant ERL25
	Perth Energy - ERL010 - 2016 Audit Report
	EDL Pilbara Pty Ltd - ERL016 - 2016 Performance Audit
	Origin Energy Retail Limited - Consultation on gas trading licence
	DBNGP 2016-2020 - reference tariff variation 2017
	GGP - GGT - AA3 - Annual Tariff Variation - 1 Jan 2017
	Shire of Gnowangerup - WL011 - Decision on next review date
	Alinta DEWAP Pty Ltd - EIRL007 - 2016 Audit & Review
	GDS - ATCO - Proposed Reference Tariff Variation for period beginning 1 January 2017
	Brookfield Rail Segregation Arrangements
	2016 Water Inquiry Issues Paper
	Hamersley Iron - WL033 - 2016 Audit & Review
	Rottnest Island Authority - replacement standard form contract - Public consultation
November	Wholesale Electricity Market functions transferred to the ERA
	Roy Hill Infrastructure Railway Proposed Regulatory Instruments
	Gas Marketing Code of Conduct - Consultation

APPENDIX

Published notices (continued)

Month	Title of Notice
November	Changes to the Gas Compendium - 2016 Review
	ATCO Gas Australia Pty Ltd - 2016 Performance Audit
	Horizon Power - Notification of Type 1 Breach of the Code of Conduct
	Western Power Technical Rules - Mar and Apr 2016 - Final Decisions
	Licence Application Guidelines Amended - Electricity, Gas and Water
	Change Energy - standard form contract -public consultation
	Shire of Lake Grace - WL022 - Decision on next asset management review period
October	Electricity Compliance Reporting Manual - Customer Transfer Code amendments
	Water Inquiry 2017 - final terms of reference
	2016 Rail Weighted Average Cost of Capital
	AEMO Allowable Revenue 2016 - 19 - Public Submission
	Small Water Service Licence Statistics 2015-16
	ERACCC Meeting 03-2016 - 21 September 2016
	GDS - ATCO - AA4 - Revised Access Arrangement Publication
	Roy Hill Infrastructure Instruments consultation
	2015 EGRC Review
	REMCo Rule Change Proposals C01 16R C02 16C and C03 16R - Decisions
	Goldfields Gas Pipeline - Quarterly Reference Tariff Adjustment – 1 October 2016 to 31 December 2016
	Gas Access - Rate of Return Guidelines - Rule Change
	Compendium of Gas Customer Licence Obligations - Public Consultation on Proposed Amendments
	Western Power's Technical Rules Exemption from 1 July to 30 September 2016

Month	Title of Notice
October	Review of the Water Services Code of Conduct (Customer Services Standards) 2013 - consultation
	Brookfield Rail Amended Segregation Access decision
	South Lancelin Pty Ltd - Publication of submission by DOH
	Gas Marketing Code Consultative Committee (GMCCC) - Appointment of members for the 2016-18 term
September	Change Energy Pty Ltd - Consultation on electricity retail licence application
	Gas Retail Market Scheme - Transfer of Operation from REMCo to AEMO
	BHP Billiton Nickel West Pty Ltd - EDL002 & ERL002 - 2016 Audit & Review
	Lancelin South Pty Ltd -Consultation on water services licence application
	Water Code Consultative Committee - Appointment of new member, Mr Joe Smith
	Shire of Dumbleyung - WL016 - Section 31 notice inspection
	Busselton Water - WL003 - 2016 Audit and Review
	Western Power - Draft Decision Technical Rules March and April 2016
	EDL2 (BHP) and EDL3 (Southern Cross) - Minor amendments
August	Horizon Power - EIRL002 - Notification of Type 1 Breach of the Code of Conduct
	Water West - Publication of submission by Department of Water
	Esperance Gas Distribution Company Pty Ltd - GTL011 - 2016 Performance Audit
	Gascoyne Water Co-operative Ltd, Ord Irrigation Co-operative Ltd (037) and South West Irrigation Management Co-operative Ltd (ta Harvey Water) (WL038) - Amendment to licences
	GMCCC membership term 2016-2018 - Call for Expressions of Interest

APPENDIX

Published notices (continued)

Month	Title of Notice
August	Appointment of Consumer Credit Legal Service WA to ERACCC
	Gascoyne Water Cooperative - WL38 -Decision on next Review
July	Electricity Networks Access Code - CPI Adjustment - 2016
	Preston Valley Irrigation Cooperative (correct error in Schedule 2) - WL009, Version 6 - Amendment to licence
	Water West North Dandalup Pty Ltd - Consultation on water services licence application
	Shire of Morawa - WL24 - Decision on next Review
	Goldfields Gas Pipeline - Amended Final Decision, Corrigenda to Revised Access Arrangement and Access Arrangement Information
	Dampier to Bunbury Natural Gas Pipeline - Corrigenda to the Approved Access Arrangement
	Water Corporation - WL032 version 15 - Amendment to licence
	Western Power's Proposed Amendments of November 2015 - Final Decision
	Mid-West and South-West Gas Distribution Systems Access Arrangement
	2016 Electricity Compliance Reporting Manual
	2016 Water Compliance Reporting Manual
	Hamersley Iron - amendments to financial hardship policy - Decision
	Western Power's Technical Rules - Updated list of exemptions
	BHP Billiton Nickel West Pty Ltd - ERL002, Version 7 - Amendment to licence
	Gascoyne Water Co-operative - WL038 - Amendment to licence
	ERACCC Meeting 02-2016 - 13 June 2016
	Water Licence Review 2016 - Water Services Licences amended by substitution





Economic Regulation Authority

WESTERN AUSTRALIA