



Economic Regulation Authority
WESTERN AUSTRALIA

Annual Report 2009/10



Economic Regulation Authority

Promoting fair prices, quality services and choice

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

Contact details:

Office address

Level 6, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000

Postal address

PO Box 8469
Perth Business Centre
PERTH WA 6849

Website

www.erawa.com.au

Telephone

(08) 9213 1900 (office hours)

Fax

(08) 9213 1999

About the Authority

The Economic Regulation Authority regulates third party access to electricity, gas and rail infrastructure and administers licences for electricity, gas and water service providers. It also carries out surveillance of Western Australia's wholesale electricity market and undertakes economic inquiries on a wide range of complex issues at the State level.

Vision

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

Mission

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

Values

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

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

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

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

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

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



About this annual report

This annual report provides a review of the Authority's operations for the financial year ended 30 June 2010 and comprises:

[Overview](#) – an overview of our role, responsibilities and organisational structure.

[Performance](#) – a report on our operational performance from 1 July 2009 to 30 June 2010 and the progress towards achieving the desired outcomes of the Authority and the Government.

[Significant issues](#) – a discussion on significant current and emerging issues that may impact upon the workload of the Authority.

[Disclosures and compliance](#) – audited financial statements, detailed key performance indicator information and other financial disclosures.

[Other legal requirements](#) - a report on the Authority's compliance with various legislative requirements.

[Government policy requirements](#) – a report on the Authority's compliance with Government policy requirements.

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

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

Note: Due to Mr Peter Panegyres' absence, the Chairman and Mr Steve Edwell, as a quorum, approved the 2009/10 Annual Report and endorsed the key performance indicators and financial statements, which were transferred to the Auditor General on 12 August 2010.

Accordingly, the Chairman's and Mr Edwell's signatures appear on the 2009/10 Annual Report letter of transmission to the Minister.

Letter of transmission



Hon Colin Barnett
Treasurer of Western Australia
21st Floor
197 St Georges Terrace
PERTH WA 6000

Dear Minister

ECONOMIC REGULATION AUTHORITY 2009/10 ANNUAL REPORT

In accordance with section 61 of the *Financial Management Act 2006*, we submit for your information and presentation to Parliament, the Annual Report of the Economic Regulation Authority for the financial year ended 30 June 2010.

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

Yours sincerely

MR LYNDON ROWE
CHAIRMAN

10 September 2010

MR STEVE EDWELL
MEMBER

10 September 2010

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Overview

From the Chairman



As will become apparent to readers of this Annual Report the last year has been a very busy one, but one during which we have made good progress in delivering on the outcomes in our Strategic Plan.

During the year a large part of the Authority's cyclical work coincided and was undertaken concurrently. Significant decisions of the Authority included: finalising the access arrangement for Western Power for the period from 1 July 2009 to 30 June 2012; a final decision on the

Goldfields Gas Pipeline; and approval of the segregation arrangements, train management guidelines, train path policy, overpayment rules and costing principles for The Pilbara Infrastructure Railway.

A draft decision on the access arrangement of the Mid-West and South-West Gas Distribution Systems and a further final decision on the Goldfields Gas Pipeline are currently being progressed and due for release in August.

Gas transportation regulated tariffs to customers on the Goldfields Gas Pipeline will drop by around 10 per cent as a result of the Authority's review of the access arrangement.

Increases in reference tariffs for access to Western Power's electricity network will be substantially less than those originally proposed by Western Power. In addition, Western Power is expected to show improvements in reliability as a result of the Authority's decision.

"2009-10 was a very busy year for economic inquiries"

The Authority continued to administer the licensing regime across the electricity, gas and water industries granting three new licences, as well as assessing independent audits and reviews of service providers. In the electricity market, the Authority continued its surveillance of the Wholesale Electricity Market and made its determinations with respect to the allowable revenue for the next three years for the Independent Market Operator and System Management.

"The work of the Authority continues to expand both in regulation and in our inquiry role"

2009-10 was a very busy year for economic inquiries with the State Treasurer assigning three new inquiries to the Authority in addition to the two already in progress. With a total of five inquiries, this is the most the Authority has ever undertaken concurrently in one year.

Apart from fulfilling our statutory responsibilities we have also made progress in two internal areas of priority: to increase our technical regulatory capacity and to improve on our communications.

We have continued to build our level of expertise within the Secretariat and to lessen our reliance on consultants. This is important for a number of reasons – it is more efficient, it is likely to lead to more consistent analysis and it will help us retain that expertise with staff having the opportunity to contribute to the more interesting aspects of the Authority's work.

A particular challenge for those of us involved in economic analysis and regulation is to explain our decisions or findings in plain English so that it is accessible to a wide audience. This continues to be a priority right across the Authority to ensure stakeholders are well informed and have a better understanding of regulatory outcomes. While I am sure we can always improve, I believe we have made considerable progress in the last year.

Regulators are not infallible and regulation comes at a cost – this is something economic regulators should always be aware of. The Authority is very conscious of the need to ensure that the benefits of regulation exceed the costs and that unnecessary regulation is removed. This is another area where I believe the authority has made good progress over the last twelve months.

Progress towards reducing the regulatory compliance costs imposed on service providers is demonstrated through the relief provided by the Authority to licensees with good audit results by extending the period until their next audit. The removal of certain requirements of licensees such as the requirement to submit incident reports, to provide a range of information to business customers, and to have customer service charters reviewed by the Authority have also reduced the compliance burden on licensees.

“The Authority is very conscious of the need to ensure that the benefits of regulation exceed the cost”

A very significant event in the last year was the retirement of our inaugural CEO, Peter Kolf. I want to put on the record my sincere appreciation for the outstanding contribution Peter has made to economic regulation in this State. I am sure I can speak for all Authority Members (past and present) when I say that the respect that exists for the Authority today is in no small measure due to Peter's efforts in overseeing the establishment of the organisation and ensuring that the work emanating from the Authority was always of a high quality.

After an Australia wide recruitment process we were pleased to appoint Greg Watkinson as Peter's replacement. Greg was previously Director, References and Research with the Authority and in his first six months has already demonstrated his capacity to build on Peter's good work.

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

As in previous years I wish to acknowledge the outstanding contributions made by the two part-time Members of the Authority – Steve Edwell and Peter Panegyres. The work of the Authority is greatly enhanced by their experience and expertise. I am very grateful for their commitment and support.

Finally, Steve, Peter and I want to acknowledge the professionalism and commitment of the Authority's staff, ably led by Peter Kolf for the first half of the year and more recently by Greg Watkinson. The support provided by such a professional group gives the Authority Members the confidence that we can fulfil our Vision "to serve the interests of Western Australians by promoting fair prices, quality services, choice and enhancing competition through independent economic regulation and advice to Government".

Executive summary – year at a glance

The Authority's work is comprised of activities which can be categorised as cyclical, ongoing or one-off in nature. The activities undertaken in the 2009/10 reporting year are summarised below.

Cyclical regulatory activities

A large part of the Authority's work is cyclical, with reviews of gas access arrangements required every five years, reviews of electricity access arrangements (currently) every three years, and reviews of the revenue requirements for the Independent Market Operator and System Management every three years. In addition, other cyclical activities include the annual publication of reports on the performance of licensees and on the effectiveness of the wholesale electricity market.

Access arrangement reviews

Goldfields Gas Pipeline	<ul style="list-style-type: none"> • Draft decision released October 2009 • Final decision published May 2010 • Further final decision due for release early 2010/11 financial year
Dampier to Bunbury Natural Gas Pipeline	<ul style="list-style-type: none"> • Issues paper released and public submissions invited May 2010 • Draft decision due for release early in the 2010/11 financial year

WA Gas Networks Mid-West and South-West Gas Distribution Systems	<ul style="list-style-type: none"> • Issues paper published and public submission invited February 2010 • Draft decision due for release early in the 2010/11 financial year
Western Power	<ul style="list-style-type: none"> • Draft decision released and public submissions invited July 2009 • Final decision released December 2009 • Further final decision published in January 2010
WestNet Rail	<ul style="list-style-type: none"> • Final determination on review of revised segregation arrangements made in April 2010
The Pilbara Infrastructure Railway	<ul style="list-style-type: none"> • Approved the regulatory instruments for this new railway with proposed costs for access to the railway to be reviewed in 2010/11 with subsequent reviews to occur every three years • Segregation arrangements approved in January 2010 • Train management guidelines and train path policy approved in February 2010 • Costing principles and over-payment rules approved in June 2010

Other cyclical activities

- Published annual performance reports for regulated gas and electricity retailers and distributors and water service providers.
- Contributed to the national performance report for water service providers.
- Provided the annual assessment of the wholesale electricity market operations for 2009 to the Minister for Energy.
- Determined a number of parameters that influence the operation of the wholesale electricity market, such as the maximum price that generators can be paid for making their capacity available to the market.
- Determined the allowable revenue for the Independent Market Operator and System Management.

One-off activities

The most significant one-off projects are generally the economic inquiries issued to the Authority by the State Treasurer. Other significant one-off projects in 2009/10 included the reviews of industry codes. Code reviews are opportunities to re-examine the effectiveness of regulations.

Economic inquiries

- Finalised the inquiry on the Tariffs of the Water Corporation, Aqwest and Busselton Water Board.
- Progressing the inquiry into water resource management and planning charges that the Department of Water would levy for its services.
- Conducting an efficiency review of Horizon Power.
- Considering whether the protections afforded by State legislation to chicken growers should continue.
- Reviewing the overall costs and benefits of the State Underground Power Program.

Code reviews

- Published an issues paper and invited public submissions in October 2009 relating to the review of the *Railways (Access) Code 2000*. The draft report and the final report are expected to be released by the end of 2010.
- Approved a new (amended) code of conduct for electricity suppliers.
- Introduced a range of customer protection measures for customers who choose to have pre-payment meters installed on their premises.
- Approved a number of amendments to the Gas Customer Code.

Ongoing regulatory activities

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

- Issued 3 new licences
- Renewed 1 licence and approved amendments to 10 licences
- Decided that notices issued in 2008/09 to Horizon Power and Western Power for the non-compliances with their licence should remain in force as they had not yet been rectified
- Continued monitoring of the wholesale electricity market to identify whether any market participants are acting in an anti-competitive manner

Activities that reduced compliance costs

- Provided relief to 7 licensees with good audit results by extending the period until their next audit
- Removed requirements for licensees to submit incident reports
- Removed the requirement for electricity and gas licensees to provide a range of information to business customers (e.g. information about concessions/interpreter services)

- Removed the requirement for electricity and gas licensees to have the Authority review their customer service charters

Output indicators

In undertaking the preceding activities the following outputs were achieved.

Publications

- 55 reports and decisions
- 6 annual performance reports published
- 17 regulatory guidelines published
- 547 stakeholders and interested parties received our quarterly editions of [e-news](#)
- 12 issues and discussion papers
- 214 [notices](#) issued
- 27 licensee operational and performance audit and asset management system review reports approved
- 21 customer service charters approved/published
- Revised [corporate brochure](#) developed
- 3 standard form contracts approved/published

Public consultation

- 23 invitations for public submissions
- 178 weeks of public consultation
- 148 public submissions received

Submissions

328 submissions were prepared by the Secretariat for decision making by the Authority, a 13 percent increase from last year, reflecting an increase in workload.

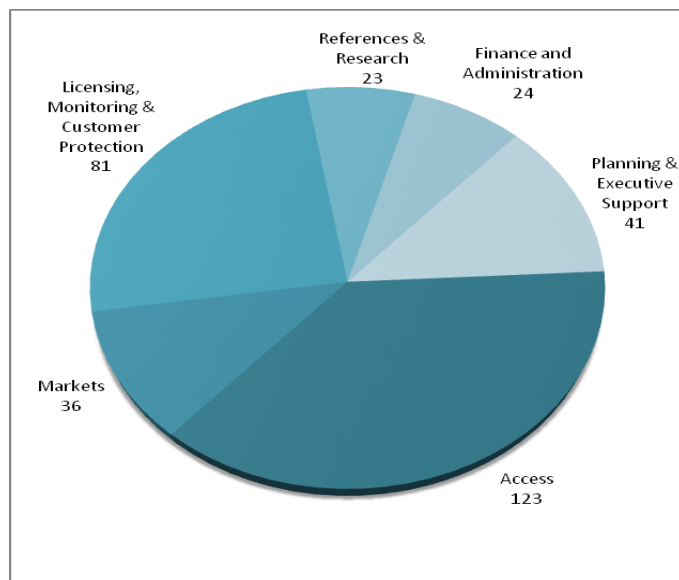


Chart 1 - Number of submissions per division of the Authority

Our people

- 49 workshops/seminars/conferences attended
- Increased focus on quality assurance
- Developed guideline to grammar and writing
- Established a work/life balance working group
- Conducted quarterly staff surveys to provide feedback on ways to make the Authority a better place to work.

Financial performance

The total expenditure for the year increased by \$458,000 (up from \$9.4 million in 2008/09). This 5% increase in expenditure in 2009/10 was caused by an expansion in the Authority's functions and growth in the regulatory workload. The increase reflects the increased workload and the need to increase staff resources to undertake our work. The increase in costs has been moderated by a strategy of investing in the capacity of the Secretariat to undertake work that would otherwise be undertaken by consultants.

The expenditure chart (below) provides an analysis of the Authority's expenditure over the last five years.

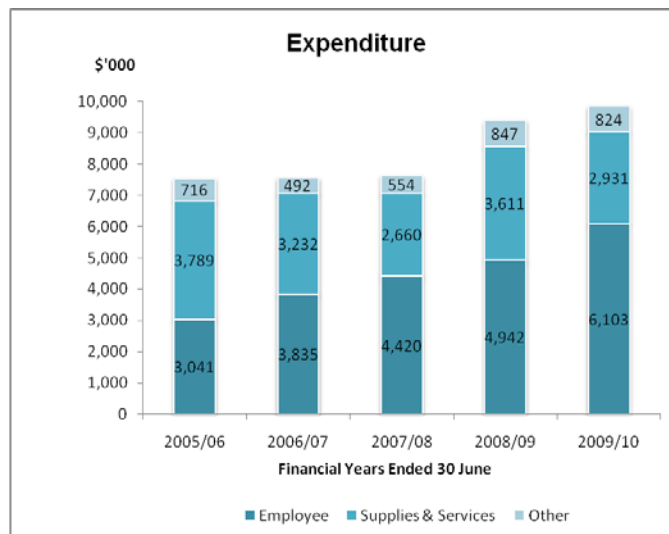


Chart 2 - Breakdown of levels of expenditure over the last five years of the Authority's operations

At the commencement of the 2009/10 financial year, the Authority was aware that there was a need to build regulatory, inquiry and reporting capacity following the increase in functions and growth in workload that occurred in 2008/09. During the year the Authority approached Government for an increase in employee numbers by four, which was approved. This has enabled the Authority to build in-house capacity and reduce expenditure on consultants. Employee expenditure is now 62% of total expenditure compared to 53% in the previous year.

Expenditure on supplies and services, which includes the cost of consultants, is now 30% of total expenditure, compared to 38% in the previous year. Other areas of expenditure have remained at a consistent level with that of previous years as shown in the charts below.

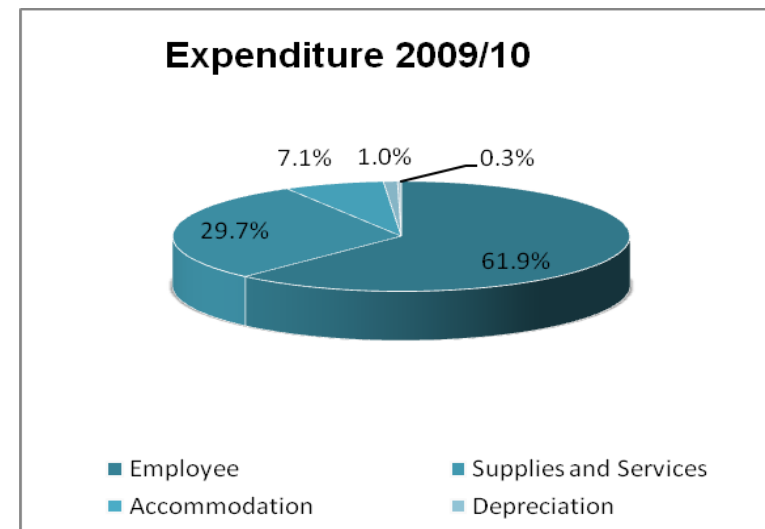


Chart 3 - Breakdown of areas of the Authority's expenditure for 2009/10

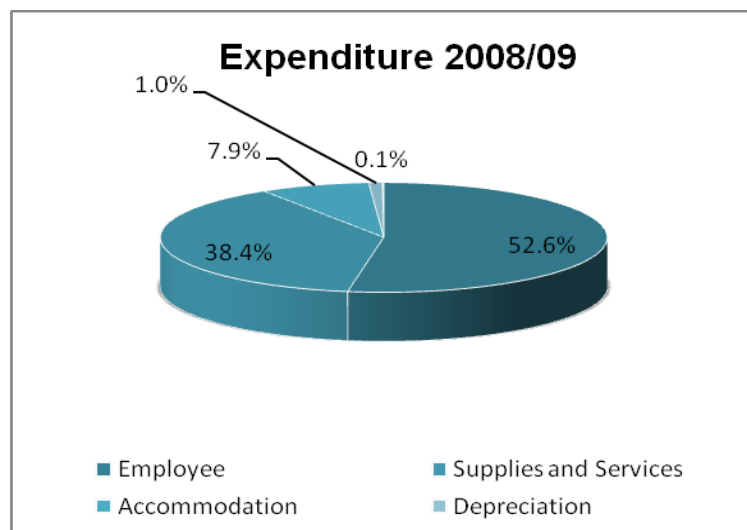


Chart 4 - Breakdown of areas of the Authority's expenditure for 2008/09

The *Economic Regulation Authority Act 2003* requires that the Minister approve the level of expenditure the Authority can commit to for each financial year. The Authority's approved expenditure limit at the start of the year was \$9.6 million. During the year, the Authority received approval for an increase in expenditure limit to \$11.4 million. The additional expenditure was requested to cover the increase in employee numbers and the potential for expenditure relating to the significant number of cyclical regulatory reviews that occurred during the year.

While employee expenditure increased over the previous year, a number of positions were vacant during the course of the year, which kept this expenditure contained. There was also a saving on anticipated consultancy costs due to work being done in-house or delays in regulatory work occurring due to non lodgement of applications by stakeholders.

The income chart (below) shows that the Authority's income is mainly from government representing 61% of total income in 2009/10 compared to 71% in the previous year. The decrease in income from government was offset by an increase in income from industry. Industry revenue increased from \$2.5 million last year to \$4.2 million this year with the result that the proportion of income from industry increased from 27% to 38%. Income from industry fluctuates on an annual basis due to the cyclical nature of the work of the Authority. Increased activity in the gas access area over the year resulted in an increase in revenue from the recovery of costs.

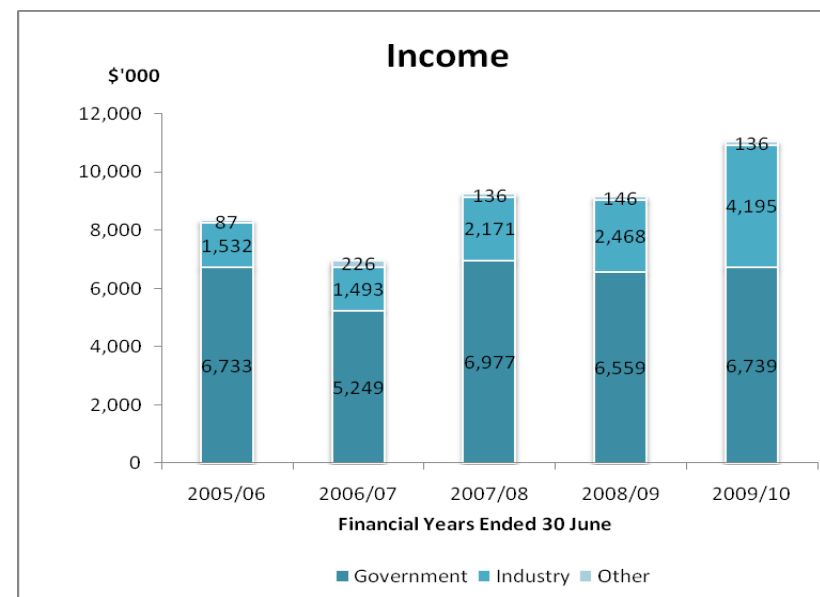


Chart 5 - Breakdown of sources of income over the last five years of the Authority's operations

Sources of Income 2009/10

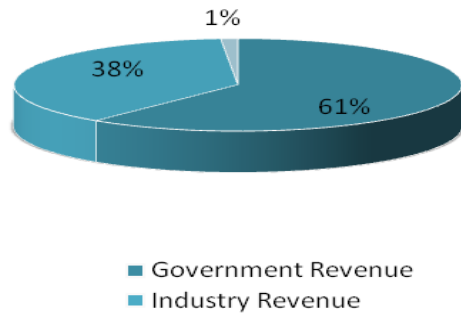


Chart 7 - Sources of the Authority's income for 2009/10

Sources of Income 2008/09

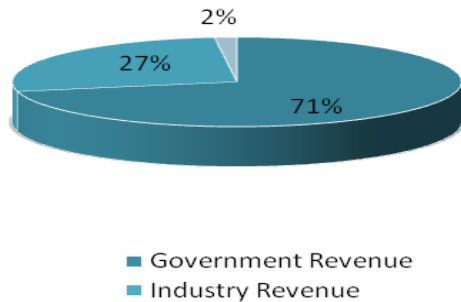


Chart 6 - Sources of the Authority's income for 2008/09

During the year Cabinet endorsed a recommendation of the Economic and Expenditure Reform Committee to approve the changes necessary to increase the level of cost recovery for regulatory services provided by the Authority. This endorsement is being progressed by the Department of Treasury and Finance.

Operational structure

Our role

The Authority's work aims to enhance a competitive, efficient and fair commercial environment in the gas, electricity, water and rail industries for the long term benefit of Western Australians.

The Authority also makes recommendations to government in response to references to undertake economic inquiries. In addition, we undertake surveillance of the wholesale electricity market.

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

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

Our responsible minister

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

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

In this context, the relevant minister(s) during the reporting year were the Hon Troy Buswell BEd MLA, Treasurer, Minister for Commerce; Science and Innovation; Housing and Works (up until 27 April 2010) and the Hon Colin Barnett MEd, MLA, Premier, Treasurer, Minister for State Development. The Authority also has reporting responsibilities to the Minister for Energy on matters related to the wholesale electricity market and to the Treasurer on economic inquiries.

Enabling legislation

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

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

Administered legislation

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

Other impacting legislation

The Authority also performs its functions in compliance with other legislation. These are listed in [Appendix 2](#).

Our people

The Authority is comprised of a Governing Body and a Secretariat.

The Governing Body determines the policies, controls the affairs and otherwise performs the functions of the Authority.

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

At 30 June 2010, the Authority employed 51.9 staff working either full or part-time. Most were permanent, with 13 working on contract. Additional temporary contract staff were employed during the year to provide short-term support and expertise during periods of staff leave and peak workload.

Governing Body

The Authority is overseen by a Governing Body that comprises a full-time Chairman and two part-time Members. The Chairman is Mr Lyndon Rowe and the part-time Members are Mr Steve Edwell and Mr Peter Panegyres.

Face-to-face meetings of the Governing Body usually take place every month. In addition, the Governing Body conducts weekly teleconference meetings. Extra-ordinary meetings may be organised as required. In 2009/10 the Governing Body met 42 times and considered 217 submissions.



The Governing Body also considers matters out-of-session as resolutions without meeting. Matters are raised out of session in the form of submissions circulated via email or in hard copy. In 2009/10 the Governing Body considered 111 submissions requesting resolutions without meeting.

Mr Lyndon Rowe, Chairman

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

In addition to his role at the Authority, Lyndon is also a member of the University of Western Australia senate, a Director of Perth

Airport and Non-Executive Chairman of InterStaff Recruitment Limited.

Immediately prior to his appointment as Chairman of the Authority, Lyndon was Chief Executive of the Chamber of Commerce and Industry of Western Australia, a position he had held from 1990.

Mr Steve Edwell, Member

Steve has more than 15 years experience in the reform of utilities, in particular electricity and water, where he has driven a number of comprehensive reform projects and has worked in both the public and private sector.

Steve was the inaugural full time Chair of the Australian Energy Regulator, a position he held from mid-2005 until mid-2010. Immediately prior to his appointment as Chair of the Australian Energy Regulator, Steve worked for the Western Australian Government leading the implementation of comprehensive electricity reform, including the establishment of Western Australia's energy market.

Steve was also the Chief Executive Officer of the Queensland Electricity Reform Unit, which implemented a range of electricity reforms that culminated in Queensland joining the National Electricity Market.

Steve's other assignments have included being commissioned by the Queensland Government to implement the Council of Australian Governments' water reforms and as head of the Queensland Office of Energy.

Mr Peter Panegyres AM, Member

Peter was the Crown Solicitor for Western Australia from 1985 to 2003. He was appointed a Member of the Order of Australia in 2000 for his services to the law and to public administration as Crown Solicitor for Western Australia, and in 2003 was awarded the Centenary Medal for services to the law in Western Australia.

Secretariat

The Governing Body is supported by the Secretariat that is headed by the Chief Executive Officer (CEO). For the first part of the financial year Mr K Peter Kolf was the CEO. From 1 February 2010 Mr Greg Watkinson has been the CEO.

Mr Greg Watkinson, Chief Executive Officer



Previous to his appointment as CEO, Greg headed our References and Research division, which is responsible for undertaking independent inquiries for the Western Australian Government.

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

Corporate Executive

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

Mr Robert Pullella, Executive Director Access



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

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

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

Paul has 27 years experience at Senior and Senior Executive levels in the Public Sector. His previous employment includes an appointment as Executive Director of the Office of Water

Regulation in Western Australia, responsible for establishing a State wide licensing regime for water service providers and reporting to Government on the operations and performance of the water industry.

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



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

Mr Russell Dumas, Director Access



Russell has over 20 years experience in the public sector within Western Australia. Prior to his current role with the Authority, he was employed in various management and policy roles within the sector, in particular in transport, industrial infrastructure and resource development.

Russell has also worked in the private sector in the planning and development of major infrastructure projects in Australia and overseas. Russell has a Bachelor of Engineering degree.

Mr Bruce Layman, Director References and Research



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

Prior to commencing as Director of References and Research in March 2010, Bruce was Assistant Director, Forecasting and Quantitative Services Division, of the Western Australian Department of Treasury and Finance. In this role he was responsible for evaluating proposals for infrastructure provision (including submissions to Infrastructure Australia) and industry assistance, as well as a major review of the Department's macroeconomic forecasting model.

Ms Pam Herbener, Manager Finance and Administration



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

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

Manager Planning and Executive Support

This position is currently vacant.

Organisational chart

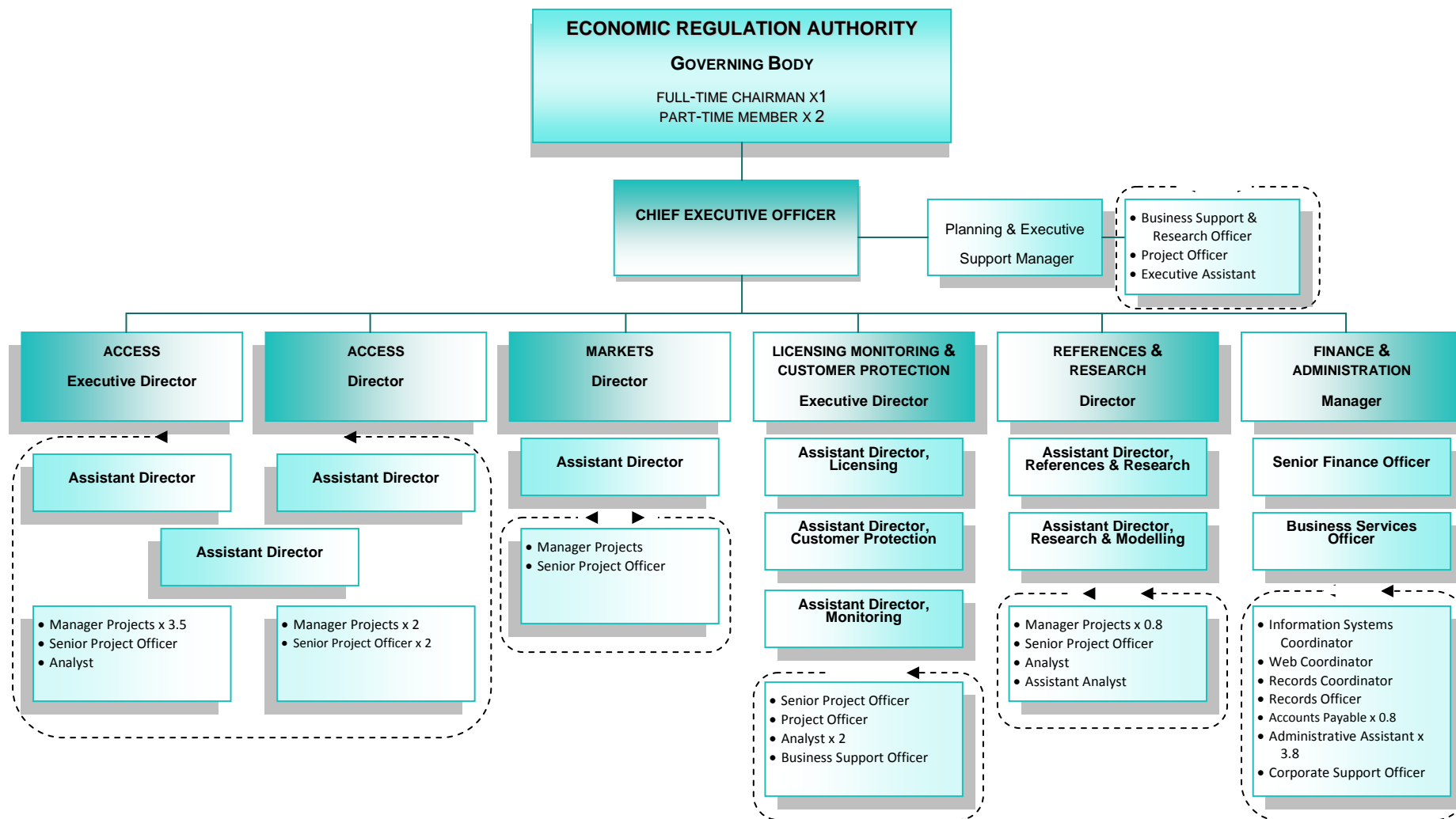


Chart 8 - The Authority's organisational chart at 30 June 2010

Our responsibilities

Staff that make up the Secretariat are the initial points of contact for the Authority's day-to-day matters. While the Secretariat may provide assistance, it is the Governing Body that has the ultimate responsibility for regulatory and inquiry functions.

From the beginning of January we reconsidered the way the Secretariat undertakes its work. The organisation's third party access area moved from being an industry-based structure with rail and gas in one area and electricity in another, to be in a project-based structure. We are confident this change will make the Secretariat more efficient and provide greater opportunities for staff to work on projects across different industries.

The Secretariat also has a new Markets division as a result of the workload in that area developing significantly over the past few years.

The five operational and two business support divisions, and their respective responsibilities, comprise of:

Access

The Access Area is divided into two divisions and work is allocated between the divisions on a project basis.

The Access Area is responsible for:

- approving access arrangements for the gas transmission and distribution systems and electricity transmission and distribution networks; and

- approving the upper and lower band of prices and access conditions that a railway owner can charge companies wanting to use its rail infrastructure.

Markets

The Markets Division is responsible for:

- surveillance of the wholesale electricity market (WEM) operating in the South West interconnected system of Western Australia;
- monitoring the WEM operations and conducting reviews to ensure the market is effectively meeting the wholesale market objectives, which include:
 - promoting the economically efficient, safe and reliable production and supply of electricity;
 - encouraging competition among generators and retailers; and
 - minimising the long-term cost of electricity supplied to customers from the South-West interconnected system.

Licensing, Monitoring and Customer Protection

The Licensing, Monitoring and Customer Protection Division is responsible for:

- administering the licensing schemes including granting, renewing, transferring and amending licences for the provision of water, gas and electricity services;

- monitoring licence obligations and reporting to the relevant Minister on the operation of the licensing scheme and on compliance by licensees with their licence conditions;
- enforcing licence obligations and reporting to the relevant Minister on any failure by a licensee to meet performance criteria or other licence requirements; and
- undertaking customer protection activities such as approving standard form contracts and customer service charters, and developing and reviewing guidelines and codes.

References and Research

The References and Research Division is responsible for:

- managing the Authority's inquiries and reports functions;
- undertaking research on economic, financial and technical issues to support the Authority's decision making; and
- providing specialised services to other divisions such as financial modelling and rate of return analysis.

The business support divisions, and their respective responsibilities, are discussed below.

Planning and Executive Support

The Planning and Executive Support Division is responsible for:

- providing executive support to the Governing Body and the Corporate Executive;
- providing strategic, business planning and corporate communication services to the Governing Body and Secretariat; and
- preparing the Authority's corporate reports, plans and programs.

Finance and Administration

The Finance and Administration Division is responsible for undertaking statutory management responsibilities in relation to:

- human resource management services, recruitment, staff management and retention, payroll and performance management;
- administration services to support the Secretariat to ensure delivery of high quality products and services to staff and key stakeholders;
- financial management services, the Authority's budget, accounts payable, accounts receivable and procurement processes; and
- information management and information technology services.

Our culture

Promoting a shared culture

During the year we supported a number of charities and participated in several fundraising events. This year our weekly free dress day raised money for Cystic Fibrosis WA and over \$1,500 was raised for 990am Information Radio.

As a result of our baking efforts, we raised close to \$700 by holding morning teas for Doctors Without Borders, the Starlight Children's Foundation, SIDs Red Nose Day and the Cancer Council. We also took part in the Salvation Army's 2009 Christmas Appeal.

On 17 June 2010 our CEO, Greg Watkinson, took part in the St Vincent de Paul Society's 'CEO sleep out'. The event challenged local business and community leaders to experience homelessness for one night to raise money and awareness for the plight of the growing homeless population in Australia. Greg was able to raise around \$2,200 for this worthwhile cause.

Overall, the 98 CEOs who participated in the Western Australia event raised around \$470,000 to go towards helping Australia's estimated 105,000 homeless men, women and children find the warmth, safety and dignity they desperately deserve.

The social club was particularly active in 2009/10 with our monthly lunches and trip to the football proving to be very popular. Participation in social activities is voluntary and open to all staff.

We participated in the BOQ Corporate Challenge with our 'CroquetERA' croquet team. Over the course of six weeks, our

intrepid team took on a number of other government and private sector organisations and came in fifth place out of over 20 teams.



Since February 2010 we have been holding quarterly staff surveys. Individual survey responses are kept confidential, but the overall scores and general findings are discussed at our staff monthly meetings. In both surveys staff were asked to rate (on a scale of 1-10 with 10 being the highest) whether "work at the ERA is enjoyable". The majority of participants responded positively to the question, with 75% (in the February survey) and 65% (in the May survey) giving a rating of 6 or above.

As a result of the first two surveys, the following initiatives were carried out:

- one week consultation periods with staff were set up so they could provide feedback on new or revised internal policies and business processes;
- a work/life balance working group was established to advise the Corporate Executive on strategies to improve the balance between the work and home life of staff; and
- new policies and business processes were discussed at staff meetings.

Work/life balance

The work/life balance committee was established in February 2010 to discuss approaches and initiatives to ensuring an effective balance between the work and home life of staff.

In May 2010 the work/life balance committee conducted a survey of all staff on various aspects of work/life balance. These ranged from balancing work and home life to understanding our human resource management policies. The survey was well received by staff with 66 per cent of staff participating and approximately one third of those participants providing additional written comments. The overall result from the survey concluded that staff rated work/life balance within the organisation positively. However, notable areas of work/life balance which staff raised concerns about included the communication of work/life policies to staff, options to support physical fitness, and internal management and administrative processes. The work/life balance committee compiled and analysed the survey results and presented the Corporate Executive with a report recommending that the

following actions be taken to improve work/life balance within the Authority.

- Make work/life balance policies available to staff on the Authority's intranet with further links to relevant sections of the Public Sector Agreement.
- Include an overview of the Authority's work/life balance policies in the induction process for new staff.
- Review the way the Authority can help support the physical fitness of staff.
- Review management and business processes to ensure staff are not subjected to unnecessary high levels of stress in their work life.

The Corporate Executive has commenced implementing these recommendations. The work/life committee continues to advise the Executive on progress made on work/life balance.

Professional development

Staff are encouraged to participate in training to further develop and acquire new skills and keep abreast of relevant issues in the regulated industries. In 2009/10 staff attended training courses, conferences and workshops that varied in subject matter. A total of \$83,538 was spent on professional development over the financial year.

Training ranged from courses aimed at advancing computer skills, at improving customer service, at developing best practice

project management skills and at progressing knowledge of our economic regulatory functions.

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

- Current issues associated with the Australian water industry
- Design and operation of the electricity industry
- Advanced energy policy and electricity market reform
- Compliance risk and assessment
- Power and electricity supply systems familiarisation.

To ensure that staff members are aware of and effectively fulfil the organisation's compliance requirements, the following training sessions were conducted:

- Record keeping awareness
- Administrative legal matters
- Occupational safety and health.

Staff are also encouraged to attend and present at relevant conferences, workshops and seminars. Copies of [presentations](#) are available on our website.

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

- Australian Railway Business Economics Conference, highlighting research on how Australian railways operate as businesses
- Local Government Water Licensees on annual compliance and performance reporting obligations
- WACOSS 2010 Conference "Gearing for Change"
- Australian Compliance Institute Annual Conference
- National Water 2009 Conference
- Smart Electricity Conference
- Power & Electricity World WA Conference
- 9th Energy in WA Conference.

Awards

We were awarded the Gold at the annual W.S. Lonnie Awards in the General Government Sector category 1 (under 100 full-time equivalent employees) for our 2008/09 annual report.

Performance Management Framework

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

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

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

Performance

Key performance indicators

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

Key effectiveness indicators

The Authority's key effectiveness indicators are:

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

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

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

Key efficiency indicators

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

Comparison between indicators, actual results and budget targets

Indicator	2009/10 target	2009/10 actual	2008/09 actual	2007/08 actual	2006/07 actual
Number of submissions made to the Authority's Governing Body	250	328	291	248	198
Governing Body rating on the content, accuracy and presentation of submissions	4.0	3.8	4.0	4.2	4.2
Number (percentage) of submissions provided by the required deadline	85%	87%	81%	92%	76.5%
Governing Body rating on the perceived timeliness of submissions	4.0	4.0	4.1	4.2	3.9
Average cost per submission	\$38,412	\$30,055	\$32,304	\$30,782	\$38,200

The total cost of the Authority's operations for the 12 months under review was \$9.858 million. There were 328 submissions compared to the target of 250. The average cost per submission was \$30,055 against the target \$38,412.

Compared to the previous financial year, the average cost per submission has decreased by \$2,249 due to the increase in the number of actual submissions (13%) and a strategy to reduce expenditure on consultants while increasing in-house capacity.

Report on performance

The following information outlines the key outputs of the Authority for 2009/10. This year the report on performance section has been structured differently to how it has appeared in previous reports. Performance now appears categorised based on the project activity and process undertaken rather than grouped by the division of the Authority in which the work was done. This change in reporting style reflects our organisational restructure which has moved toward being project-based.

The performance below outlines the decisions of the Authority categorised by the service provider, and outlines activities based on the matter it is in relation to.

A more detailed report against our [2009/10 Work Program](#) can be located on our website.

Decisions

Third party access to regulated monopoly infrastructure

The Authority is responsible for reviewing and making decisions on access arrangements to ensure the terms and conditions and charges that a service provider sets are reasonable and users have fair access to services.

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

arrangement makes sure that the companies seeking access can do so on reasonable terms.

For railway infrastructure, the Authority reviews and makes decisions on a railway owner's regulatory instruments, the components of which together are the equivalent of an access arrangement. During this reporting year, the Authority has made decisions on access arrangements for the following regulated infrastructure within Western Australia.

Gas Access

Goldfields Gas Pipeline

[Goldfields Gas Transmission Pty Ltd](#) (GGT) provides gas transportation services to third party users via the Goldfields Gas Pipeline. GGT submitted its proposed revised access arrangement to the Authority in March 2009. The Authority released its draft decision in October 2009 and following a public consultation period released its final decision in early May 2010. The Authority's final decision was to not approve GGT's proposed revisions to the access arrangement for the pipeline and required that 21 amendments be made to the proposed revisions, including a reduction in GGT's reference tariff (transportation tariff). Gas transportation regulated tariffs to customers on the Goldfields Gas Pipeline will drop by around 10 per cent as a result of the Authority's review of the access arrangement.

GGT provided a response to the final decision on 4 June 2010 and the Authority is currently completing a further final decision due to be released in August 2010. The further final decision is

unlikely to significantly impact householders and small businesses at Kalgoorlie and Esperance, as this decision relates only to the transportation cost of gas, which is only a small part of the cost of gas to these customers. The retail tariffs which householders and small businesses pay for gas are set by the Government.

Dampier to Bunbury Natural Gas Pipeline

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

The Authority published an issues paper on DBP's proposed revised access arrangement for the Dampier to Bunbury pipeline in early May 2010 and invited interested parties to make submissions. The draft decision is expected to be released later in 2010.

Fast facts The Goldfields Gas Pipeline:

- delivers natural gas from the offshore gas fields in the north-west of WA to the mineral resource regions of the north-east Pilbara and the Goldfields.
- is the second longest pipeline in WA (over 1380 km).
- traverses over two-thirds of the State to service mines between Yarraloola in the Pilbara and Kambalda along with the township of Kalgoorlie.
- also transports gas to the Kalgoorlie to Esperance pipeline to service customers in Esperance.

Fast facts The Dampier to Bunbury Natural Gas Pipeline:

- is Australia's longest natural gas transmission pipeline.
- runs underground for its entire length (over 1500 km).
- transports gas from the Carnarvon Basin off the Pilbara coast in the North of the State to gas stoves, heaters and hot water systems in homes and businesses in the south-west by feeding into the WA Gas Distribution System.
- transports around 650 terajoules of gas per day – enough to supply an average home for 32,500 years.

Mid-West and South-West Gas Distribution Systems

The Mid-West and South-West Gas Distribution System comprises most of the reticulated natural gas infrastructure in Western Australia. These pipelines distribute gas sourced from the Dampier to Bunbury Natural Gas Pipeline and the Parmelia Pipeline to industrial, commercial, small business and residential customers in the mid and south western coastal areas of Western Australia. The distribution systems stretch from Perth to Geraldton in the north and to Busselton in the south.

Distribution tariffs make up a significant component (approximately 40%) of the cost of supply to most retail customers. Changes in distribution tariffs will be considered by government when amending the regulations that set maximum retail tariffs that are paid by households and small business.

The operator and majority owner of this gas distribution system - [WA Gas Networks](#) (WAGN) - lodged proposed revisions to the access arrangement to this system on 29 January 2010. The distribution system is ultimately owned by Prime infrastructure (75.9%) and Diversified Utilities Energy Trust - DUET (24.1%).

In February, the Authority invited public submissions on the proposed revisions to the access arrangement as submitted by WAGN and published an issues paper to assist interested parties in making submissions.

The Authority has considered the submissions received and is due to release its draft decision in August 2010.

Fast facts The WA Gas Networks Distribution System:

- is the largest reticulated gas infrastructure in Western Australia.
- has combined networks which constitutes approximately 12,000 km of gas mains and associated infrastructure.
- spans the mid-west and south-west of Western Australia to serve Geraldton, Kalgoorlie, Albany, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction, Capel and the Perth Greater Metropolitan Area including Mandurah.

Rail Access

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

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

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

The Pilbara Infrastructure Railway

[The Pilbara Infrastructure](#) (TPI), a wholly-owned subsidiary of Fortescue Metals Group, is the owner of the Pilbara Infrastructure rail line. The Authority approved TPI’s segregation

arrangements in January 2010, its train management guidelines and train path policy in February 2010, and its costing principles and overpayment rules in June 2010.

WestNet Rail

[WestNet Rail](#) (WNR) has a long term lease over the State’s south-west rail freight network. WNR submitted its proposed revised segregation arrangements to the Authority for approval in October 2009. The Authority published its final determination in April 2010 approving the revised segregation arrangements subject to seven amendments. The Authority approved WestNet Rail’s proposed revised segregation arrangements in May 2010.

Fast facts The Pilbara Infrastructure railway:

- hauls iron ore deposits from FMG’s Cloudbreak mine in the eastern Pilbara to Herb Elliot Port in Port Hedland.
- is the heaviest haul line in the world with tracks designed to withstand weights of trains in excess of 30,000 tonnes and over 2.8 km in length.
- was commenced and completed in nine months.

Fast facts WestNet Rail:

- controls over 5,000 km of rail freight infrastructure throughout the southern half of Western Australia – from Geraldton in the north, to Leonora and Kalgoorlie in the east, and south to Esperance, Albany and Bunbury.
- transports a wide range of commodities including grain, alumina, bauxite, iron ore and interstate freight.

Electricity Access

Western Power Electricity Transmission and Distribution Networks

The Authority is responsible for regulating third party access to regulated or 'covered' electricity networks in Western Australia, the largest of which is Western Power's South West interconnected network. On 19 January 2010, the Authority approved Western Power's amended proposed access arrangement (discussed in more detail on page 30). The Authority's further final decision approved approximately \$4.8 billion (nominal) of expenditure to improve Western Power's ageing network.

Over the access arrangement period of 2009-10 to 2011-12, users of [Western Power](#)'s transmission and distribution networks will experience increases in network charges (reference tariffs) on three occasions of up to 13 per cent for transmission, and up to 18 per cent for distribution (in real dollars). The increases for users of the transmission and distribution networks will come in three stages: March 2010, July 2010 and July 2011.

The reference tariffs correspond to target reference service revenue of approximately \$2.5 billion (real) that Western Power is allowed to collect from network users over the access arrangement period. It is for the Western Australian Government to determine whether increases to Western Power's network charges will directly affect retail electricity prices (retail tariffs) for residential and small business customers, given that network charges are only one component of retail costs.

The Authority supports the increases in network charges being passed through to electricity retail tariffs to better facilitate the transition to cost reflective retail tariffs.

Fast facts Western Power Electricity Network:

- operates within the South West interconnected system, which:
- extends from Kalbarri in the north, to Kalgoorlie in the east, to Albany in the south.
- is accessed by electricity generators, retailers and consumers to transport electricity from one location to another.
- distributes electricity to more than 840,000 residential and business properties.

CASE STUDY

The Western Power Access Arrangement

What is the access arrangement?

The access arrangement details the terms and conditions, including charges, which apply to third parties seeking the use of Western Power's regulated electricity network.

Why is the access arrangement important?

Network charges (also referred to as network tariffs or prices) are an integral component of the retail prices that are paid by customers for the electricity they consume. The amount invested by Western Power in operating, enhancing and expanding its network affects Western Power's ability to deliver reliable power to customers on behalf of energy retailers, like Synergy, and its ability to meet the requirements of growing electricity demand from new and existing customers.

The level of network investment undertaken by Western Power affects the network tariffs that it can charge generators, retailers and other users of the network. The tariffs that Western Power charges are directly related to the level of investment it makes. The Authority's role in approving revisions to Western Power's access arrangement is important to ensure that tariffs charged by Western Power for the use of its network reflect capital and operating costs that are prudent and efficient.

What's involved when assessing the access arrangement?

The process for assessing the access arrangement is set out in the *Electricity Networks Access Code 2004*. The Code essentially establishes a propose-respond assessment process, whereby Western Power proposes revisions to its access arrangement and the Authority responds by making a decision to approve or not approve the proposal. Public consultation is an integral part of the assessment process.

The Code requires the Authority to consult with the public at least twice during its assessment process. The time allowed for consultation ensures that all interested parties can have a say on the various elements of the proposed access arrangement prior to the Authority issuing its draft and final decisions.

In making its decisions, the Authority has regard to a number of sources of information, including:

- information provided by Western Power in support of its proposal;
- public submissions made by interested parties during the assessment process;
- independent advice from technical experts who are commissioned by the Authority; and
- being cognisant of other regulatory approaches on matters.

This information assists the Authority in assessing the individual elements of the access arrangement to ensure that it meets the requirements of the Code, such as the requirement to:

- provide network services (referred to as 'reference services') for users who require access to Western Power's network and to specify the expected service levels for these services;
- set efficient tariffs for the reference services ('reference tariffs') that Western Power decides to offer by assessing its investment (capital and operating) costs to ensure these costs are both prudent and efficient;
- set up mechanisms to encourage Western Power to improve its efficiency as a service provider; and
- establish policies and contracts that detail how Western Power will process applications for access to its network and the terms and conditions that will apply.

Wholesale Electricity Market

Independent Market Operator and Western Power System Management

The Authority continued ongoing surveillance and monitoring of the wholesale electricity market (WEM), to examine its effectiveness and efficiency, as well as to identify any anti-competitive behaviour in the market. The Authority also determined a number of parameters that influence the operation of the WEM. These included determination of the allowable revenue for the [Independent Market Operator](#) and [Western Power's System Management](#), and the determination of the ancillary service parameters for the three year period 1 July 2010 to 30 June 2013.

The approved allowable revenue forms the basis for services provided to the market by these two entities and guides the formulation and approval of their annual budgets. The approved ancillary service parameters are used in the calculation of payment for the load following, spinning reserve and system restart ancillary services, which are services that match total system generation to total system load to correct any frequency variations, provide reserve electricity generation capacity to respond rapidly in the event of a failure of one or more generators and to restart the power system following a system wide blackout, respectively.

In addition, the Authority approved the maximum reserve capacity price for the 2012/13 reserve capacity year and the 2009 energy price limits. The maximum reserve capacity price is set for each capacity year and is used as the price cap for the capacity auction in the event that one is held. The maximum

reserve capacity price is based on the expected cost of new entrant peaking generation plant, and the associated costs required to establish such plant, that is capable of supplying electricity to the South West interconnected system. The energy price limits are a part of the market power mitigation mechanisms for the wholesale electricity market and are the price caps which limit the prices that may be paid in the short term energy market and in the balancing mechanism.

Licensing, Monitoring and Customer Protection

Licensing

During this reporting year the Authority granted three new licences - [Collgar Wind Farm](#) (electricity generation), [Clear Energy](#) (electricity retail) and [Perth Energy](#) (gas trading).

The Authority renewed [Alinta Sales](#)' gas trading licence and approved amendments to five electricity licences and five water licences. Most of these amendments related to the expansion of operating areas. Four electricity licences were surrendered during this reporting year. These surrenders occurred largely as a result of new licence exemptions being granted by the State Government.

Of note is that Clear Energy was granted an electricity retail licence to sell electricity to residential customers previously served only by Electricity Retail Corporation (Synergy). The Clear Energy licence application is discussed below.

CASE STUDY

Clear Energy Licence Application

The Authority recently granted an electricity retail licence to Clear Energy Pty Ltd to sell electricity to small use customers in the non-contestable market (those who consume less than 50 MWh per annum) in the South West interconnected system in Western Australia.

Clear Energy's licence application proposed to introduce a new concept, which is different to the manner in which electricity is sold in the non-contestable market. This initiative capitalises on the emergence of renewable energy to provide residential and small business customers with alternative energy solutions.

The proposal was to install solar powered micro-generators (photovoltaic (PV) array) in the form of solar panels at its customers' premises, retain ownership of the systems and charge customers for the amount of electricity generated.

The Electricity Industry Act 2004 is worded such that only the Electricity Retail Corporation (Synergy) or its subsidiary can sell electricity to the non-contestable customers using the Western Power network.

A number of complex issues were raised in the course of the Authority's assessment process, which required extensive investigation of issues in terms of clarification of the legal principles, whether the concept was contrary to public interest and Government's position on competition.

In progressing the application, the Authority:

- consulted with the Office of Energy (OoE) to seek clarification on whether the existing legislation adequately covered all the issues raised in the Clear Energy model. OoE advised that, when the legislation was developed, it was not envisaged that retailers may supply electricity to customers without using the Western Power network, as such no provisions were made in the legislation.
- worked closely with the State Solicitor's Office to ensure that the Clear Energy model was not in breach of existing laws.
- advised Clear Energy to revise its technical configuration to comply with the existing legal framework before resubmitting its application.
- invited public submissions in accordance with its public consultation guidelines. However, a number of stakeholders advised the Authority (prior to the due date for submissions) that, using the normal format, there was insufficient information published for informed comment to be made on the application. As such, additional information was published with Clear Energy's consent and the due date for submissions was extended. Subsequently four submissions were received and a number of issues were raised, particularly relating to customer protection.
- advised Clear Energy to address the customer protection issues raised in the public consultation process.

Clear Energy presented a revised application and standard form contract, which were approved by the Authority.

The process took over 12 months and as a result of this new precedent, the Office of Energy is reviewing the legislation with a view to closing any gaps relating to competition principles.

Monitoring and Customer Protection

Licence audits and asset management reviews

It is important that licensees comply with the conditions of their licence as these conditions are intended to ensure that a set of minimum criteria is met including service quality, reliability, public safety and consumer protection. Licence audits and asset management reviews provide stakeholders with an independent opinion of a licensee's compliance with its licence and the effectiveness of the systems used to manage the assets that deliver essential services to customers. The Authority assessed independent audits and reviews of 27 service providers in the electricity, gas and water industries (see table to the right).

Customer service charters

Western Australian gas, electricity and water licensees (with the exception of gas distribution licensees) are required to produce a customer service charter and to review their charter every 36 months, unless otherwise notified by the Authority. A customer service charter is a published statement containing information relevant to the relationship between a licensee and its customers, and it includes a list of customer entitlements and details regarding a licensee's services. Water and electricity licensees are required to submit their reviewed charter to the Authority for assessment and approval. The Authority has no formal approval or assessment role in relation to gas charters.

Standard form contracts

In the energy industry, licensees are required to produce, and have approved by the Authority, a standard form contract which

specifies the minimum terms and conditions on which a retailer will supply energy to its customers.

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

The Authority approved and published the following:

Publication	Licence type	Number
Performance Audit and Asset Management System Review reports	Electricity	7
	Gas	4
Operational Audit and Asset Management System Review reports	Water	16
Customer Service Charters	Electricity	5
	Gas*	5
	Water	11
Standard Form Contracts (new)	Electricity	2
Standard Form Contracts (amended)	Gas	1
* The Authority does not have a role in approving gas customer service charters, but publishes them.		

Notices served for licence non-compliance

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

The Authority served five notices in 2008 and 2009 following the audit and review of four electricity licensees ([Horizon Power](#), [Rottnest Island Authority](#) and [Western Power](#) and [BHP Billiton Nickel West](#)), and one water licensee (Rottnest Island Authority). The notices required the licensees to rectify the non-compliances by the time the next audit and review is due.

After considering the most recent audit and review reports for licences, the Authority has decided that Rottnest Island Authority has rectified the non-compliances with the electricity and water licences. However, the Authority has decided that Horizon Power and Western Power have not yet rectified the non-compliances to the Authority's satisfaction, and the notices remain in force. The audit and review of BHP Billiton Nickel West is due later in 2010.

Economic inquiries

In 2009/10 the major inquiry undertaken by the Authority was the Inquiry into Water Resource Management and Planning Charges. The Terms of Reference for the inquiry were received from the State Treasurer in April 2009.

The Authority also received an inquiry, in February 2010, into the *Chicken Meat Industry Act 1977*. Other inquiries that were conducted for a lesser part of the 2009/10 financial year included:

- an inquiry into the tariffs of the Water Corporation, Aqwest and Busselton Water, which concluded in August 2009;
- an inquiry into the funding arrangements of Horizon Power, which commenced on 17 May 2010; and
- an inquiry into the overall costs and benefits of the State Underground Power Program, which commenced on 23 April 2010.

Water resource management and planning charges

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

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

A draft report was published on 3 December 2009 and public submissions were received. In the draft report, the Authority did not propose any charges to recover costs because at that stage it lacked sufficient cost information from the Department of Water.

A further draft report will be produced for public consultation once the Department of Water's cost estimates have been received. The Authority has until 29 October 2010 to deliver its final report to the Treasurer.

Chicken Meat Industry Act 1977

An inquiry into the effectiveness of the *Chicken Meat Industry Act 1977* was referred to the Authority by the State Treasurer. As part of the inquiry, the Authority is to consider how the Act currently operates and the issues that affect the chicken meat industry in Western Australia. The Authority will develop findings on whether there is a need for legislation to improve stability in the chicken meat industry, or if the Act should be repealed, amended or replaced.

An issues paper was published on 25 February 2010 and public submissions were received. The Authority considered these submissions as part of the draft report, which was released for further public consultation on 5 August 2010. The Authority has until 1 November 2010 to deliver its final report to the Treasurer.

Fast facts The Chicken Meat Inquiry

The recommendations from this inquiry will determine the framework for the contractual relationships between chicken meat processors and growers. The impact on customers will depend on the extent to which the recommendations influence competition in the provision of contract growing services, and ultimately the effect this would have on the retail price of chicken.

Water Corporation, Aqwest and Busselton Water Tariffs

The Authority's final report on the tariffs of the [Water Corporation](#), [Aqwest](#) and [Busselton Water](#) was delivered to the Treasurer on 14 August 2009. The inquiry was undertaken in response to a request by the Treasurer in July 2008 to provide advice on the most appropriate level and structure of tariffs for the provision of water, wastewater and drainage services provided by the Water Corporation, and the water services provided by Aqwest and Busselton Water.

In preparing the final report the Authority conducted two rounds of public consultation, held a roundtable, and received public submissions. The Authority examined the value of water in Perth and the capital and operating costs of the service providers in developing its recommended tariffs. A key recommendation by the Authority was to reduce the annual fixed charge for Perth residential customers and to increase the charges for the volume of water used. This structure encourages customers to be more efficient in their water use. Another key recommendation was for small businesses to pay the same annual fixed charge as households, which significantly reduces the annual fixed charges for small business customers. The final report was tabled in Parliament on 16 September 2009.

Fast facts In perspective:

1 kilolitre (1000 litres) is almost the equivalent of the water carrying capacity of an urban pumper fire truck. One of the Authority's recommendations is to transition annual usage charges for Perth residential customers by 2012-13 to \$1.40 per kilolitre for the first 150 kilolitres, that is, \$1.40 for every 1000 litres of water used up to the equivalent of 125 fire trucks. Annual usage of between 151-500 kL would be charged at \$1.83 per kL and volumes of water used above 500 kL would be charged at \$2.15 per kL (dollar values are in real dollars of 30 June 2009).

Horizon Power funding arrangements

The Authority is undertaking an inquiry into the funding arrangements of [Horizon Power](#) to determine the level of tariffs that fully reflect Horizon Power's efficient costs in supplying electricity to its customers. The level of tariffs that the Authority recommends will inform the Government's next determination of the amount of the payment (Tariff Equalisation Contribution) that Horizon Power receives from Western Power customers in order to cover the difference between the costs of supplying electricity to its customers and the revenue it collects. The Government determined this amount in 2006 and then again in 2009, as these Tariff Equalisation Contribution amounts are included in Western Power's network tariffs, which are determined every three years.

Horizon Power's customers live in regional and remote Western Australia, and range from people living in isolated communities, to residents and businesses in regional towns, to major mining and resource centres. Operational variables resulting from the remoteness of the service areas and the low ratio of customer numbers compared to the large geographical supply area means that it costs more to operate and supply electricity to Horizon Power's customers.

As all residential and small business customers across the State pay the same charges for their electricity usage under the Government's Uniform Tariff Policy, Horizon Power is unable to recover from its customers the full cost of supplying electricity. Without the Government providing a subsidy in the way of the Tariff Equalisation Contribution, Horizon Power would not be able to cover the cost of supplying electricity to customers connected to its networks. The Authority published an issues paper on 3 June 2010 to help interested parties understand the matters under review and to facilitate public submissions. The final report is due to be delivered to the Treasurer in March 2011.

Fast facts Funding arrangements of Horizon Power

The recommendations from this inquiry will help the Western Australian Government set an appropriate level of subsidy to cover the shortfall between the prices that Horizon Power's residential customers and small businesses pay for electricity and the cost Horizon Power incurs in providing electricity to them.

State Underground Power Program overall costs and benefits

The State Treasurer asked the Authority to conduct an inquiry into the overall costs and benefits of the State Underground Power Program. The cost-benefit study is limited to the undergrounding of existing overhead powerlines in the South West interconnected system. As part of the inquiry, the Authority will investigate the costs of undergrounding the overhead electricity distribution network, compare the costs associated with maintaining the current overhead distribution network with the costs of undergrounding, and determine the types of costs which are avoided as a result of undergrounding the overhead electricity distribution network. In particular, the Authority is to report on what the appropriate share of funding is between the Government, individual households, and Western Power. The Authority published an issues paper on the inquiry in June 2010 and has until 23 April 2011 to deliver its final report to the Treasurer.

Code reviews and amendments

The Authority is required by legislation to periodically review industry codes. In the case of the *Railways (Access) Code 2000*, the Authority reviews the code and provides its recommendations for any amendments to the Treasurer. In the case of the *Code of Conduct for the Supply of Electricity to Small Use Customers* and the *Compendium of Gas Customer Licence Obligations*, the Authority is empowered to make amendments.

Railways (Access) Code 2000

The Authority is required to conduct a review of the *Railways (Access) Code 2000* after the third anniversary of its commencement and after the expiry of each five yearly interval after that anniversary. The code commenced in September 2001 and the first review was undertaken in 2004. The Authority published an issues paper in late October 2009, relating to the second review of the code. Submissions were received on issues relevant to the review and the Authority is currently considering these submissions in preparation of the draft report. The final report to be submitted to the Treasurer is expected to be released toward the end of 2010.

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

The *Code of Conduct for the Supply of Electricity to Small Use Customers* regulates and controls the conduct of retailers, distributors and electricity marketing agents who supply electricity to residential and small business customers. The code was developed to protect the interests of customers who

consume no more than 160 MWh of electricity per annum (equates to an annual electricity bill of approximately \$40,000).

The Electricity Code Consultative Committee (ECCC) completed the bi-annual statutory review of the Code of Conduct in late 2009. As a result of the ECCC recommendations, the Authority made a number of amendments to the code to take effect on 1 July 2010. These amendments include new provisions to deal with the incidence of wrongful disconnection.

The Authority introduced new customer protection measures for pre-payment meter customers by approving amendments to the code in April 2010. The customer protection measures include a three month trial period when a customer can revert to a normal meter; restrictions on times when a meter can be disconnected; allowing a customer to use up to \$20 of electricity during a time when the meter has no credit; and data collection requirements, particularly related to the monitoring of disconnection.

Compendium of Gas Customer Licence Obligations (Gas Customer Code)

The Authority approved a number of amendments to the *Compendium of Gas Customer Licence Obligations* (Gas Customer Code) to ensure consistency with the *Code of Conduct for the Supply of Electricity to Small Use Customers*. The Gas Customer Code largely mirrors the *Code of Conduct for the Supply of Electricity to Small Use Customers* thereby ensuring that conduct requirements of licensees across the energy industry are consistent regardless of fuel type.

Reports

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

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

The Authority delivers a report to the Minister for Energy on the effectiveness of the wholesale electricity market (WEM) annually. The WEM is essential for genuine competition to exist and grow, at a wholesale level, between suppliers and consumers of electricity in the South West interconnected system. Our 2009 annual report to the Minister concluded that the WEM has generally operated effectively since the market commenced, and that outcomes in the market reflect increasing competition in both the generation and retail sectors. The report identified a number of market design, regulatory and structural issues affecting the WEM that require high level input from policy makers and recommended that there needs to be a process put in place for laying out a strategy for the future development of the market.

The Authority is currently preparing its 2010 report to the Minister for Energy on the effectiveness of the Wholesale Electricity Market and expects this will be published later this year.

Fast facts The Wholesale Electricity Market:

allows for competition between generators and retailers, which is expected to deliver wholesale electricity at prices less than would otherwise be possible. This is achieved by the market mechanisms that try to ensure that the most efficient and least cost generators are used to supply electricity. Customers benefit by receiving electricity when they need it and at a minimum practicable cost.

Annual Service Provider Performance Reports

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

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

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

Guidelines

Audit Guidelines: Electricity, Gas and Water Licences

The Authority published audit guidelines at the end of July 2009 to inform electricity, gas and water service providers and external auditors about the Authority's requirements regarding the conduct of performance/operational audits and asset management system reviews of licensees.

The guidelines are designed to promote consistency of performance/operational audits and asset management system reviews.

Customer Service Charter Guidelines

Published in February 2010, the guidelines provide the minimum content requirements for the customer service charters of licensees; the matters to be taken into account by licensees when reviewing their charter; and an explanation of the process that will be employed by the Authority in approving water charters and reviewing electricity charters.

Financial Hardship Policy Guidelines

Electricity and gas retailers are required to develop a hardship policy to assist customers in financial hardship to meet their financial obligations and responsibilities to the retailer under the *Code of Conduct for the Supply of Electricity to Small Use Customers* (Code of Conduct) and the *Compendium of Gas Customer Licensing Obligations* (Gas Customer Code). These codes set out the minimum content requirements that must be addressed in a hardship policy. The financial hardship policy guidelines, originally published in August 2008, have been developed to provide retailers additional guidance in meeting the requirements set out in the codes.

Reporting Handbooks and Datasheets

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

The following 2010 handbooks and datasheets were published by the Authority to assist licensees in their reporting obligations.

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

Engaging with stakeholders

In undertaking its regulatory and inquiry functions, the Authority is very reliant on submissions and information from stakeholders and on the advisory committees that it has formed.

Workshops and seminars

The Authority held two roundtable discussions in August and a seminar in December. The roundtable of 5 August was held to assist interested parties that were considering making a submission on the draft decision on Western Power's proposed access arrangement revisions. The roundtable discussion held on 10 August was attended by around 40 stakeholders and interested parties who discussed issues of relevance to the inquiry into Western Australia's water resource management and planning charges.

In December 2009 the Authority published a paper on short run marginal cost, which is the cost at which generators must offer their energy into the wholesale electricity market. Due to the complex nature of the subject, the Authority hosted a seminar to provide wholesale electricity market participants and interested parties with the opportunity for feedback and questions.

Communications

We released a revised corporate brochure, which was distributed to stakeholders attending the WACOSS 2010 Conference and is also available to visitors at our office.

We continued to publish and distribute our quarterly agency 'enews' newsletters on our website and via email to stakeholders and interested parties.

Committees

The Economic Regulation Authority Consumer Consultative Committee

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

The ERACCC continued to hold quarterly meetings and a forward agenda was developed as part of the 2009/10 ERACCC Work Plan. The highlights from meetings conducted over the year include:

- an increase in the number and variety of guest speakers, including presentations by representatives from the Office of Energy, Department of Water, Independent Market Operator and the Advanced Centre for Consumer Research;
- presentations from all of the divisions of the Authority on diverse topics including rail access, the *Chicken Meat Industry Act 1977* Inquiry and the review of the *Code of*

Conduct for the Supply of Electricity to Small Use Customers;

- the establishment of member presentation segments with members presenting on topics including the proposed carbon pollution reduction scheme and improvements in Energy Ombudsman WA data reporting.
- a workshop session regarding strategies the Authority can use to improve the quantity and quality of consumer input and submissions.
- the Authority hosted a special meeting of the ERACCC with the National Consumer Advocacy Panel (NCAP) to discuss the role of the NCAP and funding opportunities for WA consumer groups.

The ERACCC has undertaken a planning process to develop a Work Program for 2010-2012.

Organisations represented on the ERACCC in 2009/10 were:

- WA Council of Social Service
- WA Farmers Federation
- Pastoralists and Graziers Association of WA
- WA Council of Social Service – Consumer Utilities Projects
- Small Enterprise Network (Chamber of Commerce and Industry of WA)

- Chamber of Minerals and Energy of WA
- Consumers Association of Western Australia
- WA Local Government Association
- Consumer Credit Legal Service (WA)
- Property Council of Australia (WA).

Current observers that participated in the ERACCC in 2009/10 included:

- Mr Chris Field – The Energy Ombudsman WA
- Mr Gary Newcombe – Department of Commerce.

Electricity Code Consultative Committee

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

In 2009 the ECCC completed a review of the code and provided advice to the Authority on the pre-payment meter amendments to the code.

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

The four consumer representatives are:

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

The four industry representatives are:

- Mr Ray Myles (Alinta)
- Ms Margaret Pyrchla (Western Power)
- Mr Simon Thackray (Synergy)
- Mr David Tovey (Horizon Power).

The two government representatives are:

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

Mr Paul Kelly, from the Authority, will continue to chair the ECCC and Ms Lanie Chopping, also from the Authority, will continue as Executive Officer.

The Authority wishes to express its gratitude to the following outgoing ECCC consumer representative members who have completed their terms:

- Mr France Radford (Geraldton Resource Centre)
- Ms Alison Pidgeon & Mr Gerry Cleveland (Consumer Credit Legal Service).

Gas Marketing Code Consultative Committee

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

The GMCCC has been inactive during 2009/10 and is expected to become active when the next statutory review of the code commences in January 2011.

Significant issues impacting the agency

Current and emerging issues

The following amendments to legislation are expected to impact on the operations of the Authority in 2010-11:

- The National Gas Law, applied in Western Australia under the *National Gas Access (WA) Act 2009*, which gives effect to the National Gas Rules as relevant to gas access regulation. The National Gas Law and National Gas Rules impose tight timeframes on access arrangement revision processes. These new timeframes will require the Authority to manage the elements of the revision process within clear time limits in 2010-11 as it undertakes access arrangement revisions for the WA Gas Networks Pty Ltd and Dampier to Bunbury Pipeline access arrangements.
- Proposed new funding regulations to increase the proportion of regulatory costs recovered by the Authority from industry.
- Proposed amendments to the *Economic Regulation Authority Act 2003*, to clarify matters relating to the independence of the Authority and provide greater flexibility, including in relation to the appointment of members of the Governing Body.
- Under Part 5 of the *Gas Supply (Gas Quality Specifications) Act 2009*, the Authority will have a role to determine compensation amounts apportioned between gas producers who supply lower heating value gas that flows into certain gas transmission pipelines.

Expected demands

- The Authority anticipates that it will maintain an ongoing, arm's-length involvement in the implementation of recommendations from recent inquiries including the inquiry into competition in the water industry, which recommended the establishment of an independent procurement entity for bulk water, and the inquiry into recycled water pricing.
- In 2010-11, the Authority expects to deliver final reports to the Government for at least four inquiries, these include the inquiry into water resource management and planning charges, the inquiry into the *Chicken Meat Industry Act 1977*, the inquiry into the funding arrangements of Horizon Power and the inquiry into the overall costs and benefits of the state underground power program.
- In 2010-11 there will be an increased demand in the licensing, monitoring and customer protection area due to more participants entering the electricity, gas and water industries.

- The Authority will be proactive in preparing for Western Power's proposed revisions to its access arrangement which are expected to be submitted to the Authority on 1 October 2011. The Authority will also be assessing a number of regulatory tests and new facilities investment test applications from Western Power.
- Following the recommendation from the Economic Audit Committee's Final Report 'Putting the Public First' in December 2009, it is anticipated that the role of the Authority may be expanded to include a proactive role in gathering appropriate evidence, including through public consultation, in order to advise Government on potential economic reform. The report recommended that responsibility for the determination of gas tariffs for small and residential customers be passed to the Authority immediately and that the Authority be given the role of deciding appropriate electricity tariffs post 2011-12. In addition, the report recommended that the Authority should decide on port charges, in accordance with an incentive based regulatory process, and be responsible for the regulation of taxi fares.

The expansion of the Authority's functions, and its increased workload, highlights the need to build regulatory, inquiry and reporting capacity to meet future demands.

Disclosures and legal compliance

Auditor General's independent audit opinion



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ECONOMIC REGULATION AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I have audited the accounts, financial statements, controls and key performance indicators of the Economic Regulation Authority.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Authority's Responsibility for the Financial Statements and Key Performance Indicators

The Authority is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Economic Regulation Authority at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority 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; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2010.

COLIN MURPHY
AUDITOR GENERAL
16 August 2010

Certification of key performance indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Economic Regulation Authority's performance, and fairly represent the performance of the Economic Regulation Authority for the financial year ended 30 June 2010.



Ms. Pam Herbener
Chief Finance Officer

11 August 2010



Mr. Steve Edwell
Member of Accountable Authority

12 August 2010



Mr. Lyndon Rowe
Chairman of Accountable Authority

12 August 2010

Key performance indicators

Formulating the Authority's performance indicators

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

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

Performance indicators have been developed with regard to the Authority's mission, which is:

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

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

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

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

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

The strategic high-level government goal relevant to the Authority is:

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

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

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

Key effectiveness indicators

The Authority's key effectiveness indicators are:

Quantity

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

Quality

Rating by the Authority's Governing Body as to the content, accuracy and presentation of these submissions.

Timeliness

The number (percentage) of submissions provided by the required deadline and the rating by the Authority's Governing Body as to their perception of the timeliness of the submissions.

Key performance indicators

2009/10 Performance – Effectiveness

Quantity (Submissions)

The Authority's Governing Body met 47 times during the year to review and discuss 217 submissions. In addition to the meetings, 111 submissions were reviewed by email as resolutions without meeting. The number of submissions considered by the Governing Body exceeded the 2009/10 target of 250 submissions by 31 per cent due to the greater than expected workload associated with the large number of major projects.

The major projects included the consideration of proposed revisions to access arrangements for Western Power's electricity network, the Goldfields Gas Pipeline, Western Australian Gas Network's Mid-West and South-West gas distribution systems and The Pilbara Infrastructure's railway. The major economic inquiry in 2009/10 was the review of water resource management and planning charges.

Other major projects included approving amendments to the *Code of Conduct for the Supply of Electricity to Small Use Customers* and approving amendments to the *Compendium of Gas Customer Licence Obligations* (Gas Customer Code).

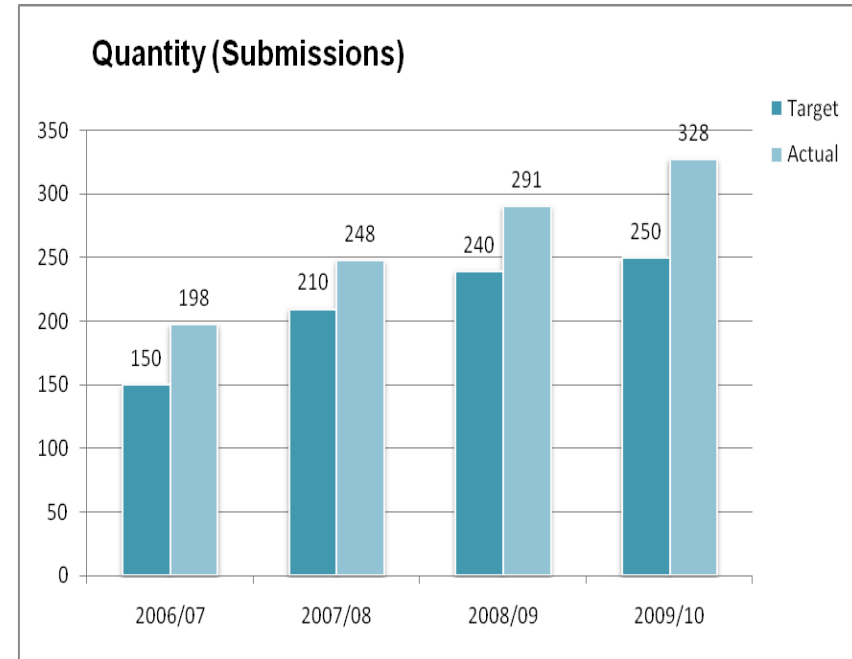


Chart 9 - Comparison between actual results and budget targets for the quantity of submissions

2009/10 Performance – Effectiveness

Quality (Submissions)

The Members of the Governing Body rate the submissions they received each month for quality and timeliness. Ratings were assigned on a range of one to five, where one was “poor”, three was “satisfactory” and five was “excellent”. Ratings were averaged for the three Members.

Quality was rated below the targeted level of performance (4.0), with the average rating for the year being 3.8. Factors contributing to the below target ratings include increased workload, difficulties associated with filling vacancies in key positions and the complexity of issues under consideration.

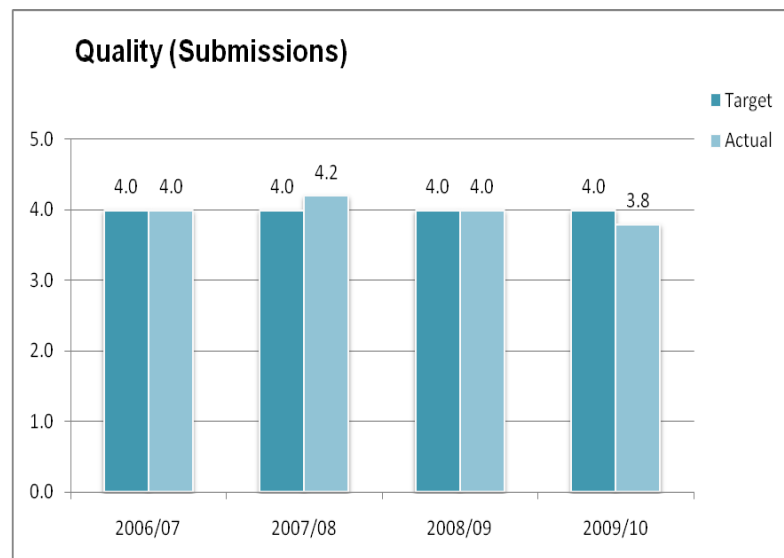


Chart 10 - Comparison between actual results and budget targets for the Governing Body's ratings of the quality of submissions

Timeliness (Legislative deadlines achieved)

Of the 328 submissions reviewed during the year, 27 related to functions that had legislative time limits. There were fewer submissions with time limits than during the previous year when 63 submissions related to functions with time limits.

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

Of the 27 submissions with deadlines, 24 were completed on or before expiry of the prescribed time limit. This equated to 87 per cent of submissions meeting the criteria, which exceeded the 2009/10 target of 85 per cent.

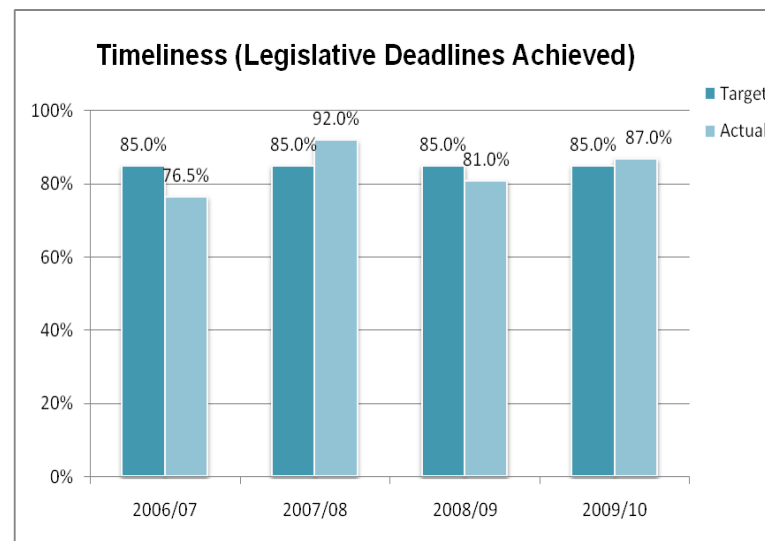


Chart 11 - Comparison between actual results and budget targets for the timeliness (in relation to legislative deadlines) of submissions

Timeliness (Governing Body perception)

In addition to measuring the number of submission that met their deadline, Members of the Governing Body were also asked each month to indicate their perception of the Secretariat's timeliness in preparing submissions.

In March 2009, the Governing Body decided to change the target for timeliness (Governing Body perception) for the 2009/10 financial year from 4.2 to 4.0. The targets for timeliness and the quality are not the same.

The average rating for timeliness for the year was 4.0, which was equal to the 2009/10 target of 4.0.

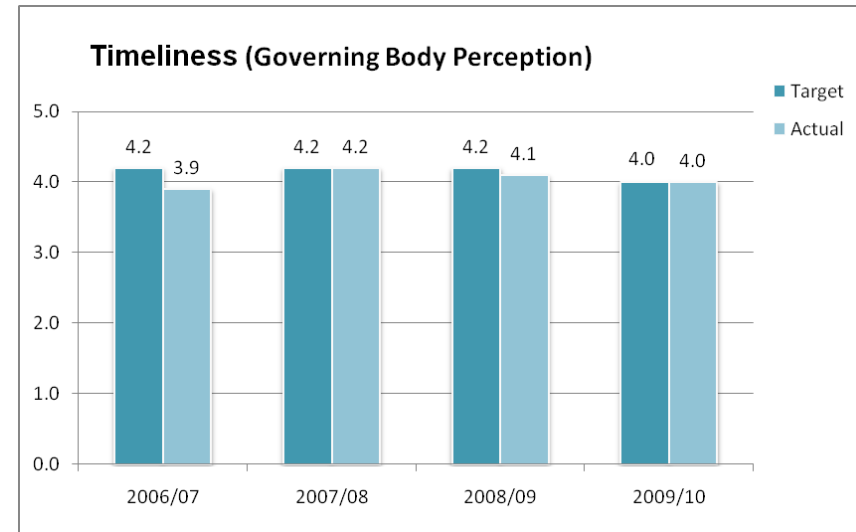


Chart 12 - Comparison between actual results and budget targets for the Governing Body's ratings of the timeliness of submissions

Key efficiency indicators

The Authority's key efficiency indicator is the average cost per submission.

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

2009/10 Performance – Efficiency

Average Cost (per submission)

The total cost of the Authority's operations for the 12 months under review was \$9.858 million. The average cost per submission was \$30,055 which compares to the target of \$38,412.

Compared to the previous financial year's average cost per submission of \$32,304, the average cost per submission has decreased by \$2,245 due to the increase in the number of actual submissions (13 per cent) and a strategy to reduce expenditure on consultants while increasing in-house capacity.

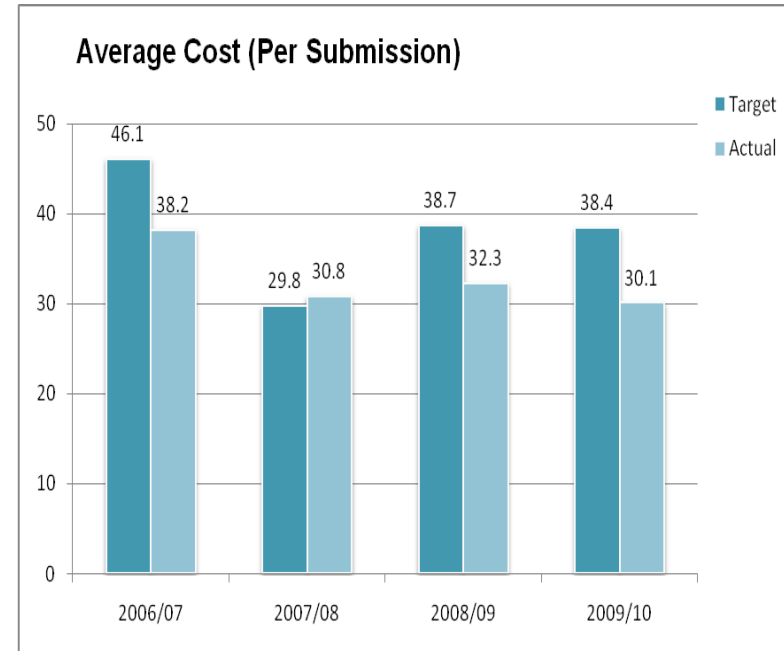


Chart 13 - Comparison between actual results and budget targets for the average cost per submission (\$'000s)

Financial statements

Certification of financial statements

For the year ended 30 June 2010

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 2010 and the financial position as at 30 June 2010.

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

11 August 2010



Mr. Steve Edwell
Member of Accountable Authority

12 August 2010



Mr. Lyndon Rowe
Chairman of Accountable Authority

12 August 2010

Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 \$000	2009 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	6,103	4,947
Supplies and services	7	2,931	3,586
Depreciation and amortisation expense	8	98	92
Accommodation expenses	9	700	746
Other expenses	10	26	29
Total cost of services		9,858	9,400
Income			
<i>Revenue</i>			
User charges and fees	11	4,195	2,455
Interest revenue	12	107	123
Other revenue	13	29	36
Total Revenue		4,331	2,614
Total income other than income from State Government		4,331	2,614
NET COST OF SERVICES		5,527	6,786
Income from State Government			
Service appropriation	14	6,696	6,529
Resources received free of charge	14	43	30
Total income from State Government		6,739	6,559
SURPLUS/ (DEFICIT) FOR THE PERIOD		1,212	(227)
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,212	(227)

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

Statement of Financial Position

As at 30 June 2010

	Note	2010 \$000	2009 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	25	3,881	3,748
Receivables	16	1,830	1,398
Amounts receivable for services	17	53	-
Other current assets	18	99	42
Total Current Assets		5,863	5,188
Non-Current Assets			
Restricted cash and cash equivalents	15,25	71	52
Amounts receivable for services	17	319	277
Plant and equipment	19	309	406
Intangible assets	20	-	1
Total Non-Current Assets		699	736
TOTAL ASSETS		6,562	5,924
LIABILITIES			
Current Liabilities			
Payables	22	538	1,192
Provisions	23	991	888
Total Current Liabilities		1,529	2,080
Non-Current Liabilities			
Provisions	23	335	358
Total Non-Current Liabilities		335	358
TOTAL LIABILITIES		1,864	2,438
NET ASSETS		4,698	3,486
EQUITY			
Contributed equity	24	773	773
Accumulated surplus/(deficit)	24	3,925	2,713
TOTAL EQUITY		4,698	3,486



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

Statement of Changes in Equity

For the year ended 30 June 2010

	Note	Contributed Equity \$000	Reserves \$000	Accumulated surplus/(deficit) \$000	Total Equity \$000
Balance at 1 July 2008		773	-	2,940	3,713
Total comprehensive income for the year	24	-	-	(227)	(227)
Balance at 30 June 2009		773	-	2,713	3,486
Balance at 1 July 2009		773	-	2,713	3,486
Total comprehensive income for the year		-	-	1,212	1,212
Balance at 30 June 2010		773	-	3,925	4,698

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

Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010 \$000	2009 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		6,601	6,430
Holding account draw-downs.....		-	26
Net cash provided by State Government		6,601	6,456
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits.....		(5,998)	(4,526)
Supplies and services		(3,558)	(2,805)
Accommodation		(695)	(630)
GST payments on purchases		(404)	(381)
GST payments to taxation authority.....		-	(6)
Other payments.....		(26)	(3)
Receipts			
User charges and fees		3,813	2,376
GST receipts on sales		75	6
GST receipts from taxation authority		315	282
Other receipts.....		29	36
Net cash provided by/(used in) operating activities.....	25	(6,449)	(5,651)
Net increase/(decrease) in cash and cash equivalents		152	805
Cash and cash equivalents at the beginning of the period		3,800	2,995
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD.....	25	3,952	3,800

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



Notes to the Financial Statements

For the year ending 30 June 2010

Note 1. Australian Accounting Standards

General

The Authority's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2010.

Note 2. Summary of significant accounting policies

(a) General statement

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

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

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

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and infrastructure which have been measured at fair value.

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).

The judgements that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

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

(c) Reporting entity

The reporting entity comprises the Economic Regulation Authority.

(d) Contributed equity

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

Transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Provision of services

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

Interest

Revenue is recognised as the interest accrues.

Service appropriations

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

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

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

User Charges and Fees

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

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

Licence fees are raised in accordance with:

- Electricity Industry (Licensing Fees) Regulations 2005
- Energy Coordination (Licensing Fees) Regulations 1999
- Water Services Coordination Regulations 1996

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

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Plant and equipment

Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of plant and equipment are initially recognised at cost.

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

Subsequent measurement

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

Derecognition

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.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 19 'Plant and equipment'.

Depreciation

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

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

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

(g) Intangible assets

Capitalisation/expensing of assets

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

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

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

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

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

- Software 3 to 5 years

Computer Software

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

(h) Impairment of assets

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

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

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

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

(i) Leases

The Authority holds operating leases for accommodation and vehicle fleet. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(j) Financial instruments

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

- Receivables; and
- Financial liabilities measured at amortised cost.
 - Financial instruments have been disaggregated into the following classes:
- Financial Assets
 - Cash and cash equivalents
 - Restricted cash and cash equivalents
 - Receivables
 - Amounts receivable for services.
- Financial Liabilities
 - Payables

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

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

(k) Cash and cash equivalents

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

(l) Accrued salaries

Accrued salaries (see note 22 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with 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 net fair value.

(m) Amounts receivable for services (holding account)

The Authority receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

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

(o) Payables

Payables are recognised 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 they are generally settled within 30 days.

(p) Provisions

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

Provisions – employee benefits***Annual leave and long service leave***

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers 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.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Superannuation

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

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Authority has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits due 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 concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

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

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

Provisions – other

Employment on-costs

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

(q) Superannuation expense

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

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

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

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative figures

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

Note 3. Judgements made by management in applying accounting policies

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

Note 4. Key sources of estimation uncertainty

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

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Authority:

- | | |
|--------------|---|
| AASB 101 | <i>Presentation of Financial Statements (September 2007).</i> This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard. |
| AASB 2007-10 | <i>Further Amendments to Australian Accounting Standards arising from AASB 101.</i> This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard. |
| AASB 2008-13 | <i>Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110].</i> This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Authority where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Authority does not expect any financial impact when the Standard is first applied prospectively. |
| AASB 2009-2 | <i>Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038.</i> This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard. |

Future impact of Australian Accounting Standards not yet operative

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

		Operative for reporting periods beginning on/after
AASB 2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i></p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in the financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013

2010	2009
\$000	\$000

Note 6. Employee benefits expense

Wages and salaries ^(a)	4,774	4,015
Superannuation - defined contribution plans ^(b)	483	391
Long service leave ^(c)	286	214
Annual leave ^(c)	403	160
Other related expenses	157	167
	6,103	4,947

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

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

(c) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 10 'Other expenses'. The employment on-costs liability is included in note 23 'Provisions'.

Note 7. Supplies and Services

Communications	60	58
Consultants and contractors ^(a)	115	317
Professional services ^(a)	1,511	2,294
Consumables	74	111
Legal cost.....	670	356
Motor vehicle.....	144	130
Travel	101	78
Other	256	242
	2,931	3,586

(a) Professional services and audit fees previously reported as consultants and contractors have been reclassified in their own right (refer to note 10 'Other expenses').

2010	2009
\$000	\$000

Note 8. Depreciation and amortisation expense

Depreciation

Computer equipment	30	20
Furniture and fittings.....	53	52
Office equipment	14	15
Total depreciation	97	87

Amortisation

Intangible assets	1	5
Total amortisation	1	5
Total depreciation and amortisation	98	92

Note 9. Accommodation expenses

Office accommodation rental	632	667
Other accommodation expenses	11	28
Repairs and maintenance.....	47	41
Cleaning.....	10	10
	700	746

Note 10. Other expenses

Employment on-costs ^(a)	-	4
Audit fee ^(b)	26	25
	26	29

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 23 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

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

	2010	2009
	\$000	\$000

Note 11. User charges and fees

Standing charges	1,813	943
Specific charges ^(a)	643	56
Licence fees and charges.....	420	422
Regulatory fees	1,319	1,034
	4,195	2,455

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

Note 12. Interest revenue

Interest revenue	107	123
	107	123

Note 13. Other revenue

Other revenue	29	36
	29	36

Note 14. Income from State Government

Appropriation received during the year:		
Service appropriation ^(a)	6,696	6,529
	6,696	6,529

Resources received free of charge^(b) determined on the basis of the following estimates provided by agencies

State Solicitor's Office	38	30
DTF Building Management Works	5	-
	43	30
	6,739	6,559

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

- (b) Where assets or services have been received free of charge or for nominal cost, the Authority recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Authority makes an adjustment direct to equity.

	2010 \$000	2009 \$000
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Note 15. Restricted cash and cash equivalents

Non-current

Accrued salaries suspense account ^(a)	71	52
	71	52

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

Note 16. Receivables

Current

Receivables	722	881
Accrued Revenue	991	454
GST receivable	117	63
Total current	1,830	1,398

There were no allowances made in the current year for the impairment of receivables (2008/09: nil).
The Authority does not hold any collateral as security or other credit enhancement relating to receivables.

Note 17. Amounts receivable for services

Current	53	-
Non-Current	319	277
	372	277

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

Note 18. Other assets

Current

Prepayments	72	42
Other assets	27	-
Total current	99	42

	2010 \$000	2009 \$000
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Note 19. Plant and equipment

Computer hardware

At cost.....	145	145
Accumulated depreciation	(108)	(78)
	37	67

Furniture fixtures and fittings

At cost.....	526	526
Accumulated depreciation	(268)	(215)
	258	311

Office equipment

At cost.....	69	69
Accumulated depreciation	(55)	(41)
	14	28

309 406

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	Furniture and Fittings \$000	Office equipment \$000	Total \$000
2010				
Carrying amount at start of year	67	311	28	406
Depreciation	(30)	(53)	(14)	(97)
Carrying amount at end of year	37	258	14	309
2009				
Carrying amount at start of year	14	364	26	404
Additions	73	-	16	89
Depreciation	(20)	(53)	(14)	(87)
Carrying amount at end of year	67	311	28	406



2010	2009
\$000	\$000

Note 20. Intangible assets

Computer software

At cost.....	14	14
Accumulated amortisation	(14)	(13)
	-	1

Reconciliation:

Computer software

Carrying amount at start of year	1	5
Amortisation expense	(1)	(4)
Carrying amount at end of year	-	1

Note 21. Impairment of assets

There were no indications of impairment to plant and equipment and intangible assets at 30 June 2010.

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

All surplus assets at 30 June 2010 have either been classified as assets held for sale or written-off.

Note 22. Payables

Current

Trade payables	30	226
Accrued expenses.....	363	573
Accrued salaries.....	75	50
Other payables.....	70	343
Total current	538	1,192

Note 23. Provisions

Current

Employee benefits provision

Annual leave ^(a)	407	480
Long service leave ^(b)	581	406
	<u>988</u>	<u>886</u>
<i>Other provisions</i>		
Employment on-costs ^(c)	3	2
	<u>3</u>	<u>2</u>
	991	888

Non-current

Employee benefits provision

Long service leave ^(b)	334	357
	<u>334</u>	<u>357</u>
<i>Other provisions</i>		
Employment on-costs ^(c)	1	1
	<u>1</u>	<u>1</u>
	335	358

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

Within 12 months of the end of the reporting period	162	136
More than 12 months after the reporting period	245	238
	<u>407</u>	<u>374</u>

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

Within 12 months of the end of the reporting period	369	323
More than 12 months after the reporting period	546	393
	<u>915</u>	<u>716</u>

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

2010	2009
\$000	\$000

Employment on-costs of \$131 in current (\$65 leave loading and \$66 super on-cost) and \$22 non-current (super on-cost) have been recategorised in their own right in note 6 'Employee benefit expense'.

Movement in other provisions

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

Employment on-cost provision

Carrying amount at start of year	3	3
Additional provisions recognised	1	-
Carrying amount at end of year	4	3

Note 24. Equity

Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at start of period.....	773	773
Balance at end of period	773	773

Accumulated surplus/(deficit)

Balance at start of year	2,713	2,940
Result for the period.....	1,212	(227)
Balance at end of year	3,925	2,713

Note 25. Notes to the Statement of Cash Flows

Reconciliation of cash

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

Cash and cash equivalents	3,881	3,748
Restricted cash and cash equivalents (refer to note 15)	71	52
	3,952	3,800

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

Net cost of services	(5,527)	(6,786)
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Non-cash items:

Depreciation and amortisation expense.....	98	92
Resources received free of charge	43	30

(Increase)/decrease in assets:

Current receivables ^(c)	(378)	158
Other current assets	(57)	(9)
Amount receivable for services.....	-	-

(Increase)/decrease in liabilities:

Current payables.....	(654)	983
Current provisions	103	52
Non-current provisions	(23)	131
Net GST receipts/(payments) ^(a)	(14)	(99)
Change in GST in receivables/payables ^(b)	(40)	(203)

Net cash provided by/(used in) operating activities

(6,449)	(5,651)
----------------	----------------

- (a) This is the net GST paid/received, i.e. cash transaction.
- (b) This reverses out the GST in receivables and payables.
- (c) 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.

	2010 \$000	2009 \$000
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Note 26. Resources provided free of charge

The Authority did not provide any resources to other agencies free of charge.

Note 27. Commitments

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Within 1 year	434	441
Later than 1 year and not later than 5 years	367	683
	801	1,124
Representing:		
Cancellable operating leases.....	-	148
Non-cancellable operating leases.....	801	976
	801	1,124

Non-cancellable operating leases commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year ^(a)	434	352
Later than 1 year and not later than 5 years ^(b)	367	624
	801	976

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

Other expenditure commitments

Other expenditure commitments for operational expenditure contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

Later than 1 year and not later than 5 years	866	825
	866	825

These commitments are all exclusive of GST.

Note 28. Contingent liabilities and contingent assets

Contingent liabilities

The Authority has no contingent liabilities as at 30 June 2010.

Contingent assets

The Authority has no contingent assets as at 30 June 2010.

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

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

Note 30. Explanatory statement

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 10% and \$100,000.

Significant variances between estimated and actual result for the financial year

	2010 Estimate \$000	2010 Actual \$000	Variation \$000
Employee benefits expense	5,363	6,103	740
Supplies and services	3,073	2,931	(142)
Accommodation	528	700	172
Other expenses	540	26	(514)
User charges and fees	3,086	4,195	1,109

Employee benefits expense

The Authority has created four positions to assist with the increase in regulatory activity during 2009/10 and to build in-house capacity and expertise.

Supplies and services

There has been a decrease in expenditure on consultancy services as the Authority moves to build its in-house capacity and expertise.

Accommodation

The increase in employees has required sourcing additional accommodation.

Other expenses

The estimate for 2009/10 contains expenditure that relates to the supplies and services category.

User charges and fees

User charges and fees are charged when the expenditure occurs, this results in a variance depending on the timing of work in relation to the Authority's gas access function.

Significant variances between actual and prior year actual

	2010 Actual \$000	2009 Actual \$000	Variance \$000
<u>Income</u>			
User charges and fees	4,195	2,455	1,740
Service appropriation	6,696	6,529	167
<u>Expenses</u>			
Employee benefits expense	6,103	4,947	1,156
Supplies and services	2,931	3,586	(655)

User charges and fees

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

Service appropriation

The Authority received additional funding for redundancy payments in 2009/10.

Employee benefits expense

The Authority has created four positions to assist with the increase in regulatory activity during 2009/10 and to build its in-house capacity and expertise.

Supplies and services

This category of expenditure includes the cost of consultants assisting the Authority with its regulatory functions. There has been a decrease in expenditure on consultants as the Authority moves to build its in-house capacity and expertise.

Note 31. Financial instruments

(a) Financial risk management objectives and policies

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

Credit risk

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

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

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

Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due.

The Authority is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

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

(b) Categories of financial instruments

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

	2010 \$000	2009 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	3,881	3,748
Restricted cash and cash equivalents	71	52
Receivables ^(a)	2,085	1,612
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	538	1,192

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

(c) Financial instrument disclosures

Credit risk and interest rate exposures

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

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

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

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

Financial Assets	Weighted Average Effective Interest Rate %	Interest rate exposure				Past due but not impaired					
		Carrying Amount \$000	Fixed Interest Rate \$000	Variable Interest Rate \$000	Non- Interest bearing \$000	Up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000	Impaired financial assets \$000
2010											
Cash and cash equivalents	4.13%	3,881	-	3,881	-	-	-	-	-	-	-
Restricted cash and cash equivalents		71	-	-	71	-	-	-	-	-	-
Receivables(a)		1,713	-	-	1,713	-	-	-	-	-	-
Amount receivable for services		372	-	-	372	-	-	-	-	-	-
		6,037	-	3,881	2,156	-	-	-	-	-	-
2009											
Cash and cash equivalents	5.57%	3,748	-	3,748	-	-	-	-	-	-	-
Restricted cash and cash equivalents		52	-	-	52	-	-	-	-	-	-
Receivables(a)		1,335	-	-	1,335	-	-	-	-	-	-
Amount receivable for services		277	-	-	277	-	-	-	-	-	-
		5,412	-	3,748	1,664	-	-	-	-	-	-

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

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities

Financial Liabilities	Weighted Average Effective Interest Rate %	Interest rate exposure						Maturity date				
		Carrying Amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non - Interest Bearing \$'000	Adjustment for discounting \$'000	Total Nominal Amount \$'000	Up to 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	More than 5 years \$'000
2010												
Payables	4.13%	538	-	-	538	-	-	538	-	-	-	-
		538	-	-	538	-	-	538	-	-	-	-
2009												
Payables	5.57%	1,192	-	-	1,192	-	-	1,192	-	-	-	-
		1,192	-	-	1,192	-	-	1,192	-	-	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

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

Financial Assets	Carrying Amount \$'000	-100 basis points		+100 basis points	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2010					
Cash and cash equivalent	3,881	(39)	(39)	39	39
Total Increase/(Decrease)		(39)	(39)	39	39
2009					
Cash and cash equivalent	3,748	(37)	(37)	37	37
Total Increase/(Decrease)		(37)	(37)	37	37

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.



\$

2010	2009
\$000	\$000

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

Remuneration of members of the accountable authority

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

0 - 10,000	-	1
20,001 - 30,000	1	-
80,001 - 90,000	-	1
100,001 - 110,000	1	-
450,001 - 480,000	-	1
490,001 - 500,000	1	-
The total remuneration of members of the accountable authority	628	559

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

Remuneration of senior officers

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

30,001 - 40,000 ^(a)	1	-
110,000 - 120,000	-	1
150,001 - 160,000	1	-
170,001 - 180,000	-	1
180,001 - 190,000	1	2
190,001 - 200,000	-	1
200,001 - 210,000	1	-
210,001 - 220,000	1	-
230,001 - 240,000	1	-
240,001 - 260,000	-	1
340,001 - 350,000	1	-
The total remuneration of senior officers	1,381	1,105

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

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

	2010 \$000	2009 \$000
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Note 33. Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators.....	28	26
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Note 34. Related bodies

The Authority had no related bodies during the financial year.

Note 35. Affiliated bodies

The Authority had no affiliated bodies during the financial year.

Note 36. Supplementary financial information

- (a) Write-offs**
There were no write-offs during the financial year.
- (b) Losses through theft, defaults and other causes**
There were no losses of public money and public and other property during the financial year.
- (c) Gifts of public property**
There were no gifts of public property provided by the Authority during the financial year.

Note 37. Schedule of income and expenses by service

The Authority has only one (1) service, which is 'Submissions to the Economic Regulation Authority Governing Body'. Therefore there is no need to prepare the Schedule of Income and Expenses by Service. Please refer to the Statement of Comprehensive Income.



	2010	2009
	\$000	\$000

Note 38. Indian Ocean Territories

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

Opening balances.....	49	21
Plus: Gross receipts	-	28
Less: Gross payments	20	-
Closing balances	29	49



Other financial disclosures

Pricing policies of services provided

The Authority currently receives revenue for the following regulated industries.

Gas Industry

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

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

The legislation that allows the Authority to raise charges on operators of regulated pipelines changed during the year. From 1 July 2009 to 31 December 2009, charges were raised under the *Economic Regulation Authority (Gas Pipelines Access Funding) Regulations 2003*. This legislation was repealed on 1 January 2010 when the *Economic Regulation Authority (National Gas Access Funding) Regulations 2009* came into operation.

The Regulations require that our annual report includes details of the total amount of standing charges, specific charges and fees paid by pipeline operators in a financial year. These details for the year ended 30 June 2010 are listed in the following table.

Service provider	Standing charges (\$)	Specific charges (\$)
WA Gas Networks Pty Ltd	421,813	49,395
Goldfields Gas Transmission	316,555	327,499
Southern Cross Pipelines Pty Ltd	42,478	0
DBNGP (WA) Transmission Pty Ltd	780,845	20,389
Total	1,561,691	397,283

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

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

No document fees were received in 2009/10. Interest on outstanding amounts in 2009/10 amounted to \$25.19.

Licensing

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

Electricity Market

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

Commonwealth Service Agreement

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

Capital works

The Authority's capital works program mainly comprises of expenditure on multi-function devices, the computer network and other servers operated by the Authority. There was no expenditure to replace any of this equipment during this financial year.

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

Employment and industrial relations

The following table provides a breakdown of the categories of staff employment as at 30 June 2010 in comparison to 30 June 2009.

Employee category	No. of staff at 30 June 2010	No. of staff at 30 June 2009
Permanent full-time	39	30
Permanent part-time	2 (1.6 FTE)	4 (2.8 FTE)
Fixed term full-time	9	10
Fixed term part-time	4 (2.3 FTE)	3 (1.4 FTE)
Total	51.9	48 (45.3 FTE)

As at 30 June 2010, there were seven vacant positions compared to five in the previous years.

Staffing policies

The Authority is committed to the ongoing development and retention of our staff and the effective achievement of organisational outcomes. This year the Authority has conducted an extensive process with the management team and staff to increase awareness of work/life balance issues and performance management.

The Authority has adapted more flexibility in its recruitment strategy through flexible work arrangements, job sharing, job

rotation and promoting work/life balance. This assists in attracting people to the Authority with the expertise required and promoting a more effective working arrangement for prospective applicants.

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

- instigating a number of process maps to help staff understand processes;
- implementing a work/life balance committee;
- commencing quarterly surveys with staff to seek feedback;
- reviewing staffing related policies for motor vehicles, eye testing and performance management to simplify the processes and make them more user friendly; and
- providing feedback to the staff on issues raised through surveys and at staff meetings.

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

Industrial relations

Our staff are employed under the *Public Service Award 1992* and the *Public Service General Agreement 2006*. No industrial disputes were recorded during 2009/10.

Workers compensation claims

The Authority complies with the requirements of the *Occupational Safety and Health Act 1984*. There were no incident reports or workers compensation claims submitted during the 2009/10 reporting year. There were also no outstanding claims from a prior period.

Governance disclosures

Shares in statutory authority

The Authority has no shares for senior officers to hold.

Shares in subsidiary bodies

The Authority does not have any subsidiary bodies.

Interests in contracts by senior officers

In 2009/10, no senior officers had any interest in existing or proposed contracts (other than employment contracts) with the Authority.

Benefits to senior officers through contracts with the Authority

In 2009/10, no senior officers disclosed having received any benefits through contracts held by the Authority.

Insurance premiums

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

Ministerial directives

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

No ministerial directives were received from the relevant Minister during 2009/10.

Other legal requirements

Advertising

The Authority incurred the following expenditure on advertising, market research, polling, direct mail and media advertising in 2009/10. Total expenditure for the period 1 July 2009 to 30 June 2010 was \$126,020. The expenditure was incurred as shown in the table below:

Agencies / Organisation	Total Expenditure (\$)	Agency	Class Expenditure (\$)
Advertising agencies	\$126,020	The Australian Government Directory	\$525
		State Law Publisher	\$10,096
Market research organisations	\$0		\$0
Polling organisations	\$0		\$0
Direct mail organisations	\$0		\$0
Media advertising organisations	\$0	Adcorp	\$102,226
		Marketforce Express	\$13,173
total	\$126,020		\$126,020

Disability access and inclusion plan outcomes

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

During the 2009/10 year, the Authority's Disability Access and Inclusion Plan (DAIP) working group (working group) reviewed its DAIP and looked at ways in which access to the Authority's services could be improved.

The Authority is scheduled to review its current DAIP in 2012 and the outcomes of the review will be reflected in the 2012-2016 DAIP, which will be submitted to the Disability Services Commission.

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

Outcome 1

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

The Authority has an accessibility telephone number which enables customers to:

- request information produced by the Authority in alternative formats;
- make verbal submissions; and
- provide feedback or lodge a formal complaint verbally.

The working group maintain an Accessibility Checklist to ensure that all the Authority's planned events and promotional materials are accessible to people with disabilities.

A list of preferred venues for Authority conferences and events is also maintained. The list specifically contains venues that meet accessibility criteria for people with disabilities.

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

- captioning videos or films for corporate services;
- purchasing an audio loop for public events; and
- booking interpreters for public events.

The checklist, list of preferred venues, and contacts list are published on the Authority's intranet and are circulated to staff annually.

Outcome 2

People with disabilities have the same opportunities as other people to access buildings and facilities.

The working group maintains an Accessibility Information Sheet, which is published on the intranet and is provided to the Authority's customer service officers. It details the location of nearby accessible parking bays, the location of the accessible entrance to the building and the location of the building's accessible toilet. It also provides instruction on the Authority's accessibility telephone line.

Due to the Government Strategic Accommodation Plan, the Authority is likely to experience a change in accommodation in the near future and the working group anticipates the need to assess accessibility to the new building.

Outcome 3

People with disabilities receive information in a format that will enable them to access information as readily as other people.

An Accessibility page is maintained on the Authority's website to ensure that all web information and resources are available to users with disabilities. Users can request information in alternative formats, including:

- audio (mp3);
- large print (electronic or hard copy);
- plain text (electronic – suitable for screen readers); and
- Braille.

Staff are encouraged to visit the Accessibility page on the Authority's website so that if they receive such requests, they are aware of the different formats that the Authority's information can be made available in.

Outcome 4

People with disabilities receive the same level and quality of service from staff as other people receive from staff.

The working group works towards improving access to the Authority's services, facilities and information for people with disabilities and an integral part of the success of this outcome involves ensuring that staff are well informed about access issues.

On an annual basis staff are encouraged to visit the accessibility information set out on the Authority's intranet and website to maintain a high level of awareness in relation to the Authority's commitment to making its services accessible to everybody.

All new staff at the Authority are asked to familiarise themselves with the accessibility information, so that they are well informed on access issues from the commencement of their employment.

Outcome 5

People with disabilities have the same opportunities as other people to make complaints.

The Authority ensures that people with disabilities are given the same opportunity as other people to lodge a formal complaint. Other than providing feedback to the Authority in hard copy, submissions and complaints can be lodged:

- via the Authority's website through an online form (the form can be changed to a larger text size); and

- via the accessibility telephone service which enables the caller to leave a recording of their complaint.

Information relating to these services is available on the Authority's website or by contacting staff at the Authority.

Outcome 6

People with disabilities have the same opportunities as other people to participate in public consultation.

The Authority issues notices calling for public consultation via its website and by the publication of a notice in The West Australian and/or The Australian newspapers. Interested parties are notified via email whenever a notice calling for submissions is issued. Submissions can be lodged via an email link on each notice published on the website. Alternatively, submissions can be lodged through the Authority's accessibility telephone service which enables the caller to make a recording of their submission.

The Authority established the Economic Regulation Authority Consumer Consultative Committee (ERACCC) in March 2005. Part of the ERACCC's role is to ensure that the Authority's communication and compliance strategies meet the needs of consumers.

Compliance with public sector standards and ethical codes

The Authority is committed to ensuring the highest standards of accountability and transparency in all our activities. The Authority actively encourages. The Authority actively encourages all employees to demonstrate a high level of integrity, consistent with public sector standards and ethical codes, at all times.

The Authority has developed its own code of conduct. This clearly identifies the ethical values and principles that must be met by employees and consultants. During the year the following activities were undertaken with respect to compliance with public sector standards and ethical codes.

- Review and reissue of the agency code of conduct in September 2009.
- Update of the human resource standards and procedures document, which reflects the public sector standards and the processes involved in maintaining those standards.
- Update of the public interest disclosure internal procedures document, which raises staff awareness of the processes involved and assistance available should they wish to raise issues.
- Update of the risk management policy, which explains how staff can assess and monitor risks in carrying out their work.

The Authority places high priority on ensuring that staff are familiar with human resource management policies and procedures. These policies and procedures are regularly reviewed to ensure they reflect current minimum standards of merit, equity and probity in human resource management activities. Policies and procedures are made available to staff on the intranet.

Public Sector Standards

Information about the Public Sector Standards (standards) is available to all Authority staff via the intranet and is incorporated into the Authority's induction process. Two claims of breach of standards were lodged during this reporting period. The first claim, lodged in September 2009, was resolved between the Authority and the Claimant, which resulted in the claim being withdrawn in October 2009. The second claim, lodged in January 2010, was referred to the Office of the Public Sector Standards Commissioner (OPSSC) for review. The finding of the Commissioner was that the standard was not breached and the claim was dismissed in March 2010.

Western Australian Code of Ethics

Staff are aware of the revised Code of Ethics developed by the Commissioner for Public Sector Standards, which were incorporated into the Authority's most recently updated code of conduct. As part of the Authority's approach to continuous learning and training, the code of conduct and conflict of interest procedures and processes are available on the intranet and are discussed regularly at internal staff meetings.

Record keeping plans

The Authority is committed to developing good record keeping practices and meeting the legislative requirements of the *State Records Act 2000* and the State Records Commission Standard 2, Principle 6.

In accordance with section 28 of the *State Records Act 2000* and the expiry of the 2009 record keeping plan, the Authority was required to review and submit its third record keeping plan in 2009. The new record keeping plan was sent to the State Records Office for review before being formally submitted to the State Records Commission for approval. The new record keeping plan, with actions and deliverables, will help the Authority to achieve its record keeping goals and is not due to expire until October 2014.

The Authority regularly monitors and reviews the effectiveness and efficiency of its electronic document records management system TRIM. To demonstrate this, a technical health check was commissioned in 2009. Consequent to the health check, the Authority upgraded TRIM to version 6.2.4 to resolve and improve performance issues identified in the report. Also, the Authority commissioned a new contractor specialising in TRIM support to offer additional assistance to the Authority's Records and IT sections.

In addition to upgrading TRIM and commissioning additional TRIM Support, the Authority reviewed the human resource structure of the Records Section. As a result of this review, the establishment of a permanent Records Officer position was created to improve the effective records management of the

Authority's corporate documents. With the establishment of the position, a successful recruitment process took place and in March 2010 there was a permanent appointment to the position.

A new records training program has been developed which includes an online record keeping awareness training module. The new training program covers essential information specific to the Authority's record keeping plan, records management policies and business processes, and information management initiatives. All current staff completed and passed the online training. New staff are required to complete the training within two weeks of commencing at the Authority. In addition, new staff are provided with one-on-one training as part of their induction which includes an introduction to the record keeping practices at the Authority and an introduction to how to find and save records using TRIM.

To further develop staff knowledge and assist with training, a dedicated applications trainer was commissioned to conduct a full-day intensive training workshop on TRIM to demonstrate additional features and benefits of the system. The Authority's overall usage of TRIM has significantly improved. The table below shows a comparison between the use of TRIM in 2009/2010 and previous years.

TRIM usage	2007/08	2008/09	2009/10	Difference
No. of documents created	6,848	15,875	28,589*	12,714
No. of containers created	1,694	856	1,446	590
No. of archive boxes created	70	71	73	2

*12,473 documents were created in TRIM however these are not records, but IT data from system logs.

Government policy requirements

Substantive equality

The Authority is not a department represented on the Strategic Management Council and does not currently have any obligations under the substantive equality framework. However, the Authority is aware of the intent of the substantive equality framework and seeks to achieve the goals of the policy framework by providing equal employment opportunities, eliminating discrimination in the provision of its services and promoting sensitivity to the different needs of people.

The Authority is committed to ensuring that its employment practices are based on the principles of merit and equity. The Authority has an equal employment opportunity and diversity policy, which is available to staff on the intranet.

Occupational safety, health and injury management

The Authority is committed to the health and wellbeing of its employees, contractors and visitors by providing and maintaining a safe work environment.

The Authority has an Occupational Safety and Health Committee. This committee meets monthly to discuss and resolve any occupational health and safety issues raised during the month. Information about the membership, role, activities and outcomes of this committee is available on the intranet.

Committee members are available to assist staff in the discussion and resolution of occupational safety and health issues including the assessment of risks and hazards and incident reporting.

The Authority occupational safety and health policies and procedures are available on the intranet. These reinforce that it is the responsibility of every employee to ensure that they conduct themselves in a safe manner at all times and do not place themselves or any other person at risk at any time.

The Authority has in place a documented injury management system in accordance with the *Workers' Compensation and Injury Management Act 1981* and the Public Sector Commissioner's Circular 2009-11, Code of Practice: Occupational Safety and Health in the Western Australian Public Sector.

This documented injury management system is available to all employees through the induction process and via the intranet. In the event that an injury occurs, the Authority supports the early rehabilitation of injured employees through its return to work programs. These programs use external providers to ensure that the injured employee is given the best qualified professional assistance possible to manage their rehabilitation.

Due to the small number of staff and a nil recording of incidents during previous years, the Authority conducted a self-evaluation assessment of its health and safety controls using the Australian Standard 4801:200 compliant WorkSafe Plan.

The results proved positive overall with staff generally having a good knowledge of occupational safety and health. It also gave the Authority an insight into some of the areas that required further development and training.

Further training to assist staff in identifying hazards and to highlight best workplace practices through on-line courses and DVD's is planned for the forthcoming year. The next assessment of our health and safety controls is planned for 2011.

A report of annual performance for 2009/10 is as follows.

Indicator	Target 2009/10	Actual 2009/10
Number of fatalities	Zero (0)	Zero
Lost time injury/disease (LTI/D) incidence rate	Zero (0) or 10% reduction on previous year	Zero
Lost time injury severity rate	Zero (0) or 10% improvement on previous year	Zero
Percentage of injured workers returned to work within 28 weeks	Actual percentage result to be reported	Zero
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	100%

Occupational Safety and Health initiatives for 2009/10 included:

- Occupational Safety, Health and Injury Management program for supervisors.
- Ongoing management of the Occupational Safety and Health Register.
- Roll out of on-line training for "OSH compliance – Participate in OSH processes" for all staff.
- Continued provision of preventative health care for staff including on-site flu vaccination clinics, heart checks, fresh fruit and a number of work/life balance initiatives for staff.
- Continuation of the employee assistance program which provides a confidential counselling service.
- Senior First Aid training for nominated employees.
- Supply of a defibrillator in the office.

Other disclosures

Complaints handling

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

Handling of complaints relating to the administration of the Secretariat and employment-related matters are dealt with under the Authority's code of conduct. This is available in either hard copy at our reception desk or on our website.

The Authority's code of conduct advises that anyone having a concern about the actions of any member of the Authority's staff in relation to their observance of the code should refer the matter to the Chief Executive Officer. Staff and consultants working for the Authority are provided with a copy of the Authority's code of conduct that sets out relevant policies in some detail, including the handling of complaints on administrative and employment-related matters.

Our website allows for any member of the public to express dissatisfaction or make a complaint. There were no complaints lodged during the year.

A variety of circumstances may give rise to complaints on the performance of the Authority's regulatory functions. Many of these functions involve the exercise of discretion in circumstances where the competing interest of owners of infrastructure or other interested parties may give rise to complaints.

Complaints relating to regulatory matters are handled through comprehensive public consultation involving submissions, public forums, purpose specific conferences and meetings with the Authority or Secretariat. Submissions may be made on either a public or confidential basis. Public submissions are published on the Authority's website.

Public interest disclosures

The Authority's public interest disclosure internal procedures were reviewed during the year and re-published on our intranet in August 2009. Public interest disclosure (PID) is a regular item for discussion at our monthly staff meetings. This year we distributed posters around the office as a visual reminder to staff and our PID officers attended training on their responsibilities provided by the Office of Public Sector Standards.

Memorandums of understanding

A memorandum of understanding (MOU) is a public document that assists with consultation, information sharing, and working relationships. In 2009/10 financial year, the Authority had MOUs with the following organisations.

Energy Ombudsman Western Australia

We signed an MOU with the Energy Ombudsman on 30 October 2008. The purpose of the MOU is to provide consultation between the two parties and the coordination of their regular activities in relation to the regulation of the electricity and gas industries.

Office of Energy

We signed an MOU with the Office of Energy on 5 February 2007. The MOU sets out the arrangements between the Authority and the Office of Energy to promote effective cooperation and coordination between the two agencies in performing their different but complementary roles in Western Australia's energy market.

Independent Market Operator (IMO)

We signed an MOU with the IMO on 9 January 2007. It establishes an agreed framework for mutual cooperation in relation to functions relevant to both agencies. In the MOU, the Authority and the IMO agreed to mutually assist each other with the exchange of information, expert advice, appropriate referral of matters and cooperation more generally, consistent with legislation. An operational protocol has also been agreed between the two agencies to deal with operational matters.

Department of Water

We signed an MOU with the Department of Water on 12 December 2006 to ensure efficient and effective decision making and advisory processes of both agencies in relation to the water service industry. The MOU also promotes best practice regulation and monitoring of compliance under the *Water Services Licensing Act 1995* and other relevant legislation.

Director of Energy Safety (Department of Commerce)

We signed an MOU with the Directorate of Energy Safety of the Department of Commerce on 23 May 2006 to promote cooperation between the two agencies on the regulation of the

electricity and gas industries in Western Australia. Both agencies recognise that the framework of mutual cooperation established by the MOU can contribute significantly to the ability of the agencies to effectively and efficiently carry out their respective functions.

Risk management and audit program

During the year the Authority developed its Strategic Audit Plan (SAP) for 2009/10 – 2011/12 and appointed William Buck (WA) Pty Ltd as the internal auditor to undertake the SAP.

This year eight internal audits have been undertaken which is the same number of audits as the previous year.

The Authority's three year audit plan covers areas of audit in the corporate environment as well as our regulatory divisions' compliance with legislation. This year we focussed on corporate audits.

The following table summarises the audit activity undertaken during our 2009/10 audit program.

Audit Number	Audit Activity
2010-01	Corporate Governance
2010-02	Human Resources and Payroll
2010-03	Financial Management
2010-04	Budgeting and Management Reporting
2010-05	Receivables
2010-06	Information Security Management
2010-07	Risk Management
2010-08	Response to incoming mail



Appendices

Appendix 1: Administered legislation

Regulated utility	Relevant legislation
Gas	Energy Coordination Act 1994
	Gas Pipelines Access (Western Australia) Act 1998
	National Gas Law
	National Gas Regulations
	National Gas Access (WA)(Part 3) Regulations 2009
	National Gas Access (WA)(Local Provisions) Regulations 2009
Water	Water Services Licensing Act 1995
	Water Services Coordination Regulations 1996
Rail	Railways (Access) Act 1998
	Railways (Access) Code 2000
Electricity	Electricity Industry Act 2004
	Electricity Industry (Access Code Enforcement) Regulations 2005
	Electricity Industry (Code of Conduct) Regulations 2005

Electricity Industry (Customer Contracts) Regulations 2005
Electricity Industry (Licence Conditions) Regulations 2005
Electricity Industry (Licensing Fees) Regulations 2005
Electricity Industry (Obligation to Connect) Regulations 2005
Electricity Industry (Ombudsman Scheme) Regulations 2005
Electricity Industry (Wholesale Electricity Market) Regulations 2004
Wholesale Electricity Market Rules
Electricity Industry (Network Quality and Reliability of Supply) Code 2005
Code of Conduct for the Supply of Electricity to Small Use Customers
Electricity Industry Customer Transfer Code 2004
Electricity Networks Access Code 2004
Electricity Industry Metering Code 2005

Appendix 2: Other legislation impacting the agency

- Commercial Arbitration Act 1985
- Copyright Act 1968 (Commonwealth)
- Corruption and Crime Commission Act 2003
- Criminal Code Act Compilation
- Disability Services Act 1993
- Electoral Act 1907
- Electronic Transactions Act 2003
- Equal Opportunity Act 1984
- Evidence Act 1906
- Financial Management Act 2006
- Freedom of Information Act 1992
- Industrial Relations Act 1979
- Interpretation Act 1984
- Limitation Act 1935
- Limitation Act 2005
- Minimum Conditions of Employment Act 1993
- Occupational Safety and Health Act 1984
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994
- Rail Freight System Act 2000
- Salaries and Allowances Act 1975
- State Records Acts 2000
- State Records (Consequential Provisions) Act 2000
- State Supply Commission Act 1991
- Statutory Corporations (Liability of Directors) Act 1996
- Workers' Compensation and Injury Management Act 1981



Appendix 3: Reference maps

- [Electricity maps.](#)
- [Gas maps.](#)
- [Rail map - Railway Infrastructure.](#)
- [Water map – Water Services Controlled and Operating Area.](#)