



Economic Regulation Authority

Annual 23 Report 24

Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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Accessing the annual report

The 2023/24 annual report and previous reports are available on the ERA website.

To make the annual report as accessible as possible, we have ensured this PDF is accessible, including providing alternative text descriptions for all images.

This report can also be made available in alternative formats on request.

National Relay Service TTY: 13 36 77

Statement of compliance

Hon Rita Saffioti MLA

Treasurer
13th Floor, Dumas House
2 Havelock Street
West Perth WA 6005

Dear Treasurer

Economic Regulation Authority 2023/24 Annual Report

In accordance with section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the annual report of the Economic Regulation Authority for the financial year ended 30 June 2024.

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,



Michelle Groves

Member of Accountable Authority

2 September 2024

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Chair's foreword

2023/24 marked the 20th year of the Economic Regulation Authority. While our functions and scope of work have changed and grown greatly over the past two decades, our driving purpose remains the same – to benefit all Western Australians through the fair and efficient provision of utility services.

It has been a busy year across all areas of responsibility for the ERA – with new functions, new markets and new challenges to apply our expertise to.

The new rail access regime commenced in December 2023, bringing new responsibilities to the ERA designed to speed up access negotiations, and a new way of calculating the value of a rail asset.

This year, we completed extensive reviews of the customer protection codes that cover the supply of water and gas to households and small businesses.

This follows completion of our major review of the electricity code in 2022/23, meaning all three customer protection instruments have now been updated to reflect best-practice consumer protection. This is particularly important given the current cost-of-living pressures, where we know so many families and businesses are struggling to pay their bills.

New protections introduced across the three codes include:

- Making fee-free payment plans and extensions available to all customers that request them, not just those who have been identified as being in specific financial hardship.
- Limits on who can be charged for receiving paper bills.
- Domestic and family violence protections, including limits on disconnections, privacy protection measures, and new customer service methods to minimise distress for customers.

We also started to prepare to take on a new function to protect consumers – through the regulation of Alternative Electricity Services (AES).

The AES framework will ensure that customers using shared and emerging electricity services – like tenants in a shopping centre buying electricity from the centre owner, or caravan park residents – receive similar customer protections as other household and business energy users.

The ERA has long advocated for the expansion of customer protection to this

cohort of customers, and we look forward to the commencement of our role next year.

In our access division, work is underway to review the access arrangements for two major regulated pipeline networks – the Goldfields Gas Pipeline and ATCO's Mid-West and South-West Gas Distribution Systems that serves most of the South-West of the state.

While the outlook remains strong for gas in Western Australia in the short to medium-term, both operators are grappling with similar challenges and questions about how gas pipelines may be used in a lower emissions future.

In electricity access, we have taken an active role to monitor Western Power's progress against its access arrangement, and commenced a new process of annually reporting on how Western Power is meeting its targets and deliverables set by the ERA. This work has particularly focussed on rural reliability, streetlighting, and the time it takes to connect to the network, which are all areas where the ERA would like to see improvement.

This has been a year of significant change for the Western Australian energy market, with the new Wholesale Electricity Market (WEM) commencing operation in October 2023.

Major market changes are always challenging, and require close management to ensure that good outcomes are delivered for customers. The ERA is actively monitoring the market for non-compliance, and we prepared a suite of new guidance materials for market participants, to explain their obligations under the new market rules.

In this period of ongoing change, the ERA prepared and published a new Strategic Plan for 2024 to 2027, setting out our direction and priorities and ensuring that we are well-placed to cope with the challenges ahead of us.

We must be curious, adaptable, and innovative, while continuing to uphold the highest standards and provide the expertise that has come to be expected of us over the last 20 years.

While much of the work this year has been challenging, it was also very rewarding, and I was so pleased to see the ERA recognised in a number of public ways.

The ERA won the Leading Diversity, Equity and Inclusion award at the 2023 WA Energy Awards, recognising our highly diverse workforce and particularly the commitment of our Chief Executive Officer, Jenness Gardner, to drive equity and inclusion at the ERA.

Our Chief Finance Officer Kevin Parry also won the Chief Financial Officer of the Year award at the IPAA 2023 W.S. Lonnie Awards, which recognise excellence in government performance reporting.

We also celebrated the 20th anniversary of the creation of the ERA, with a morning tea attended by current and former staff and Governing Body members, as well as inaugural Chair Dr Ken Michael AC and inaugural Minister, Hon Eric Ripper AM.

I would like to close by thanking the many government, industry and consumer stakeholders that have worked so productively with the ERA in 2023/24. In a time of rapid change in the economy, we greatly appreciate the time taken to engage with the ERA's consultation processes.

I would also like to thank my fellow Governing Body Members, Virginia Christie and Michelle Groves, who have provided rigorous scrutiny and thoughtful analysis of the ERA's work this year.

The staff of the ERA Secretariat consistently go above and beyond to get the job done – working with incredibly complex information and often against tight deadlines. They are passionate, intelligent and conduct themselves with the utmost integrity.

I thank them for their efforts this and every year.



Steve Edwell
Chair of the ERA



Our year in numbers



Licences

2

new licences granted

7

licence amendments granted

3

licences renewed

0

licences transferred

4

licences surrendered



Compliance

27

operational performance audits completed

13

asset management system reviews completed

13

energy retailer standard form contracts approved or amended

70

wholesale market compliance investigations completed:

 61 electricity

 9 gas



Consumer protection

2

consumer protection instruments reviewed, repealed and replaced



Consultation

27

public consultation processes

58

public submissions received



Governing Body

26

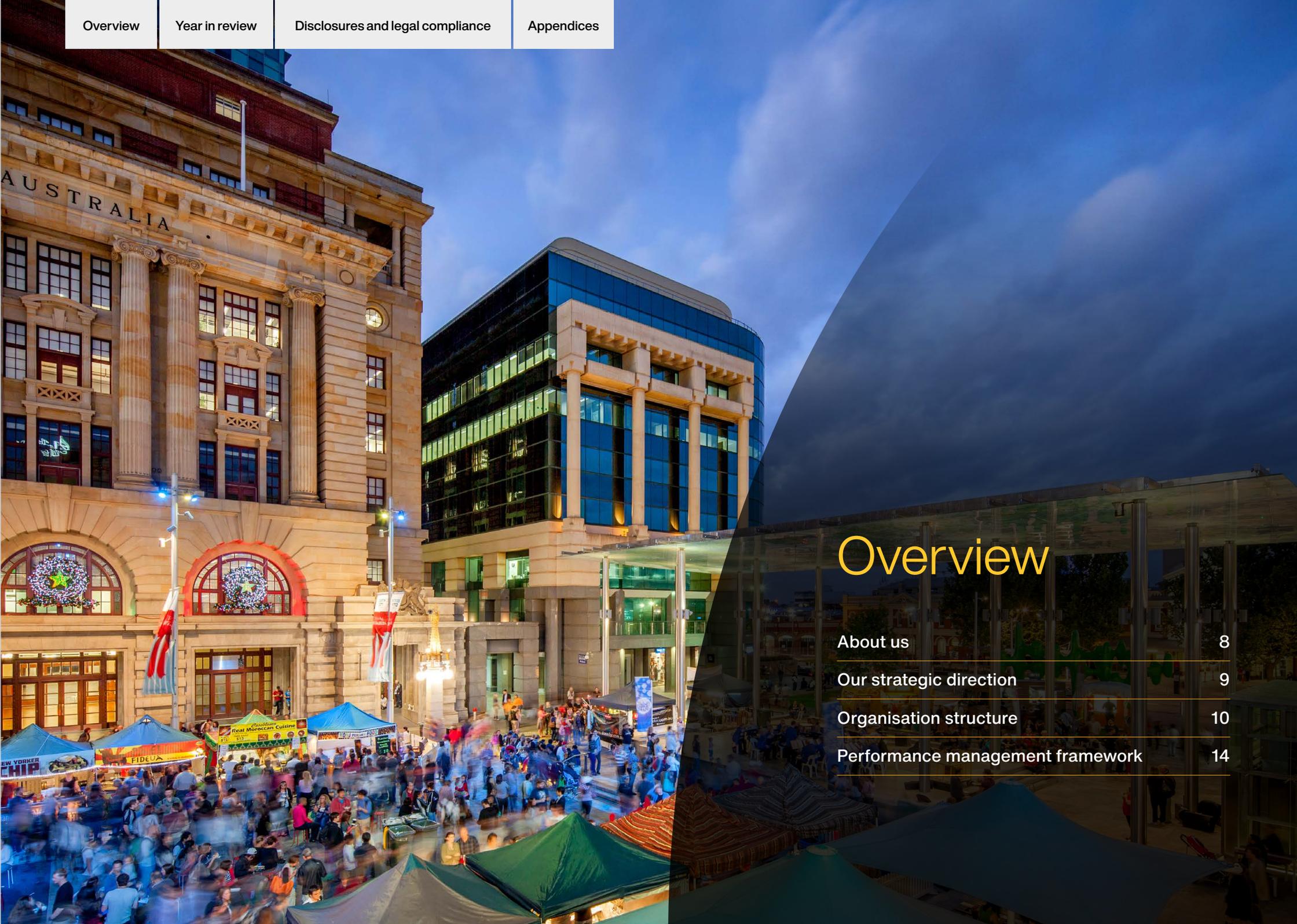
Governing Body meetings held

173

items considered in meetings

53

items considered outside of meetings



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About us

Our role and responsibilities

The ERA is Western Australia's independent economic regulator.

Our role is to regulate the electricity, gas and rail industries, and license providers of gas, electricity and water services.

We also conduct inquiries into economic matters referred to us by the Treasurer and have regulatory and review roles in the Wholesale Electricity Market and retail gas market.

We aim to ensure that the delivery of water, electricity, gas and rail services in Western Australia is in the long-term interest of consumers. Through our monitoring, compliance and enforcement work, we aim to provide businesses and consumers with confidence that utilities markets operate efficiently and effectively.

Our functions are designed to maintain a competitive and fair commercial environment.

Governance structure

The ERA is made up of a three-member Governing Body, supported by a Secretariat. The Governing Body is the decision-making authority and performs the functions of the ERA.

Legislation

The ERA is established by the *Economic Regulation Authority Act 2003*. This Act gives us functions under the following Acts of Parliament:

- *Energy Coordination Act 1994*
- *National Gas Access (WA) Act 2009*
- *Railways (Access) Act 1998*
- *Water Services Act 2012*.

For a complete list of Acts under which we have functions, see Appendix 1.

Responsible Minister

Although the ERA functions independently of government, it can receive written directions on financial administration matters from the Treasurer.

The ERA provides regular reports and analysis to the following ministers:

- The Minister for Energy, on the Wholesale Electricity Market, and electricity and gas licensing.
- The Minister for Water, on water licensing.
- The Treasurer, on economic inquiries.

Funding

97.5 per cent of the ERA's funding comes from industry contributions, which covers our primary functions. The State Government provides the rest of our funding, supporting the non-scheme gas pipeline and inquiries functions and the review of Synergy's regulatory scheme.

Our strategic direction

In December 2023, we published our Strategic Plan 2024-2027, which sets out the ERA's objectives and priorities for the next three years.

The Strategic Plan recognises the challenges and opportunities posed by the energy transformation, and that the rapid changes in the market require the ERA to be curious, adaptable and innovative.

Purpose

Our purpose is to benefit all Western Australians by promoting strong economic outcomes through effective regulation and decision making. We strive to make sure current and future consumers pay no more than necessary for safe and reliable utilities.

Values



Our people have integrity: they make decisions and provide advice based on transparent, unbiased and rigorous analysis, and in a way that is professional, ethical and accountable.



They strive for excellence: our people are experts, and passionate about delivering high quality outcomes. We take pride in what we do and how we contribute to the economy and to the community.



We build trust: we want industry and consumers to trust us to be impartial, treat others in an equitable, respectful and inclusive manner, and to be fair and even-handed when making decisions.

Objectives

The Strategic Plan sets out four objectives for the ERA:



Embrace change by proactively exploring solutions to the challenges facing regulated markets and being open and curious about new ways of achieving the best possible outcomes.



Support well-functioning markets by providing robust, evidence based regulatory decisions and advice. To do so we must consider the context of our decisions, both today and in the future, and support markets to innovate and adopt new technologies.



Openly engage and communicate by remaining informed and aware of stakeholder views through meaningful consultation, communicating our decisions clearly and appropriately for the audience and being transparent, unbiased and inclusive.



Strengthen organisational culture to meet these objectives, by cultivating a culture of innovation and regulatory excellence, and enhancing our people's capacity to be highly competent, adaptable and resilient.

Organisation structure



Governing Body

Steve Edwell Chair



Steve is an economist specialising in the energy sector. Most of his work has been on behalf of the Federal and State Governments across Australia, where he has held various senior and statutory appointments.

Steve was appointed Chair of the ERA in August 2021. He brings to the role extensive experience specialising in the reform and regulation of utility services.

Steve's regulatory experience includes being the inaugural Chair of the Australian Energy Regulator (2005 to 2010) and a member of the ERA Governing Body from 2006 to 2017.

He is a former Chair of Horizon Power and before joining the ERA completed a two-year term as full time Chair of the Energy Transformation Taskforce. Steve is also currently the independent member of the Electricity Market Reform Implementation Taskforce in the Northern Territory.

He has a Bachelor of Commerce (Economics) and a Master of Business Administration.

Virginia Christie Member



Virginia was appointed to the Governing Body in February 2022. She also serves as a Director for the Government Employees Superannuation Fund. Prior to this she has served as a non-executive director for the Chamber of Commerce and Industry WA, Keystart Loans Ltd, as an appointee of the Minister for ASIC's Insolvency and Disciplinary Committee, and as a member of the Foundation and Board of Management at St Mary's Anglican Girls' School.

Virginia's background is in macroeconomics, with over 20 years of experience from time spent at the Reserve Bank of Australia and the Commonwealth Treasury.

She has a Bachelor of Economics (Honours) from UWA, a graduate diploma in Finance and Investment (ASIA) and the Foundations of Directorship from AICD (MAICD).

Michelle Groves Member



Michelle was appointed to the Governing Body in August 2022. She is also Commissioner and Deputy Chair of Energy Safe Victoria.

Michelle was the CEO of the Australian Energy Regulator for 15 years. Prior to this she worked for the National Competition Council, the Australian Competition and Consumer Commission and the Western Australian Government.

She has a Bachelor of Arts from UWA, a Bachelor of Laws from UWA and a Master of Laws from Melbourne University.

Corporate Executive

Jenness Gardner Chief Executive Officer

Jenness joined the ERA as Chief Executive Officer in November 2017. She has worked extensively in the state and commonwealth governments. Jenness has significant experience working in the infrastructure and resources sector, leading economic policy development, commercial negotiations and large-scale project development for the State.

She has an honours degree in economics and completed the Foundations of Directorship from AICD. Jenness is currently the President of the Institute of Public Administration Australia (Western Australian branch).

Sara O'Connor, Executive Director Regulation

Sara joined the ERA as an Assistant Director in April 2017 and was promoted to Executive Director in April 2022. Prior to joining the ERA, Sara was a director of a small consultancy firm in Perth.

For over three decades Sara has held various senior positions in the regulated utility sector both in the United Kingdom and in Western Australia. She has worked for three regulators, OFWAT and OFGEM in the UK



ERA Corporate Executive members (L-R) Jenness Gardner, Rajat Sarawat, Sara O'Connor and Pam Herbener.

and now the ERA. Sara has also experienced the other side of the regulatory fence working for regulated service providers in the United Kingdom and Horizon Power, Western Power, Synergy and ATCO Gas Australia in Western Australia. Her experience covers water, electricity and gas.

Sara has an honours degree in Business (Economics).

Rajat Sarawat Executive Director Energy Markets

Rajat joined the ERA in January 2012. Prior to joining the ERA, Rajat held various senior positions with the Essential Services Commission of South Australia and the Australian Energy Market Commission, where he led price reviews, access arrangements and inquiries.

He has more than 20 years of experience working in economic regulation.

He has a Bachelor of Science and a Master of Business Administration.

Pam Herbener Director Corporate Services

Pam has been with the ERA since it began in 2004 and has worked in Western Australian access regulation since 1998.

Pam has more than 30 years' management experience across the not-for-profit, local, state and commonwealth government sectors.

She has accrued a breadth of knowledge across the finance, compliance, human resources, information technology, recordkeeping and communications functions.

Divisions

Energy Markets

The ERA monitors and regulates the Wholesale Electricity Market (WEM) in Western Australia. The WEM consists of private and government-owned companies that generate and sell electricity, and a network operator.

The Energy Markets division carries out the regulatory functions for the market, which include monitoring whether the market is operating effectively, monitoring and enforcing compliance with the WEM Rules, and reviewing and approving market parameters.

The Energy Markets division also undertakes the ERA's compliance and other regulatory functions under the Gas Services Information (GSI) Rules and the Pilbara Networks Rules and administers amendments to the Gas Retail Market Scheme.

Regulation

The Regulation division licences electricity, gas and water service providers. It protects customers by ensuring service providers comply with their licences and by administering customer protection instruments that service providers must comply with.

This division also includes the ERA's new function to administer the framework regulating Alternative Electricity Services, and regulates third-party access to electricity, gas and rail infrastructure.

Corporate Services

The ERA's Corporate Services team provides finance, human resources, information and communications technology, and governance services across the ERA.

This division also provides strategic business planning and audit and risk management support to the Governing Body and Secretariat.

Office of the CEO

The Office of the CEO performs legal, research and communications functions in support of the CEO, Governing Body and Secretariat.

Performance management framework

Relationship to government goals

The following table illustrates the relationship between the ERA's services, the desired outcome and the relevant government goal.

Government goal	Desired outcome	Service
Investing in WA's future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	The efficient, safe and equitable provisions of utility services in Western Australia.	Submissions to the Economic Regulation Authority.

Key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. Key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Shared responsibilities with other agencies

The ERA did not share any responsibilities with other agencies during 2023/24.

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This section outlines the ERA's milestones and achievements for 2023/24, set out against the four objectives of our Strategic Plan: embrace change, support well-functioning markets, openly engage and communicate, and strengthen organisational culture.

Embrace change

The new WEM

A new WEM commenced operation in Western Australia on 1 October 2023. The most significant changes included the move to a constrained network access model, changing the requirements for how generators make their offers in the market, and the introduction of a real-time market for energy and essential system services.

New procedures and guidance

To support the commencement of the new WEM, the ERA developed several new procedures and guidelines, designed to inform market participants of their new and changing compliance requirements, as well as how the ERA intended to make certain determinations in the new WEM.

These documents were developed in close consultation with market stakeholders, and included:

- **WEM Procedures:**
 - Portfolio determination
 - ERA triggering the Supplementary Essential System Service Mechanism
 - Monitoring protocol

- **Guidelines:**
 - Offer construction
 - Trading conduct
- **Compliance framework and strategy**
- **WEM monitoring priorities.**

New Essential Systems Services

In September 2023, the ERA determined the price ceiling for five new Essential System Services, in time for the WEM to commence in October 2023. The Frequency Co-optimised Essential System Services (FCESS) replaces the old ancillary services, and generally aims to ensure that the WEM can respond quickly to variations in energy supply and demand.

The ERA determined values of:

- \$300 per megawatt hour for the Regulation (Raise and Lower) and Contingency Reserve (Raise and Lower) services
- \$300 per megawatt second per hour for the Rate of Change of Frequency Control Service.

The ERA will review the FCESS offer price ceilings at least once every three years.

Benchmark Reserve Capacity Price – Procedure review

The ERA is currently reviewing the WEM Procedure used to determine the Benchmark Reserve Capacity Price, which is used to calculate the payments made to generators for supplying capacity to the WEM.

The Market Advisory Committee has established a working group to advise the ERA on this review.

The ERA released a procedure change proposal in April 2024, which recommended a complete re-write of the procedure due to the changes in the new market. We received seven submissions in response, and as of 30 June 2024 are developing the final procedure.

Material portfolios

The new WEM includes a market power mitigation framework, which aims to focus regulatory monitoring and surveillance effort on those entities with the greatest potential to exercise market power. Under the framework, the ERA must conduct a portfolio assessment at regular, specified timeframes throughout the year.

The first type of assessment assigns facilities to portfolios based on operational control. We made the first two determinations of these portfolios in December 2023 and April 2024.

The ERA also conducts a second, *constrained* portfolio assessment, which identifies the facilities that have the potential to exert localised market power due to network constraints. This determination was made in April 2024.

Allocation to a material portfolio or material constrained portfolio places additional recordkeeping requirements on generators. The ERA must monitor the price offers from material portfolios and material constrained portfolios for compliance with the WEM Rules, but may still investigate any market participant for an alleged breach of the WEM Rules.

Energy Offer Price Ceiling

Offers in the new WEM are capped at the Energy Offer Price Ceiling to mitigate the exercise of market power.

The initial ceiling for the new WEM was set at the amount last used for the alternative maximum STEM price in the old market (that is, \$738/MWh).

The ERA was tasked with determining a new ceiling. The ERA's draft decision was released in April 2024, which calculated the new ceiling price of \$1,500/MWh – more than double the old price.

Following the ERA's draft decision, the Minister for Energy extended the deadline for the ERA's final determination from 30 June 2024 to 1 January 2025, to allow further investigation into price ceiling events in the Essential System Services markets in the new WEM.

Customer code reviews

The ERA regularly reviews the customer protection instruments for small use electricity, gas and water services. We are supported in this work by three independent statutory committees, each comprised of industry, customer and consumer representatives.

Water Code review

The *Water Services Code of Conduct (Customer Service Standards) 2018* provides minimum customer service standards for licensees providing water and sewerage services (other than non-potable water).

The Water Code Consultative Committee completed a comprehensive review of this Code in May 2024, with the new Code taking effect on 1 July 2024.

The new Code introduces new protections for consumers, including providing all residential water customers with access to fee-free payment plans, and ensuring that vulnerable customers cannot be charged for receiving paper bills.

The ERA also lowered the administrative burden on licensees by reducing consultation on minor amendments to financial hardship policies.

Gas Compendium review

In April 2024, the ERA completed its review of the *Compendium of Gas Customer Licence Obligations*. The Compendium sets out the requirements for the conduct of gas retailers and distributors supplying household and small business customers.

Our review introduced new protections for gas customers, including family violence protections, a \$300 minimum bill debt for disconnection, and opening up access to fee-free payment plans to all customers that request them.

The ERA substantially reviewed the customer code for electricity in 2022, and wherever possible has aligned the changes made in that code in the Compendium, to reduce confusion for consumers. Representatives from gas retailers, distributors and consumer advocates assisted the ERA to translate these customer protections to the gas sector.

Electricity – Small use customer code

The Electricity Code Consultative Committee commenced its periodic review of the *Code of Conduct for the Supply of Electricity to Small Use Customers*. The committee will seek feedback from stakeholders and provide advice to inform the ERA's decision on amending the Code throughout 2024/25.

The current Code took effect on 20 February 2023.

Gas Marketing Code review

The *Gas Marketing Code of Conduct 2022* protects customers from undesirable marketing conduct by gas companies. The Gas Marketing Code Consultative Committee has commenced its periodic review of the code to provide advice to the ERA on any necessary amendments to the code.

In June 2024, we published a draft review report prepared by the Committee for consultation.

New rail functions

In December 2023, the new *Railways (Access) Code 2023* passed through Parliament and came into effect. The ERA has a number of new functions under the Code, including greater publishing requirements to promote transparency in the sector and a new method to value rail assets.

In May 2024, we approved Arc Infrastructure's costing principles, which are used to determine the value of the network in the event of an access request. The ERA approved Arc's proposed principles, with 20 amendments.

Under the new Code, costs must be assessed in a new way, requiring the ERA to consider factors including depreciation and optimisation of asset values, and the establishment of a regulatory asset base.

Alternative Electricity Services

On 16 April 2024, the State Government passed legislation to regulate the provision of Alternative Electricity Services (AES). The AES framework, which extends customer protections to users of new and emerging electricity services, is expected to commence in 2025.

The ERA will be responsible for administering and enforcing the framework, which include the establishment of a database of AES providers. Work to commence this function began this year, with the recruitment of an Assistant Director for the function and start of procurement for the database.

Support well-functioning markets

Consumer protection

Annual performance reports

Every year, the ERA publishes reports using data compiled from electricity and gas retailers and distributors. These reports include information on the number of connections to the network, disconnections, customers experiencing financial hardship, call centre and complaints performance, and outages.

Licensing

The ERA is responsible for licensing electricity, gas and water service providers, which involves:

- Issuing licences for electricity generation, transmission, distribution and retail, gas distribution and trading, and water services.
- Approving energy standard form contracts and water financial hardship policies.
- Keeping the Minister for Energy and Minister for Water informed on electricity, gas and water licensing by providing annual reports on performance data, and advising on any compliance action.
- Operational and performance audits and asset management system reviews of licensees.

LICENSING HIGHLIGHTS 2023/24

	New licences	Licence amendments	Licence transfers	Licence surrenders	Licence renewals
Electricity	2	6	0	4	1
Gas	0	1	0	0	0
Water	0	0	0	0	2

The ERA issued new distribution and retail electricity licences to Eglinton Village Energy Pty Ltd, which will construct and operate a microgrid at Eglinton Village, a residential development north of Perth in the city of Wanneroo.

We renewed the Rottneest Island Authority's water services licence for a further three years. The Authority provides water, sewerage and draining service across Rottneest Island.

The ERA requires licensees to conduct regular, independent audits of the performance of their asset management systems and their compliance with licence obligations. Audits and reviews are a detailed analysis of the licensee's operations, with the process taking up to six months to complete.

The ERA sometimes nominates areas of special focus for audits and reviews, which means the auditor is required to assign a higher audit or review priority to specific licence obligations (such as protections for customers experiencing financial hardship) or asset management processes (such as risk management and asset maintenance). In 2023/24, the ERA assigned areas of special focus to the audits and review for major service providers including Synergy, Western Power and Horizon Power.

This year, the ERA found that licensees were generally achieving a high standard of compliance with their licence obligations. We increased the audit period for eight licensees in recognition of good performance, and reduced the audit period for three licensees to encourage improvement in their compliance.

AUDITS AND REVIEWS CONDUCTED IN 2023/24

	Audits	Asset management reviews
Electricity licences	15	5
Gas licences	3	1
Water licences	9	7
Total	27	13

Access regulation

Gas access

ATCO's gas network

On 1 September 2023, ATCO Gas Australia submitted a proposal to amend the access arrangement for its Mid-West and South-West Gas Distribution Systems for the five years from 1 January 2025.

ATCO's network supplies around 785,000 customers across Perth, Mandurah, Geraldton, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction and Capel.

The ERA published its draft decision on 24 April 2024. Our draft decision noted the higher cost environment that ATCO was now operating in, as well as the growing uncertainty about future demand for gas.

ATCO submitted its revised proposal on 11 June 2024, for further review, and a final decision will be made in 2024/25.

Goldfields Gas Pipeline

On 21 December 2023, Goldfields Gas Transmission submitted a proposal to amend its access arrangement for the Goldfields Gas Pipeline for the five years from 1 January 2025.

The pipeline is a 1,378 kilometre transmission pipeline that carries natural gas from Yarraloola to Kalgoorlie.

The ERA has commenced its review of this proposal and published an issues paper for comment on 12 March 2024. Our draft decision is expected in July 2024.

Dampier to Bunbury Pipeline

On 8 December 2023, DBNGP (WA) Transmission Pty Ltd submitted a reference service proposal for the Dampier to Bunbury Natural Gas Pipeline to the ERA for approval. This is the first step in the review process for its next five-year access arrangement and sets out the services that will be offered during the next access period.

The DBNGP extends 1,600 kilometres from Dampier to Bunbury and connects natural gas supplies in the north to industrial customers in the south.

The ERA's decision on the reference service proposal was finalised in June 2024.

Rate of return

Gas Instrument

In September 2023 following public consultation, the ERA published amendments to the 2022 Gas Rate of Return Instrument. The Instrument sets out how the ERA will determine the allowed rate of return on capital for regulated gas pipelines in Western Australia, which is an important part of determining overall revenue and tariffs.

Changes to the instrument were required after the Reserve Bank of Australia stopped publishing one of the data sets used by the ERA.

Rail networks determination

On 11 September 2023, the ERA published its determination for the rate of return method to apply for regulated rail networks in Western Australia. This is the method used to determine the capital costs of a regulated network and is used in the event of a third party seeking access to the network.

The networks covered by the determination are the Public Transport Authority's urban network, Arc Infrastructure's freight network, and the Pilbara railways owned by The Pilbara Infrastructure and Roy Hill Infrastructure.

The ERA applied this method to determine the rates of return for the period to 30 June 2023. The rates of return for each network were higher than those in the previous year, due to higher inflation and other financial market conditions.

Electricity access

Western Power network

The ERA regulates access to Western Power's network through access arrangements that are reviewed every five years. Western Power's current access arrangement, known as AA5, commenced on 1 July 2023, and runs until 2027.

In December 2023, we published Western Power's Service Standard Performance Report for 2022/23, which showed that it did not meet the set benchmarks for two measures.

In May 2024, we published a determination on the prices that Western Power can charge in 2024/25. The average increase in prices of 9.5 per cent – which is not directly charged to end users – was higher than that forecast in the AA5 final decision due to higher inflation, and increases in the payment Western Power must make to Horizon Power to offset the higher costs of delivering energy in remote and regional areas.

During the year we have worked with Western Power to implement annual reporting on Western Power's progress against the AA5 access arrangement. We will publish our first report in July 2024.

Pilbara network

The ERA administers a light-handed regulatory regime for APA Group's Port Hedland network and Horizon Power's coastal network in the Pilbara.

In May 2024, we approved amendments to the ringfencing arrangements for APA's network, which aim to encourage competition by limiting the ways information can be shared within distribution companies that also own generation or retail assets.

Energy markets

Compliance monitoring

The ERA has compliance and enforcement functions set by the WEM Rules and the GSI Rules. The ERA monitors participant compliance with the WEM Rules and GSI Rules, including monitoring prices offered by operators of power stations when offering energy into the WEM.

We also investigate other non-compliances, mainly in the areas of generator dispatch, generator outage and availability requirements, and bidding obligations.

During 2023/24, we completed 70 investigations of suspected or alleged non-compliance and instructed AEMO to recover approximately \$608,436 of incorrect out-of-merit payments.

In December 2023, the ERA provided its annual report to the Minister for Energy on its own compliance with the WEM Rules, with an independent audit finding no breaches for 2022/23.

NON-COMPLIANCE INVESTIGATIONS 2023/24

Investigation activities	
Alleged breaches recorded	344
Relating to the WEM Rules	268
Relating to the GSI Rules	76
Investigations completed	138
Relating to the WEM Rules	103
Relating to the GSI Rules	35
Investigations findings	
Low risk, corrective action taken	95
Warning letter issued	7
Corrective action direction	11
No breach	25

AEMO's expenditure reviews

Every three years, the ERA determines the amount of operating expenditure (allowable revenue) and capital expenditure that the Australian Energy Market Operator (AEMO) can incur for its WEM functions.

During 2023/24, AEMO requested additional funding outside the three-year review cycle via two in-period submissions:

- In April 2023, seeking an additional \$47.1 million in capital expenditure. The ERA approved \$46.9 million of this request in September 2023.
- In March 2024, seeking an additional \$39 million in capital expenditure and \$59.2 million in operating expenditure. The ERA approved \$37.9 million in capital expenditure and \$58.29 million in operating expenditure in June 2024.

AEMO cited the ongoing WEM reform process and costs exceeding expectations as driving the need for additional funding.

In its final determination for the second in-period submission, the ERA highlighted ongoing problems with the regulatory regime, and flagged the need for change prior to the next allowable revenue period beginning in 2025/26.

BRCP determination

Each year, the ERA determines the Benchmark Reserve Capacity Price, which is used to determine the payments made to capacity providers for making capacity available to the WEM.

The ERA made its annual determination on 20 December 2023, setting a price of \$230,000 per megawatt per year, to apply in the 2025/26 capacity year. This price is 19 per cent higher than the previous year, due to financial market conditions, higher raw material prices, and increasing demand.

Review of Synergy's regulatory scheme

Every two years, the ERA reports to the Minister for Energy on the performance of the regulatory scheme that separates the retail and generation arms of Synergy's business. The Electricity Generation and Retail Corporate (EGRC) scheme was set up in 2014, following the merger of Verve Energy and Synergy, to ensure that Synergy is not able to use its market power as a combined "gentailer".

The ERA completed its most recent review in December 2023, and it was tabled in State Parliament by the Minister on 14 May 2024.

We made three recommendations to improve the effectiveness of the EGRC scheme, intended to reduce the regulatory complexity of the scheme while improving its ability to encourage competition.

Openly engage and communicate

Committees and reference groups

ERA Consumer Consultative Committee

The ERA Consumer Consultative Committee (ERACCC) meets three times per year and includes representation from a range of consumer and industry organisations. Participation in ERACCC allows members to inform the ERA about issues that affect both the groups they represent and consumers more generally. ERACCC is also able to inform consumers about the ERA's work.

Topics considered by ERACCC during 2023/24 include:

- Customer protections for utility customers.
- Annual performance reports for energy retailers and distributors.
- Western Power's implementation of its access arrangement.
- ATCO's access arrangement for the Mid-West and South-West Gas Distribution Systems.
- The ERA's new AES functions.

ERACCC MEMBERSHIP 2023/24

Organisation	Membership
Chamber of Commerce and Industry of Western Australia	Member
Chamber of Minerals and Energy	Member
Consumer Credit Legal Service	Member
Ethnic Communities Council	Member
Financial Counsellors' Association	Member
Pastoralists and Graziers Association	Member
Property Council of Australia (Western Australia)	Member
Regional Chambers of Commerce and Industry	Member
Suresh Rajan (independent advocate)	Member
UnionsWA	Member
Western Australian Council of Social Service	Member
WA Farmers	Member
Western Australian Local Government Association	Member
Department of Energy, Mines, Industry Regulation and Safety (Consumer Protection division)	Observer
Energy and Water Ombudsman	Observer
Energy Policy WA	Observer

Water Code Consultative Committee

During 2023/24, the Water Code Consultative Committee provided advice to the ERA on the review of the *Water Services Code of Conduct (Customer Service Standards) 2018*, which was finalised in May 2024.

The committee is made up of three industry representatives, three consumer representatives, two government representatives and a non-voting chairperson and executive officer.

Gas Marketing Code Consultative Committee

During 2023/24, the Gas Market Code Consultative Committee commenced its review of the *Gas Marketing Code of Conduct*.

The committee is made up of three industry representatives, three consumer representatives, two government representatives and a non-voting chairperson and executive officer.

Electricity Code Consultative Committee

The Electricity Code Consultative Committee is a statutory committee appointed and chaired by the ERA and includes consumer, industry, and government representatives.

New members were appointed for a three-year term in March 2024, to review the *Code of Conduct for the Supply of Electricity to Small Use Customers*.

Consultation events

Energy markets forum

On 10 November 2023, the ERA hosted its annual Energy Markets forum, which was held shortly after the commencement of the new WEM structure. Staff outlined the ERA's upcoming work program and major projects, as well as outlining the ERA's approach to its compliance functions in the new WEM.

WALGA State Council

In May 2024, our Chair Steve Edwell attended a meeting of the Western Australian Local Government Association's State Council. The State Council leads sector-wide policy and planning for all local governments.

Steve discussed the ERA's regulation of Western Power and how that related to regional power reliability and streetlighting, as well as talking more generally about the energy transition.

AEMO AR6 stakeholder meeting

In May 2024, we hosted an online stakeholder forum outlining the draft decision made on the Australian Energy Market Operator's in-period funding submission.

Gas licensing stakeholder roundtable

Following publication of the draft decision on the Compendium of Gas Customer Licence Obligations in August 2023, the ERA hosted a stakeholder roundtable to outline the ERA's reasoning and elicit feedback.

Financial Counsellors' Goldfields Forum

ERA staff travelled to Kalgoorlie in June 2024 to speak at the Financial Counsellors' Association of WA Goldfields forum about utility pricing and consumer protection.

Market Advisory Committee engagement

The ERA provided updates on the progress of the WEM Procedure review for the Benchmark Reserve Capacity Price at five meetings of the Market Advisory Committee in 2023/24.

The Committee is made up of industry and consumer representatives to provide advice on rule changes, procedure changes and other major issues in the WEM.

Gas Advisory Board engagement

The ERA provided an overview of its compliance monitoring and enforcement approach under the GSI Rules at the Gas Advisory board meeting in September 2023.

The Board is made up of industry and consumer representatives for the wholesale gas market.

Utility Regulators Forum

In November 2023, the ERA hosted the Utility Regulators Forum, which brings together regulatory agencies from across Australia and New Zealand to discuss common problems and emerging issues for the sector.

The theme of this Forum, chosen by the ERA, was sustainability, and regulators discussed how the challenges of climate change and economic uncertainty will impact our work into the future.

Strengthen organisational culture

Access and Inclusion Plan

The ERA's Access and Inclusion Plan covers the period 2024 to 2028 and was published in January 2024.

The new plan establishes access and inclusion as the default rather than the exception, and aims to ensure that all people benefit from measures that enhance access and inclusion. The ERA has removed the word "disability" from the title but this does not diminish the plan's role in making sure people with disability are able to receive the supports they need.

Employment

In 2023/24, the ERA welcomed 22 new staff, who were provided with a comprehensive induction introducing them to ERA leadership, corporate services and our diverse regulatory functions.

We were particularly pleased to welcome back three previous staff members during 2023/24 – Analena Gilhome, Sarah Lyons, and Dr Natalie Robins – as well two new graduates – Rory Hannon and Eunice Yuwono. Graduates rotate through different ERA teams, as well as taking part in the broader public sector graduate program.



Diversity

In August 2023, the ERA won the Leading Diversity, Equity and Inclusion award at the 2023 WA Energy Awards.

CEO Jenness Gardner accepted the award and noted that 66 per cent of the ERA's staff are women, and the majority of ERA staff consider themselves culturally diverse.



Our diversity allows us to critically analyse and respectfully debate our regulatory decisions from multiple perspectives and to recruit and retain the best people.

Jenness Gardner CEO

Elizabeth Walters was selected to be part of the Public Sector Commission's inaugural Women in Executive Leadership Development Experience Initiative in 2023/24. The program provides an opportunity to delve into the nuances of executive leadership, allowing participants to understand and put into practice the expected behaviours and mindsets for building leadership in the public sector.

Staff surveys

The ERA conducted its annual staff survey in December 2023, with 86 per cent of staff taking part. Results from the survey continue to be very positive, but staff highlighted some areas for improvement, including increasing cross-agency collaboration, and the challenges of managing high workloads during periods of high staff turn-over.

The ERA also took part in the first WA Public Sector Census, the results of which were published in October 2023.

Highlights from this survey included:

- 90 per cent of us recommend the ERA as a place to work – higher than the sector average of 70 per cent.
- 37.7 per cent of us are fluent in a language other than English.
- Our men are taking up flexible working arrangements at high rates.

20th anniversary event

On 5 December 2023, the ERA celebrated its 20th anniversary morning tea, bringing together current and former staff, as well as inaugural Chair Dr Ken Michael AC and inaugural Minister, Hon Eric Ripper AM.

Chair Steve Edwell highlighted the growth of the ERA, from 34 staff in 2004 to 83 at the time of the event, having taken on many new functions over the decades.

Health and wellbeing

The ERA has a contract with PeopleSense to provide confidential counselling services to employees and their family members.

The ERA also offered staff access to free meditation classes, skin checks and flu vaccinations in 2023/24.

Agency performance

Key performance indicators

Under the *Economic Regulation Authority Act 2003*, the ERA's key performance indicators are limited to management functions, including financial management.

The ERA has set indicators that measure the administrative performance of the Secretariat.

These key performance indicators are the quantity, quality and timeliness of submissions prepared for the Governing Body. These submissions help the Governing Body carry out its functions, including deciding on regulatory matters.

During 2022/23 the number of submissions provided to the Governing Body was 226, higher than the target of 200. The timeliness value was 3.16 per cent, slightly above the target of 3 per cent.

The actual average cost per submission was lower than the target due to the costs being lower than budgeted. Further details on key performance indicators and variances are provided in the Disclosures and legal compliance section of this report.

KEY PERFORMANCE INDICATORS - PERFORMANCE AGAINST TARGETS 2023/24

	2023/24 target	2023/24 actual	Variation
<i>Desired outcome: The efficient, safe and equitable provision of utility services in Western Australia</i>			
Key effectiveness indicators			
Number of submissions made to the Governing Body	200	226	26
Rating by the Governing Body as to the content, accuracy and presentation of these submissions	3.00	3.27	0.27
Percentage of submissions provided by the required deadline (%)	100	100	-
Rating by the Governing Body as to their perception of the timeliness of submissions	3.00	3.16	0.16
Key efficiency indicator			
Cost per submission made to the Governing Body (\$)	89,340	72,680	16,660

Financial performance

Regulations and rules allow full cost recovery of the ERA's expenditure for gas, rail and electricity access, Wholesale Electricity Market, gas markets and licensing functions. The Government provides an appropriation to fund the functions of inquiries, non-scheme gas pipelines and the regulatory scheme relating to the merger of Verve Energy and Synergy.

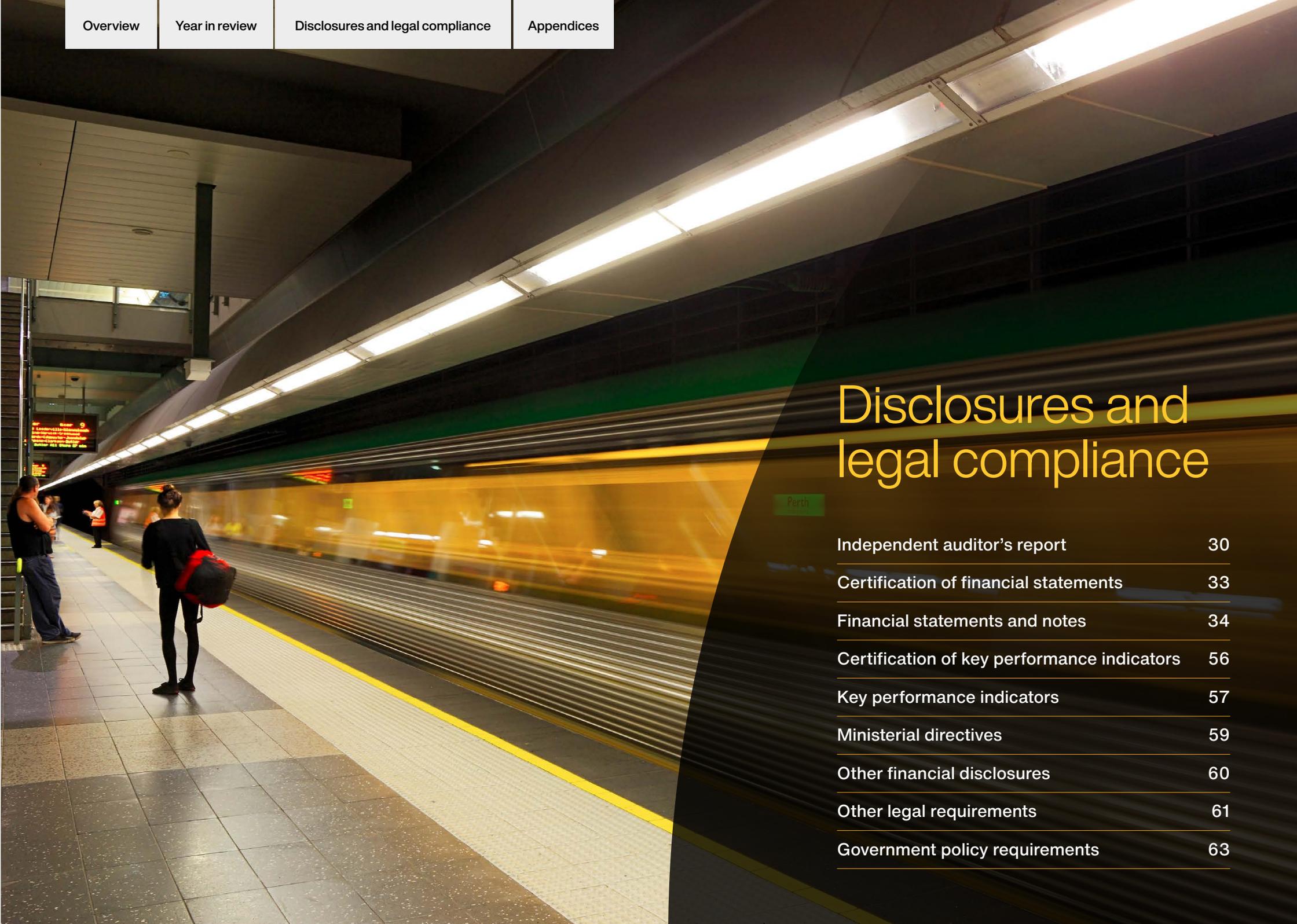
The 2023/24 Government-published budget estimates allowed expenditure of \$17.868 million. Actual expenditure for 2023/24 was \$16.426 million, or 92 per cent of the budget estimate. Expenditure was lower than forecast due to the tight labour market and difficulty retaining and recruiting staff.

Further details of the ERA's financial performance are presented in the 'Disclosures and legal compliance' section.

FINANCIAL PERFORMANCE – ACTUAL VERSUS BUDGET TARGETS 2023/24 (\$'000)

	2023/24 Target	2023/24 Actual	Variation
Total cost of service (expense limit)	17,868	16,426	(1,442)
Net cost of services	5,533	3,238	(2,295)
Total equity	9,240	11,237	2,087
Approved salary expense level	11,987	10,328	(1,659)

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



Disclosures and legal compliance

Perth

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Independent auditor's report



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Economic Regulation Authority

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Economic Regulation Authority (Authority) which comprise:

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Economic Regulation Authority for the year ended 30 June 2024 and the financial position as at the end of that period
- in accordance with Australian Accounting Standards applicable to Tier 2 Entities, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

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

Responsibilities of the Authority for the financial statements

The Authority is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards applicable to Tier 2 Entities, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Authority is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

Report on the audit of controls

Opinion

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

In my opinion, in all material respects, the controls exercised by the Economic Regulation Authority are sufficiently adequate to provide reasonable assurance that the controls within the system were suitably designed to achieve the overall control objectives identified as at 30 June 2024, and the controls were implemented as designed as at 30 June 2024.

The Authority's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Economic Regulation Authority for the year ended 30 June 2024 reported in accordance with *Financial Management Act 2006* and the Treasurer's Instructions (legislative requirements). The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators report of the Economic Regulation Authority for the year ended 30 June 2024 is in accordance with the legislative requirements, and the key performance indicators are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2024.

The Authority's responsibilities for the key performance indicators

The Authority is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Authority determines necessary to enable the

preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

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

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

My independence and quality management relating to the report on financial statements, controls and key performance indicators

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

Other information

The Authority is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key

performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Economic Regulation Authority for the year ended 30 June 2024 included in the annual report on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Patrick Arulsingham
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 August 2024

Certification of financial statements

For the reporting period ended 30 June 2024

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 reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

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



Mr Kevin Parry
Chief Finance Officer

14 August 2024



Mr Steve Edwell
Chair of Accountable Authority

14 August 2024



Ms Virginia Christie
Member of Accountable Authority

14 August 2024

Statement of comprehensive income

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cost of services			
Expenses			
Employee benefits expenses	2.1a	11,790	10,307
Supplies and services	2.3	3,392	3,166
Depreciation	4.1, 4.2	48	49
Finance costs	6.2	5	1
Accommodation expenses	2.3	957	905
Grants and subsidies	2.2	8	5
Other expenses	2.3	226	56
Total cost of services		16,426	14,489
Income			
Regulatory fees	3.1	12,763	9,998
Interest income	3.3	392	233
Other income	3.3	33	26
Total income		13,188	10,257
Net cost of services		(3,238)	(4,232)
Income from State Government			
Service appropriation	3.2	876	1,657
Income from other public sector entities	3.2	3,257	4,030
Resources received	3.2	13	19
Total income from State Government		4,146	5,706
Surplus for the period		908	1,474
Total comprehensive income for the period		908	1,474

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	6.3	11,148	8,910
Restricted cash and cash equivalents	6.3	35	36
Receivables	5.1	3,209	3,542
Other current assets	5.3	312	640
Total current assets		14,704	13,128
Non-current assets			
Receivables	5.1	302	-
Restricted cash and cash equivalents	6.3	-	229
Amounts receivable for services	5.2	399	399
Plant and equipment	4.1	113	146
Right of use assets	4.2	57	72
Other non-current assets	5.3	1	16
Total non-current assets		872	862
Total assets		15,576	13,990
Liabilities			
Current liabilities			
Payables	5.4	1,005	677
Lease liabilities	6.1	15	14
Employee related provisions	2.1(b)	2,841	2,490
Total current liabilities		3,861	3,181
Non-current liabilities			
Lease liabilities	6.1	44	59
Employee related provisions	2.1(b)	434	421
Total non-current liabilities		478	480
Total liabilities		4,339	3,661
Net assets		11,237	10,329
Equity			
Contributed equity		708	708
Accumulated surplus/(deficit)		10,529	9,621
Total equity		11,237	10,329

The Statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from State Government			
Service appropriation		876	1,657
Funds from other public sector entities		3,095	4,403
Holding account drawdown		-	-
Net cash provided by the State Government		3,971	6,060
Utilised as follows:			
Cash flows from operating activities			
Payments			
Employee benefits		(11,307)	(10,258)
Supplies and services		(2,792)	(3,639)
Finance costs		(5)	(1)
Grants and subsidies		(8)	(5)
Accommodation		(957)	(905)
GST payments on purchases		(460)	(446)
Other payments		(229)	(56)
Receipts			
Regulatory fees		13,264	9,801
Interest received		383	208
GST receipts on sales		87	62
GST receipts from taxation authority		418	362
Other receipts		33	26
Net cash provided by/(used in) operating activities		(1,573)	(4,851)
Cash flows from investing activities			
Payments			
Purchase of non-current assets		-	-
Net cash provided by/(used in) investing activities		-	-
Cash flows from financing activities			
Payments			
Principal elements of lease payments		(15)	(16)
Non-retained revenue distributed to owner		-	-
Payment to accrued salaries account		(73)	-
Net cash provided by/(used in) financing activities		(88)	(16)
Net increase/(decrease) in cash and cash equivalents		2,310	1,193
Cash and cash equivalents at the beginning of the period		9,175	7,982
Adjustment for the reclassification of accrued salaries account		(302)	-
Cash and cash equivalents at the end of the period	6.3	11,183	9,175

The Statement of cash flows should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2024

	Note	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
Balance at 1 July 2022		708	-	8,147	8,855
Total comprehensive income for the period		-	-	1,474	1,474
Balance at 30 June 2023		708	-	9,621	10,329
Balance at 1 July 2023		708	-	9,621	10,329
Total comprehensive income for the period		-	-	908	908
Balance at 30 June 2024		708	-	10,529	11,237

The Statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2024

1. BASIS OF PREPARATION

The Economic Regulation Authority (ERA) is a WA government entity, but is independent of direction or control by the State or any Minister or officer of the State in the performance of its functions. However, pursuant to section 28(2) and 28(3) of the *Economic Regulation Authority Act 2003*, the Minister may give directions in writing to the ERA on administration and financial administration matters. It is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities has been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the accountable authority of the ERA in August 2024.

STATEMENT OF COMPLIANCE

These general purpose financial statements comply with Australian Accounting Standards – Simplified Disclosures. The general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by Treasurer's instructions. Several of these are modified by Treasurer's instructions to vary application, disclosure, format and wording.

The Act and Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. 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.'

BASIS OF PREPARATION

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

ACCOUNTING FOR GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by the ERA as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

CONTRIBUTED EQUITY

Interpretation 1038 *Contributions by Owners 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, as designated as contributions by owners (at the time of, or prior to, transfer) be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI955 *Contributions by Owners made to Wholly-Owned Public Sector Entities* and will be credited directly to Contributed Equity.

COMPARATIVE INFORMATION

Except where an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief from presenting comparatives for:

- plant and equipment reconciliations
- right-of-use asset reconciliations.

JUDGEMENTS AND ESTIMATES

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2. USE OF OUR FUNDING

EXPENSES INCURRED IN THE DELIVERY OF SERVICES

This section provides additional information about how the ERA's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the ERA in achieving its objectives and the relevant notes are:

	Notes
Employee benefits expenses	2.1(a)
Employee related provisions	2.1(b)
Grants and subsidies	2.2
Other expenditure	2.3

2.1(a) Employee benefits expenses

	2024 (\$'000)	2023 (\$'000)
Employee benefits	10,622	9,333
Superannuation - defined contribution plans	1,168	974
Total Employee benefits expenses	11,790	10,307
Add: AASB 16 non-monetary benefits (not included in employee benefits expense)	-	-
Less: Employee contributions (per note 3.3 Other income)	-	-
Total employee benefits provided	11,790	10,307

Employee benefits include wages and salaries, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as cars) for employees.

Superannuation is the amount recognised in profit or loss of the Statement of comprehensive income. It comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes and other superannuation funds.

AASB 16 non-monetary benefits are non-monetary employee benefits, predominantly relating to the provision of vehicle benefits that are recognised under AASB 16 and are excluded from the employee benefits expense.

Employee contributions are contributions made to the ERA by employees towards employee benefits that have been provided by the ERA. This includes both AASB 16 and non-AASB 16 employee contributions.

2.1(b) Employee related provisions

	2024 (\$'000)	2023 (\$'000)
Current		
<i>Employee benefits provisions</i>		
Annual leave	1,083	1,002
Long service leave	1,750	1,481
	2,833	2,483
<i>Other provisions</i>		
Employment on-costs	8	7
Total current employee related provisions	2,841	2,490
Non-current		
<i>Employee benefits provisions</i>		
Long service leave	433	420
<i>Other provisions</i>		
Employment on-costs	1	1
Total non-current employee related provisions	434	421
Total employee related provisions	3,275	2,911

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current as there is no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

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

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the ERA has the right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the ERA does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and 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.

Employment on-costs involve settlements of annual and long service leave liabilities which gives rise to the payment of employment on- costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance premiums, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred.

	2024 (\$'000)	2023 (\$'000)
Employment on-costs provision		
<i>Carrying amount at start of period</i>	8	8
<i>Additional/(reversals of) provisions recognised</i>	1	-
Carrying amount at end of period	9	8

Key sources of estimation uncertainty - long service leave

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

Several estimates and assumptions are used in calculating the ERA's long service leave provision. These include:

- expected future salary rates
- discount rates
- employee retention rates
- expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Grants and subsidies

	2024 (\$'000)	2023 (\$'000)
<i>Recurrent</i>		
Financial Counsellors Association of WA conference/forum	8	-
Economic Society of Australia Inc - Australian Gender Economic Workshop	-	5
Total grants and subsidies	8	5

Transactions in which the ERA provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant or subsidy expenses'. These payments or transfers are recognised at fair value at the time of the transaction and are recognised as an expense in the reporting period in which they are paid. They include transactions such as grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

The ERA is not responsible for administering a government subsidy scheme.

2.3 Other expenditure

	2024 (\$'000)	2023 (\$'000)
Supplies and services		
Communications	156	151
Consultants and contractors	2,134	1,460
Consumables	57	46
Equipment repairs and maintenance	14	12
Legal costs	179	795
Travel	83	76
Other supplies and services expenses	769	626
Total supplies and services expenses	3,392	3,166
Accommodation expenses		
Office rental	939	905
Other accommodation expenses	18	-
Total accommodation expenses	957	905
Other expenses		
Audit fee	83	36
Minor equipment	143	20
Expected credit losses expense	-	-
Employment on-costs	-	-
Total other expenses	226	56
Total other expenditure	4,575	4,127

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Office rental is expensed as incurred as Memorandum of Understanding Agreements between the ERA and the Department of Finance for the leasing of office accommodation contain significant substitution rights.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Expected credit losses are recognised for movement in allowance for impairment of trade receivables. Please refer to note 5.1 Receivables for more details.

Employee on-costs include workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

3. OUR FUNDING SOURCES

HOW WE OBTAIN OUR FUNDING

This section provides additional information about how the ERA obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the ERA and the relevant notes are:

	Notes
Regulatory fees	3.1
Income from State Government	3.2
Other income	3.3

3.1 Regulatory fees

	2024 (\$'000)	2023 (\$'000)
Standing charges	4,631	2,942
Specific charges	707	19
Licence fees and charges	270	277
Regulatory market fees	7,044	6,695
Water audit cost recovery	111	65
	12,763	9,998

Revenue is recognised for the major business activities as follows:

- Standing charges and Specific charges are recognised over time. Revenue is raised in accordance with the:
 - *Economic Regulation Authority (National Gas Access Funding) Regulations 2009*
 - *Economic Regulation Authority (Electricity Networks Access Funding) Regulations 2012*
 - *Economic Regulation Authority (Licensing Funding) Regulations 2014*
 - *Economic Regulation Authority (Railways Access Funding) Regulations 2019*
 - *Gas Services Information Regulations 2012*
 - *Pilbara Networks Access Code*.
- Revenue from annual licence fees is recognised at the time the charge is levied on the licensee. The charges are levied in accordance with the *Economic Regulation Authority (Licensing Funding) Regulations 2014*.
- The ERA also recovers the costs of audits performed under the *Water Services Act 2012*. The performance obligations for these recoveries are satisfied when audits have been provided by ERA.
- Regulatory fees for the recovery of the costs of the ERA in undertaking its Wholesale Electricity Market functions, in accordance with the Wholesale Electricity Market Rules, are recognised on an accrual basis in the accounting period in which the services are rendered.
- Regulatory fees for the recovery of the costs of the ERA in undertaking its Gas Services Information functions, in accordance with the Gas Services Information Rules, are recognised on an accrual basis in the accounting period in which the services are rendered.
- Regulatory fees for the recovery of the costs of the ERA in undertaking its Gas Retail Market function, in accordance with the Gas Retail Market Rules, are recognised on an accrual basis in the accounting period in which the services are rendered.
- Regulatory fees for the recovery of the costs of the ERA in undertaking its Pilbara Networks function, in accordance with the Pilbara Networks Rules, are recognised on an accrual basis in the accounting period in which the services are rendered.

The ERA typically satisfies its performance obligations in relation to regulatory fees when it issues invoices after the end of each quarter.

3.2 Income from State Government

	2024 (\$'000)	2023 (\$'000)
Appropriation received during the period:		
Service appropriation	876	1,657
Total service appropriation	876	1,657
Income received from other public sector entities during the period:		
• Regulatory fees		
Standing charges	3,141	3,747
Specific charges	10	86
Licence fees and charges	46	46
Water audit cost recovery	60	151
Total income received from other public sector entities	3,257	4,030
Resources received from other public sector entities during the period:		
• Services received free of charge	13	19
Total resources received	13	19
Total income from State Government	4,146	5,706

Refer to Note 3.1 for details about the various types of regulatory fees.

Service appropriations are recognised as income at the fair value of consideration received in the period in which the ERA gains control of the appropriated funds. The ERA gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the holding account held at Treasury.

Income from other public sector agencies is recognised as income when the ERA has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the ERA receives the funds.

Resources received from other public sector entities are recognised as income equivalent to the fair value of assets received, or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

Summary of consolidated account appropriations

For the year ended 30 June 2024

	2024 Budget (\$'000)	2024 Additional Funding (\$'000)	2024 Revised Budget (\$'000)	2024 Actual (\$'000)	2024 Variance (\$'000)
Delivery of services					
Item 50 Net amount appropriated to deliver services	1,726	750	876	876	-
Amount authorised by other statutes					
- <i>Salaries and Allowances Act 1975</i>	-	-	-	-	-
Total appropriations provided to deliver services	1,726	750	876	876	-
Capital					
Capital appropriations	-	-	-	-	-
Total consolidated account appropriations	1,726	750	876	876	-

The ERA submitted a Mid year budget submission for the new rail code and was successful (\$750,000). It was later determined that the ERA did not require its full appropriation so it returned \$1.6 million to the Department of Treasury. This resulted in an overall reduction in the Appropriation to \$850,000.

3.3 Other income

	2024 (\$'000)	2023 (\$'000)
Interest - bank ^(a)	392	233
Government vehicle scheme contributions from staff ^(b)	19	14
Miscellaneous revenue	14	12
	425	259

(a) The ERA's bank account does not form part of the consolidated fund.

(b) Income received by the ERA from subleasing of right-of-use assets relates to lease payments received from operating leases. The ERA has leased a number of right-of-use assets from the Department of Finance (DoF), which it subleases out to employees at a subsidised rate. Information on the ERA's leasing arrangements with the DoF can be found in note 2.1(a).

4. KEY ASSETS

This section includes information regarding the key assets the ERA utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes
Plant and equipment	4.1
Right-of-use assets	4.2

4.1 Plant and equipment

Year ended 30 June 2024	Computer equipment (\$'000)	Office equipment (\$'000)	Leasehold improvements (\$'000)	Total (\$'000)
1 July 2023				
Gross carrying amount	15	26	218	259
Accumulated depreciation	(15)	(16)	(82)	(113)
Carrying amount at start of period	-	10	136	146
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	-	(5)	(28)	(33)
Carrying amount at end of period	-	5	108	113
Gross carrying amount	15	26	218	259
Accumulated depreciation	(15)	(21)	(110)	(146)

Initial recognition

Items of plant and equipment costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. 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).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

All plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Useful lives

All plant and equipment 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 generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life
Computer equipment	3 to 5 years
Office equipment	5 years
Leasehold Improvements	8 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjustments are made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through Statement of Comprehensive Income.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

4.2 Right-of-use assets

Year ended 30 June 2024	Vehicles (\$'000)
Carrying amount at beginning of period	72
Additions	-
Depreciation	(15)
Carrying amount as at end of period	57

The ERA has leases for vehicles. The lease contracts vary between 5 and 6 years.

The ERA also has a Memorandum of Understanding with the Department of Finance for the leasing of office accommodation. This is not recognised under AASB 16 because of substitution rights held by the Department of Finance and is accounted for as an expense as incurred.

Initial recognition

At the commencement date of the lease, the ERA recognises right-of-use assets and a corresponding lease liability for most leases. The right-of-use assets are measured at cost comprising of:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs, including dismantling and removing the underlying asset.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

The ERA has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the ERA at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.

5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the ERA's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes
Receivables	5.1
Amounts receivable for services	5.2
Other assets	5.3
Payables	5.4

5.1 Receivables

	2024 (\$'000)	2023 (\$'000)
Current		
Trade receivables	660	1,717
Accrued revenue	2,374	1,647
GST receivable	175	178
Total current	3,209	3,542
Non-current		
Accrued salaries account ^(a)	302	-
Total non-current	302	-
Total receivables at end of the period	3,511	3,542

(a) Funds transferred to Treasury for the purpose of meeting the 27th pay in a reporting period that generally occurs every 11th year. This account is classified as non-current except for the year before the 27th pay year.

Trade receivables are initially recognised at their transaction price. The ERA holds the receivables with the objective to collect the contractual cash flows and are therefore subsequently measured at amortised cost using the effective interest method.

There is no allowance for impairment of receivables as the ERA is expected to recover all amounts.

The accrued salaries account contains amounts paid annually into the Treasurer's special purpose account. It is restricted for meeting the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

The account has been reclassified from 'Cash and cash equivalents' to 'Receivables' as it is considered that funds in the account are not cash but a right to receive the cash in future. Comparative amounts have not been restated.

5.2 Amounts receivable for services (Holding account)

	2024 (\$'000)	2023 (\$'000)
Non-current	399	399
Total receivables at end of the period	399	399

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

The amounts receivable for services are financial assets at amortised cost, and are not considered impaired (i.e. there is no expected credit loss of the holding account).

5.3 Other assets

	2024 (\$'000)	2023 (\$'000)
Current		
Prepayments	312	640
Total current	312	640
Non-current		
Prepayments	1	16
Total non-current	1	16
Total other assets at end of period	313	656

5.4 Payables

	2024 (\$'000)	2023 (\$'000)
Current		
Trade payables	400	111
Other payables	35	37
Accrued expenses	260	306
Accrued salaries	263	217
GST payable	47	6
Total payables at end of period	1,005	677

Payables are recognised at the amounts payable when the ERA becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 15 to 20 days.

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

6. FINANCING

This section sets out the material balances and disclosures associated with the financing and cashflows of the ERA.

	Notes
Lease liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Commitments	6.4

6.1 Lease liabilities

	2024 (\$'000)	2023 (\$'000)
Not later than one year	15	14
Later than one year and not later than five years	44	56
Later than five years	-	3
	59	73
Current	15	14
Non current	44	59
	59	73

At the commencement date of the lease, the ERA recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the ERA uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the ERA as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date

- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options (where these are reasonably certain to be exercised)
- payments for penalties for terminating a lease, where the lease term reflects the ERA exercising an option to terminate the lease
- periods covered by extension or termination options are only included in the lease term by the ERA if the lease is reasonably certain to be extended (or not terminated).

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales, an index or a rate are recognised by the ERA in comprehensive income statement in the period in which the condition that triggers those payments occurs.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

This section should be read in conjunction with note 4.2.

	2024 (\$'000)	2023 (\$'000)
Lease expenses recognised in the Statement of Comprehensive Income		
Lease interest expense	5	1
6.2 Finance costs		
	2024 (\$'000)	2023 (\$'000)
Interest expense		
Interest expense on lease liabilities	5	1
Total interest expense	5	1
Total finance costs expensed	5	1

Finance costs include the interest component of lease liability repayments on the ERA's Right of Use assets provided by the Department of Finance. See note 6.1.

6.3 Cash and cash equivalents

	2024 (\$'000)	2023 (\$'000)
Cash and cash equivalents	11,148	8,910
Restricted cash and cash equivalents	35	265
Balance at end of period	11,183	9,175

	2024 (\$'000)	2023 (\$'000)
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Restricted cash and cash equivalents

Current

Indian Ocean Territories ^(a)	35	36
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Non-Current

Accrued salaries suspense account ^(b)	-	229
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(a) Funds provided by the Commonwealth for services undertaken by the ERA in regards to the Indian Ocean Territories.

(b) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years. The account has been reclassified to Receivables in the current year.

For the purpose of the Statement of cash flows, 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.

6.4 Commitments

6.4.1 Non-cancellable operating lease commitments

	2024 (\$'000)	2023 (\$'000)
Commitments for minimum lease payments are payable as follows:		
Within 1 year	674	-
Later than 1 year and not later than 5 years	2,022	-
	2,696	-

The ERA recognises the right-of-use assets and corresponding lease liability for all non-cancellable operation lease commitments, apart from short term and low value leases and leases for Government office accommodation. Refer to note 6.1.

6.4.2 Other expenditure commitments

Other expenditure commitments for operational expenditure contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

	2024 (\$'000)	2023 (\$'000)
Within 1 year	585	580
Later than 1 year and not later than 5 years	326	135
	911	715

The amounts are GST inclusive.

Judgements made by management in applying accounting policies – operating lease commitments

The ERA has a lease for office accommodation. It has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, the lease has been classified as an operating lease.

7. FINANCIAL INSTRUMENTS AND CONTINGENCIES

This note sets out the key risk management policies and measurement techniques of the ERA.

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

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

	2024 (\$'000)	2023 (\$'000)
Financial assets		
Cash and cash equivalents	11,148	8,910
Restricted cash and cash equivalents	35	265
Financial assets at amortised cost ^(a)	3,433	3,763
Total financial assets	14,616	12,938
Financial liabilities		
Financial liabilities at amortised cost ^(b)	958	671
Total financial liabilities	958	671

- (a) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).
- (b) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate. The ERA has no contingent assets or contingent liabilities.

8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Key management personnel	8.2
Related party and Affiliated Body transactions	8.3
Remuneration of auditors	8.4
Supplementary financial information	8.5

8.1 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period.

8.2 Key management personnel

The ERA has determined key management personnel to include cabinet ministers, Governing Body members and senior officers of the ERA. The ERA does not incur expenditure to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the Governing Body (accountable authority) of the ERA for the reporting period are presented within the following bands:

Compensation band (\$)	2024	2023		
510,001 - 520,000	-	1		
500,001 - 510,000	1	-		
150,001 - 160,000	2	1		
130,001 - 140,000 ^(a)	-	1		
10,001 - 20,000 ^(b)	-	1		
0 - 10,000 ^(b)	-	1		
			2024	2023
			(\$'000)	(\$'000)
Total compensation of the accountable authority			819	815

(a) Governing Body member commenced in August 2022.

(b) Governing Body members finished at the ERA in July 2023.

No members of the Governing Body are members of the Pension Scheme.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the ERA for the reporting period are presented within the following bands:

Compensation band (\$)	2024	2023
400,001 - 450,000	1	1
300,001 - 350,000	1	-
250,001 - 300,000	3	3
200,001 - 250,000	3	1
150,001 - 200,000	3	3
100,001 - 150,000	-	2
50,001 - 100,000 ^{(b)(c)(d)}	2	1
0 - 50,000 ^(a)	1	-

(a) Employee Started at the ERA in June 2024.

(b) Employee Finished at the ERA in October 2022

(c) Employee started October 2023

(d) Employee return to the ERA in January 2024 from Maturity leave

2024
(\$'000)

2023
(\$'000)

Total compensation of senior officers **2,915** **2,260**

No senior officers are members of the Pension Scheme.

2024
(\$'000)

2023
(\$'000)

Short-term employee benefits	3,293	2,734
Post-employment benefits	346	264
Other long-term benefits	95	78
Total compensation of key management personnel	3,734	3,076

8.3 Related party transactions

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

Related parties of the ERA include:

- All Cabinet ministers and their close family members, and their controlled or jointly controlled entities.
- Members of the Governing Body and their close family members, and their controlled or jointly controlled entities.
- All senior officers and their close family members, and their controlled or jointly controlled entities.
- Other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly owned public sector entities).
- The Government Employees Superannuation Board (GESB).

An affiliated body is a body that receives more than half its funding and resources from an agency but is not subject to operational control by that agency.

The ERA does not have any Affiliated Bodies transactions in 2023-24.

Material transactions with other related parties

Outside of normal citizen type transactions with the ERA, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.4 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current reporting period is as follows:

	2024 (\$'000)	2023 (\$'000)
Auditing the accounts, financial statements, controls and key performance indicators	43	40

8.5 Supplementary financial information

(a) Indian Ocean Territories

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

	2024 (\$'000)	2023 (\$'000)
Balance at start of period	36	38
Receipts	-	-
Payments	(1)	(2)
Balance at end of period	35	36

(b) Write-offs

During the reporting period, the following amounts were written off the ERA's books under the authority of:

	2024 (\$'000)	2023 (\$'000)
The accountable authority	-	6
The Minister	-	-
The Treasurer	-	-
	-	6

9. EXPLANATORY STATEMENT

This section explains variations in the financial performance of the ERA

	Notes
Explanatory statement for controlled operations	9.1

9.1 Explanatory Statement

This explanatory statement explains variations in the financial performance of the ERA undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2024, and between the actual results for 2024 and 2023 are shown below. Narratives are provided for major variances which are more than 10% of the comparative and which are more than 1% of the following (as appropriate):

1. Estimate and actual results for the current year:

Total cost of services of the annual estimates for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$17,868,000), and

Total assets of the annual estimate for the Statement of financial position (i.e. 1% of \$13,319,000).

2. Actual results between the current year and the previous year:

Total cost of services of the previous year for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$14,489,000), and

Total assets of the previous year for the Statement of financial position (i.e. 1% of \$13,990,000).

9.1.1 Statement of Comprehensive Income variances

	Variance notes	Estimate 2024 ⁽¹⁾ (\$'000)	Actual 2024 (\$'000)	Actual 2023 (\$'000)	Variance between actual and estimate (\$'000)	Variance between actual results for 2024 and 2023 (\$'000)
Expenses						
Employee benefits expense	1, A	13,645	11,790	10,307	(1,855)	1,483
Supplies and services		3,137	3,392	3,166	255	226
Depreciation and amortisation expense		71	48	49	(23)	1
Finance costs		5	5	1	-	4
Accommodation expenses		972	957	905	(15)	52
Grants and subsidies		-	8	5	8	3
Other expenses	2, B	38	226	56	188	170
Total cost of services		17,868	16,426	14,489	(1,442)	1,937
Income						
Regulatory fees	3, C	12,090	12,763	9,998	673	2,765
Interest revenue	4, D	211	392	233	181	159
Other income		34	33	26	(1)	7
Total income other than income from State Government		12,335	13,188	10,257	853	2,931
Total cost of services		(5,533)	(3,238)	(4,232)	2,295	994
Income from State Government						
Service appropriation	5, E	1,726	876	1,657	(850)	(781)
Income from other public sector entities	3, C	3,755	3,257	4,030	(498)	(773)
Resources received	6	266	13	19	(253)	(7)
Total income from State Government		5,747	4,146	5,706	(1,601)	(1,561)
Surplus/(deficit) for the period		214	908	1,474	694	(567)
Total comprehensive income for the period		214	908	1,474	694	(567)

1. These estimates are published in the State Budget 2023-24, Budget Papers No. 2 'Budget Statements'.

Major estimate and actual (2024) variance narratives

1. The estimate allowed for near full employment but with the tight labour market and the inability to fill vacant roles in a timely manner an underspend occurred.
2. The variance was a result of the purchase of replacement laptops for those coming to the end of their useful life.
3. Legislation allows the ERA to recoup the majority of its costs from industry and other public sector agencies. Regulatory fees fluctuate year to year as the fees are based on the total costs incurred by the ERA and the allocation of staff time spent on each function. Regulatory fees increased as a result of the increase in costs. The estimate anticipated a higher public sector allocation in 2023-24.
4. The ERA is able to retain any earnings on its bank account. The bank balance throughout the year continued to be higher than budgeted resulting in more interest earnings.
5. Service Appropriation funds are provide for those services that cannot be charged to industry such as inquiries and non scheme gas pipeline work. The estimate 2024 anticipated a larger proportion of work on these functions, as this did not occur, the ERA did not drawdown all its approved funds resulting in a reduction. It is also noted that during the mid year review the ERA was approved a further appropriation for the new rail code which was also not drawn down as internal funds were used to fund operations.
6. Resources Received Free of charge were lower as more legal work was performed in house and not by the State Solicitors Office and there was a reduction in depreciation on the Albert Facey Office fit out. The fit out is an asset held in the Department of Finance books and the notional charges for depreciation are accounted for as Resources Free of Charge to the ERA.

Major actual (2024) and comparative (2023) variance narratives

- A. During 2024 some of the backlog of vacant positions were filled. As well, as the final tranche of the Public Sector 2022 wages agreement resulted in salaries increasing above the previous year.
- B. Other expenses were higher in 2023-24 compared to 2022-23 due to the laptop replacement program.
- C. The amount of work undertaken varies each year between the private and public sector entities and consequently the split of income between the public sector and private entities will vary accordingly. This year private sector work was greater then the previous year resulting in a reduction in the revenue attributable to the public sector entitles. Additionally, the recruitment of additional staff increased the chargeable expenses and subsequently the revenue received.
- D. The ERA is able to retain any earnings on its bank account and with the increases in interest rates from 0.1% to around 4.5% since July 2022, the interest earnt is greater than previous years.
- E. There is no correlation between financial years for the amount of service appropriation the ERA receives. The ERA works on a cost recovery model for its funding ratios. The percentage of its costs it recovers from industry funding will be inversely proportionate to the amount it receives from appropriation. In a year where a large percentage of staff time is spent on industry funded functions the level of appropriation will be low. Conversely in a year where the ERA is involved in a complex and time consuming government inquiry a more substantial service appropriation will be received to cover these non industry funded costs. 2023-24 required less service appropriation than the previous year.

9.1.2 Statement of Financial Position variances

	Variance notes	Estimate 2024 ⁽¹⁾ (\$'000)	Actual 2024 (\$'000)	Actual 2023 (\$'000)	Variance between actual and estimate (\$'000)	Variance between actual results for 2024 and 2023 (\$'000)
Assets						
Current assets						
Cash and cash equivalents		8,110	11,148	8,910	3,038	2,238
Restricted cash and cash equivalents		38	35	36	(3)	(1)
Receivables	1	1,708	3,209	3,542	1,501	(333)
Amounts receivable for services		-	-	-	-	-
Other current assets	1,2, A	2,637	312	640	(2,325)	(328)
Total current assets		12,493	14,704	13,128	2,211	1,576
Non-current assets						
Restricted cash and cash equivalents		189	-	229	(189)	(229)
Receivables		-	302	-	302	302
Amounts receivable for services		399	399	399	-	-
Plant and equipment		238	113	146	(125)	(33)
Right of use assets		-	57	72	57	(15)
Other non-current assets		-	1	16	1	(15)
Total non-current assets		826	872	862	46	10
Total assets		13,319	15,576	13,990	2,257	1,585
Liabilities						
Current liabilities						
Payables		884	1,005	677	121	328
Lease liabilities		15	15	14	-	1
Employee related provisions	3, B	2,682	2,841	2,490	159	351
Other current liabilities		19	-	-	(19)	-
Total current liabilities		3,600	3,861	3,181	261	680
Non-current liabilities						
Lease liabilities		45	44	59	(1)	(15)
Employee related provisions		434	434	421	-	13
Total non-current liabilities		479	478	480	(1)	(2)
Total liabilities		4,079	4,339	3,661	260	678
Net assets		9,240	11,237	10,329	1,998	908
Equity						
Contributed equity		736	708	708	(28)	-
Accumulated surplus/(deficit)		8,504	10,529	9,621	2,025	908
Total equity		9,240	11,237	10,329	1,998	908

1. These estimates are published in the State Budget 2023-24, Budget Papers No. 2 'Budget Statements'.

Major estimate and actual (2024) variance narratives

1. The estimate excluded other receivables from government which are included in the Other current assets section of the estimates. (also see note 2). These were expected to be fractionally higher but due to regular monitoring the delays in payment have been low.
2. The budget estimate includes other receivables from government agencies and prepayments. The receivables from government agencies are reported in receivables category. Due to the fluctuations in workloads the allocations between government and industry is difficult on a year to year basis.
3. The leave provision has increased due to the growth in staff in the Regulation and Energy Markets divisions and staff who transferred into the agency with large amounts of uncleared leave.

Major actual (2024) and comparative (2023) variance narratives

- A. This items includes the prepayments account. The decrease in prepayments in 2023-24 is a result of the energy markets modelling software invoice that was not received during 2023/24 for the 2024-25 period.
- B. The leave provision has increased due to the growth in staff due to changes in the Regulation and Energy Markets divisions and the agency changing from annual actuarial assessment to the shorthand method for the current year. Additionally whilst recruiting for staff a number of successful applicants were from other government agencies and they transferred large amounts of unused leave entitlements.

9.1.3 Statement of Cash Flows variances

	Variance notes	Estimate 2024 ⁽¹⁾ (\$'000)	Actual 2024 (\$'000)	Actual 2023 (\$'000)	Variance between actual and estimate (\$'000)	Variance between actual results for 2024 and 2023 (\$'000)
Cash flows from state government						
Service appropriation	1, A	1,726	876	1,657	(850)	(781)
Funds from other public sector entities	2, B	3,763	3,095	4,403	(668)	(1,308)
Holding account drawdown		-	-	-	-	-
Net cash provided by State Government		5,489	3,971	6,060	(1,518)	(2,089)
Cash flows from operating activities						
Payments						
Employee benefits	3, C	(13,684)	(11,307)	(10,258)	2,377	(1,049)
Supplies and services	D	(2,837)	(2,792)	(3,639)	45	847
Finance costs		(5)	(5)	(1)	-	(4)
Grants and subsidies		-	(8)	(5)	(8)	(3)
Accommodation		(987)	(957)	(905)	30	(52)
GST payments on purchases		(327)	(460)	(446)	(133)	(14)
Other payments	4, E	(28)	(229)	(56)	(201)	(173)
Receipts						
Regulatory fees	2, B	12,078	13,264	9,801	1,186	3,463
Interest received	F	211	383	208	172	175
GST receipts on sales		86	87	62	1	25
GST receipts from taxation authority	5	203	418	362	215	56
Other receipts		34	33	26	(1)	7
Net cash provided by/(used in) operating activities		(5,256)	(1,573)	(4,851)	3,683	3,278
Cash flows from investing activities						
Payments						
Purchase of non-current physical assets		-	-	-	-	-
Net cash provided by/(used in) investing activities		-	-	-	-	-
Cash flows from financing activities						
Payments						
Principal elements of lease payments		(20)	(15)	(16)	5	1
Return of monies to consolidated Funds		-	-	-	-	-
Payment to accrued salaries account		-	(73)	-	(73)	(73)
Net increase/(decrease) in cash and cash equivalents		213	2,310	1,193	2,097	1,117
Cash and cash equivalents at the beginning of period		8,124	9,175	7,982	1,051	1,193
Adjustment for the reclassification of accrued salaries account		-	(302)	-	(302)	(302)
Cash and cash equivalents at the end of the period		8,337	11,183	9,175	2,846	2,008

1. These estimates are published in the State Budget 2023-24, Budget Papers No. 2 'Budget Statements'.

Major estimate and actual (2024) variance narratives

1. Service Appropriation funds are provided for those services that cannot be charged to industry such as inquiries and non scheme gas pipeline work. The estimate anticipated a larger proportion of work on these functions that did not occur in 2023-24.
2. The ERA is funded through a regulatory fee system which involves public sector entities and industry. The large proportion of the funding comes from Government Trading entities like Western Power and these are included in the funds from government entities'. The allocation of the overall cost is difficult as it is dependent on the work being performed as it is a cost recovery model. If a large amount of work is done for Western Power they will get the higher share of the costs.
3. Employee benefits were lower than the estimate due to the inability to fill vacant positions in a timely manner due to the tight labour market.
4. Other payments increased over the estimate mainly as a result of the minor asset replacement process.
5. GST receipts reflect the level of spending with GST registered suppliers for the year and will vary year on year dependent of the mix on expenditure items. During the year a greater number of GST registered suppliers were used increasing amount paid compared to budget

Major actual (2024) and comparative (2023) variance narratives

- A. The ERA did not undertake any inquiries in 2023/24 and work on the non scheme gas pipeline function was reduced due to the access arrangement workload. As a result actual costs for appropriation funded functions were lower than previous year.
- B. The service costs to public sector agencies and industry varies with the amount of work required during the year. The 2022/23 year had a higher share to public sector entities mainly as a result of the Synergy Investigation.
- C. The change in employee benefits is a result of the increased staffing and the continued filling of vacant positions.
- D. Supplies and Services changed as a result of the legal matter that was settled June/July 2023 and no expense incurred on it the current year
- E. Other Payments increased compared to the previous year as a result of the laptop procurement requirements (cyclical expenditure).
- F. The ERA is able to retain any earnings on its bank account. Higher interest rates than in the previous year, and the bank balance exceeding the previous year, resulted in higher interest earned.

Certification of key performance indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Economic Regulation Authority's performance, and fairly represent the performance of the Economic Regulation Authority for the financial year ended 30 June 2024.



Mr Kevin Parry
Chief Finance Officer

14 August 2024



Mr Steve Edwell
Chair of Accountable Authority

14 August 2024



Ms Virginia Christie
Member of Accountable Authority

14 August 2024

Key performance indicators

The ERA is Western Australia's independent economic regulator. Our role is to regulate the gas, electricity and rail industries, and license providers of gas, electricity, and water services. We also conduct inquiries into economic matters referred to us by the State Government and have a range of regulatory and review roles in the Wholesale Electricity Market and retail gas market.

We aim to ensure that the delivery of water, electricity, gas and rail services in Western Australia is in the long-term interest of consumers. Our functions are designed to maintain a competitive, efficient and fair commercial environment.

The ERA contributes to the government goal of "Investing in WA's Future: Tackling climate action and support the arts, culture and sporting sectors to promote vibrant communities." Our desired outcome in support of this goal is "The efficient, safe and equitable provision of utility services in Western Australia."

Our role means we cannot achieve this outcome directly but can play a part in its achievement. Our contribution to this goal is embedded in our strategic plan, which states that the ERA's purpose is "to promote the interests of Western Australian consumers through independent regulation, analysis and advice, now and into the future."

Under the *Economic Regulation Authority Act 2003*, the ERA's key performance indicators are limited to management functions, including financial management. The ERA Secretariat prepares submissions that are considered by the Governing Body when making a decision. Our performance indicators are therefore the quality, quantity and cost of those submissions.

Key effectiveness indicators

The ERA's key effectiveness indicators are:

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

2023/24 performance – Effectiveness

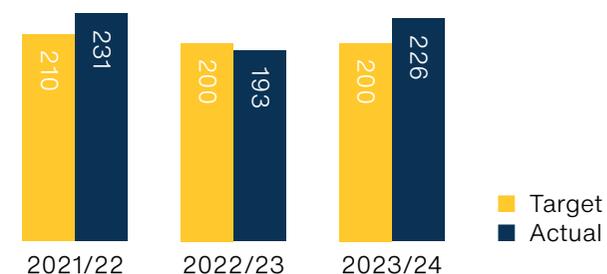
Quantity

The Governing Body met 26 times during the year and considered 173 submissions during 2023/24. A further 53 submissions were reviewed electronically out of session.

The total number of submissions were 226 to the 2023/24 target of 200. The target number of submissions is based on estimates provided by each division at the beginning of the year.

The actual and target number of submissions varies on an annual basis due to the cyclical nature of regulation.

QUANTITY (SUBMISSIONS)



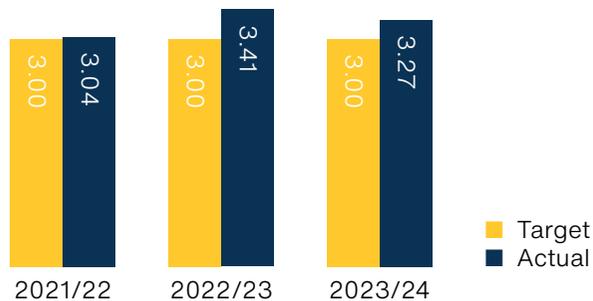
Quality

At each meeting, the Governing Body considers the relevance, accuracy and readability of the Secretariat’s submissions and provides an overall rating of their satisfaction using a scale of one to five.¹

The Governing Body rates a submission as 3.0 (satisfactory) if it meets expectations for quality. The target that was set at the beginning of the year was 3.0.

For 2023/24, the average rating for quality of submissions was 3.27. This was an 8.9% improvement over the target and a 4.1% reduction on the 2022/23 rating of 3.41.

QUALITY (SUBMISSIONS)



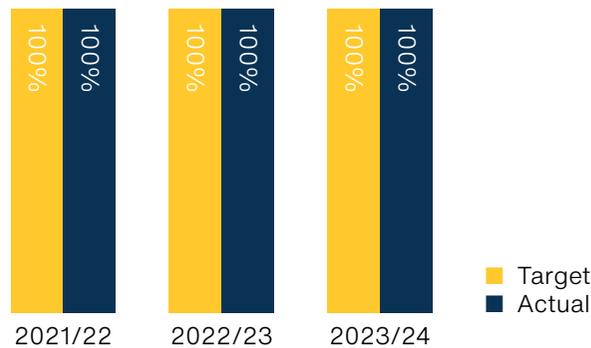
¹ Rating scale: One = well below expectations, two = below expectations, three = satisfactory, four = above expectations and five = well above expectations.

Timeliness – Legislative deadlines achieved

In 2023/24, 46 of the 226 submissions were for decisions with legislative time limits, compared to 46 out of 193 submissions in 2022/23.

All submissions with legislative deadlines were completed on time.

TIMELINESS (LEGISLATIVE DEADLINES ACHIEVED)



Timeliness – Governing Body rating

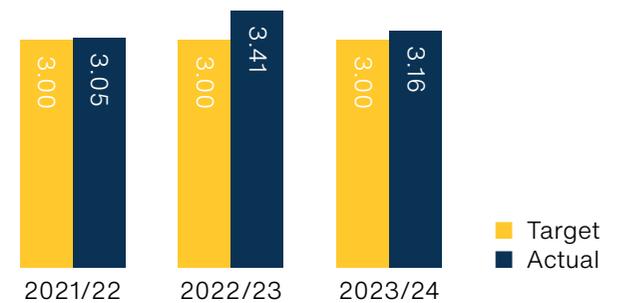
The Secretariat tracks internal deadlines for providing submissions to the Governing Body, in addition to measuring legislative timeframes.

The Governing Body rates each submission for timeliness, using the same scale of one to five used for quality, at each meeting.

The Governing Body rates a submission at 3.0 (satisfactory) if it meets their expectations for timeliness. The target that was set at the beginning of the year was 3.0.

The average rating for timeliness for the year was 3.16, which was slightly above the 2023/24 target of 3.0.

TIMELINESS – GOVERNING BODY RATINGS



Key efficiency indicator

The ERA’s key efficiency indicator is “Cost per submission made to the Governing Body”. The cost includes staffing costs and any other resources involved in preparing the submission.

Ministerial directives

2023/24 performance – Efficiency

The total cost of the ERA’s operations for 2023/24 was \$16.426 million, compared to an expenditure limit of \$17.868 million published in the budget estimates.

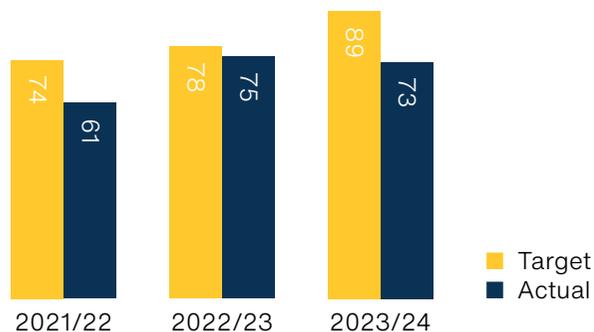
The average cost per submission was \$72,680 against the target of \$89,340. The cost per submission was lower than the target due to reduced employee benefits expenditure resulting from the tight labour market and the inability to retain staff in this market and general underspends in Supplies and Services and an increase in the number of submissions.

The ERA is independent of direction or control by the State or any Minister or officer of the State in performing its regulatory functions.

However, under sections 28(2) and 28(3) of the *Economic Regulation Authority Act 2012*, the Treasurer may give direction in writing to the ERA on administration matters. No ministerial directives were received during 2023/24.

	2021/22 actual	2022/23 actual	2023/24 target	2023/24 actual
Cost of services (\$ million)	14.007	14.489	17.868	16.426
Number of submissions	231	193	200	226
Average cost of submission (\$000)	61	75	89	73

AVERAGE COST (PER SUBMISSION)



Other financial disclosures

Pricing policies of services provided

The ERA receives funding from regulated industries. This funding is on a full cost recovery basis. Appendix 2 provides information about the instruments that allow this funding, the types of charges that can be made, and who is to pay.

Capital works

The ERA had no capital works expenditure in 2023/24.

Employment and industrial relations

The ERA's staff are employed under the *Public Service Award 1992* and the *Public Sector CSA General Agreement 2022*.

There were no industrial disputes recorded during 2023/24.

At 30 June 2024, the ERA employed 80 public sector staff, three Governing Body members and a Chief Executive Officer.

STAFF NUMBERS BY CATEGORY OF EMPLOYMENT 2023/24

Employment category	Number of staff at 30 June 2023	Number of staff at 30 June 2024
Permanent full-time	52	63
Permanent part-time	4	7
Part-time measured on an FTE basis	4.2	6.3
Fixed term full-time	6	8
Fixed term part-time	2	2
Total employees	64	80
Total FTE	62.2	77.3

STAFF NUMBERS BY GENDER 2023/24

Employment category	Male	Female	Total
Permanent full-time	29	34	63
Permanent part-time	1	6	7
Part-time measured on an FTE basis	1.44	4.86	6.3
Fixed term full-time	3	5	8
Fixed term part-time	1	1	2
Total employees	34	46	80
Total FTE	33.4	43.9	77.3

Workers' compensation

The ERA complies with the requirements of the *Work Health and Safety Act 2020* and the *Workers' Compensation and Injury Management Act 1981*.

No compensation cases were filed in 2023/24 and no cases were finalised.

Other legal requirements

Unauthorised use of credit cards

Officers at the ERA hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the ERA's credit card policy, two employees inadvertently used their corporate credit cards for travel and parking.

UNAUTHORISED USE OF CREDIT CARDS 2023/24

Number of instances the Western Australian Government purchasing cards have been used for personal purposes	10
Aggregate amount of personal use expenditure for the reporting period (\$)	196.49
Aggregate amount of personal use expenditure settled by the due date (within 5 working days) (\$)	55.03
Aggregate amount of personal expenditure settled after the period (after 5 working days) (\$)	141.46
Aggregate amount of personal use expenditure remaining unpaid at the end of the reporting period (\$)	Nil
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	Nil

Expenditure on advertising, market research, polling and direct mail

Under Section 175ZE of the *Electoral Act 1907*, all public sector agencies must disclose any expenditure on advertising, market research, polling and direct mail.

EXPENDITURE ON ADVERTISING, MARKET RESEARCH, POLLING AND DIRECT MAIL 2023/24

Expenditure	Service provider	Amount \$
Advertising	State Law Publisher	1,574.20
	Initiative Media Australia Pty Ltd	8,372.05
	LinkedIn	327.26
Market research	Nil	Nil
Direct mail	Nil	Nil
Media advertising	Nil	Nil
Total		10,273.51

Access and inclusion plan

The ERA's Access and Inclusion Plan covers the period 2024 to 2028 and was published in January 2024.

The new plan establishes access and inclusion as the default rather than the exception and aims to ensure that all people benefit from measures that enhance access and inclusion. The ERA has removed the word "disability" from the title, but this does not diminish the plan's role in making sure people with disability are able to receive the supports they need.

Access and Inclusion Plan outcomes

1. All people have the same opportunities to access the services of, and any events organised by, the ERA.
2. All people have the same opportunities to access the building and other facilities of the ERA.
3. All people receive information from the ERA in a format that will enable them to access the information as readily as other people are able to access it.
4. All people receive the same level and quality of service from ERA staff.

5. All people have the same opportunities to make complaints and provide feedback to the ERA.
6. All people have the same opportunities as others to take part in any public consultation by the ERA.
7. All people have the same opportunities as others to obtain and maintain employment with the ERA.

Compliance with public sector standards and ethical codes

The ERA is committed to promoting integrity and high standards of compliance with public sector standards, the Public Sector Code of Ethics and the ERA's Code of Conduct.

Staff undertake mandatory training, including:

- Accountable and ethical decision-making
- Record keeping
- Equal opportunity law
- Risk management
- Sharing culture.

PUBLIC SECTOR STANDARDS COMPLIANCE ISSUES 2023/24

	Number of issues
Compliance issues with public sector standards	0
Compliance issues with the Code of Ethics	0
Compliance issues with the ERA Code of Conduct	0

Recordkeeping plans

The current ERA Record Keeping Plan is compliant with the requirements of the *State Records Act 2000*. All our staff are provided with a comprehensive records induction as part of the broader induction program.

Complaints handling

The ERA may receive complaints in relation to the administration of the Secretariat, employment, procurement and its regulatory functions.

Administration and employment-related complaints are dealt with under the Western Australian Public Sector Code of Ethics, and the ERA's Code of Conduct and Conflict of Interest policy.

Government policy requirements

Workplace safety, health and injury management

The ERA's executive team is committed to providing a safe, healthy and accident-free workplace for staff, contractors and visitors, and complying with the *Work Health and Safety Act 2020* and the *Workers' Compensation and Injury Management Act 1981*.

PERFORMANCE AGAINST WORKPLACE SAFETY AND HEALTH TARGETS 2023/24

Indicator	2023/24 target	2023/24 actual
Number of fatalities	0	0
Lost time injury/disease incidence rate (%) ¹	0	0
Lost time injury severity rate (%) ²	0	N/A
Percentage of injured workers returned to work within: (%)	100	N/A
1. 13 weeks		
2. 26 weeks		
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities (%)	Greater than or equal to 80	80

¹ This is the number of lost time injury and disease (LTI/D) claims lodged where one day or shift or more was lost from work. The number of employees is the agency's full-time equivalent (FTE) figure. The number of LTI/Ds is divided by the number of FTEs, then multiplied by 100.

² This is a measure of incident or accident prevention and the effectiveness of injury management. The severity rate is the number of sever LTI/Ds (actual or estimated 60 or more days lost from work) divided by the number of LTI/D claims, multiplied by 100.

The Work Health and Safety Committee meets regularly, conducts regular inspections of the workplace and regularly reminds staff to report any incidents or hazard.

Board and committee remuneration

Gross remuneration does not include accruals, travel allowance and/or reimbursements, Fringe Benefits Tax or superannuation.

REMUNERATION 2023/24 – ERA GOVERNING BODY

Position	Name	Type of remuneration	Period of membership	Gross remuneration (\$)
Chair	Stephen Edwell	Annual	01/07/2023 – 30/06/2024	388,033
Member	Virginia Christie	Annual	01/07/2023 – 30/06/2024	139,707
Member	Michelle Groves	Annual	01/07/2023 – 30/06/2024	139,707
Total				667,447

Shares

As at 30 June 2024, no senior officers, firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interest in existing or proposed contracts with the ERA other than normal contracts of employment or service.

Conflict of interest

The ERA Code of Conduct, and Fraud and Corruption Control Plan require all employees to ensure that their private interests do not conflict, or appear to conflict, with our professional duties.

Where a conflict of interest (whether actual, potential or perceived) is identified, strict procedures must be followed, including declaration to the Director, Corporate Services. Where necessary, steps are put in place to ensure employees with interests in external parties are not involved in making any decisions in relation to that party.

The ERA has published a statement of business ethics on its website, which sets out the expected standards for doing business with the ERA, including the ethical standards we uphold.

Multicultural Policy Framework

The ERA Multicultural Plan aligns with the State Government's Multicultural Policy Framework and sets out the actions for the ERA to take to contribute to the policy priorities:

- Harmonious and inclusive communities.
- Culturally responsive policies, programs and services.
- Economic, social, cultural, civic and political participation.

All staff are encouraged to complete online cultural competency training as part of their induction process.

More than 44 per cent of our staff come from culturally diverse backgrounds. We celebrated a variety of events throughout the year that represent the diverse cultural backgrounds of our staff, including Diwali, Lunar New Year and Harmony Day/International Day for the Elimination of Racial Discrimination.

Substantive equality

Principles of equality are reflected in all ERA policies and processes. Every year, new staff are encouraged to undergo training in equal opportunity and substantive equality, delivered by officers from the Equal Opportunity Commission.

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Appendix 1: Enabling legislation

The ERA was established under the *Economic Regulation Authority Act 2003*. This Act gives us the function to carry out economic inquiries and other functions under the following Acts of Parliament:

- *Energy Coordination Act 1994*
- *National Gas Access (WA) Act 2009*
- *Railways (Access) Act 1998*
- *Water Services Act 2012*.

The ERA Act also allows for the ERA to be given functions under other Acts of Parliament. The enactments that currently have effect are:

- *Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013*
- *Electricity Industry Act 2004*
- *Energy Industry (Rule Change Panel) Regulations 2016*
- *Gas Services Information Act 2012*
- *Electricity Industry (Pilbara Networks) Regulations 2021*.

The ERA administers the following codes that regulate the conduct of utility service providers:

- *Code of Conduct for the Supply of Electricity to Small Use Customers 2022*
- *Gas Marketing Code of Conduct 2022*
- *Water Services Code of Conduct (Customer Services Standards) 2024*.

The following pieces of legislation allow the ERA to recover funding from the industries we regulate:

- *Economic Regulation Authority (Railways Access Funding) Regulations 2019*
- *Economic Regulation Authority (Electricity Networks Access Funding) Regulations 2012*
- *Economic Regulation Authority (Licensing Funding) Regulations 2014*
- *Economic Regulation Authority (National Gas Access Funding) Regulations 2009*
- *Wholesale Electricity Market Rules (Rule 2.24.5)*
- *Gas Services Information Rules (Rule 110A)*
- *Retail Market Procedures (WA) (Procedure 362B)*.

Other legislation affecting the ERA's activities:

- *Energy Coordination Regulations 2004*
- *Energy Coordination (Customer Contracts) Regulations 2004*
- *Energy Coordination (Last Resort Supply) Regulations 2005*
- *Energy Coordination (Ombudsman Scheme) Regulations 2004*
- *Energy Coordination (Retail Market Schemes) Regulations 2004*
- *National Gas Access (WA) (Local Provisions) Regulations 2009*

- *National Gas Access (WA) (Part 3) Regulations 2009*
- *Electricity Corporations Act 2005*
- *Electricity Corporations (Pilbara Prescribed Customers) Order 2021*
- *Electricity Industry (Access Code Enforcement) Regulations 2005*
- *Electricity Industry (Code of Conduct) Regulations 2005*
- *Electricity Industry (Customer Contracts) Regulations 2005*
- *Electricity Industry (Customer Transfer) Code 2016*
- *Electricity Industry (Licence Conditions) Regulations 2005*
- *Electricity Industry (Metering) Code 2012*
- *Electricity Industry (Network Quality and Reliability of Supply) Code 2005*
- *Electricity Industry (Obligation to Connect) Regulations 2005*
- *Electricity Industry (Ombudsman Scheme) Regulations 2005*
- *Electricity Industry (Wholesale Electricity Market) Regulations 2004*
- *Electricity Networks Access Code 2004*
- *Pilbara Networks Access Code*
- *Pilbara Networks Rules*
- *Railways (Access) Code 2000*
- *Water Services Regulations 2013*.

Appendix 2: Funding instruments and charges

FUNDING INSTRUMENTS AND CHARGES

Instrument	Type of charge	Liability
<i>Economic Regulation Authority (Electricity Networks Access Funding) Regulations 2012</i>	Specific charge Standing charge Document fee Interest fee	Regulated electricity networks
<i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i>	Specific charge Standing charge Annual licence fee Interest charge	Gas licensees Water licensees Electricity licensees
<i>Economic Regulation Authority (National Gas Access Funding) Regulations 2009</i>	Specific charge Standing charge Document fee Meeting admission fee Interest charge	Regulated gas pipelines
<i>Economic Regulation Authority (Railways Access Funding) Regulations 2019</i>	Specific charge Standing charge	Regulated railways
Gas Retail Market Procedures	Regulator's fee	Market participants
Gas Services Information Rules	Regulator's fee	Market participants
<i>Water Services Act 2012</i>	Auditor's fee	Water licensees
Wholesale Electricity Market Rules	Regulator's fee	Market participants

Specific charge: Pass through of costs associated with an activity carried out for a particular service provider.

Standing charge: Calculation of costs to recover salaries and overheads that are not directly attributed to a particular service provider.

Annual licence fee: A fee set by the regulations that is charged to a licensee for each licence they hold on the anniversary of the licence grant date.

Document fee: Any cost of producing and providing documents prepared by, or on behalf of, the ERA.

Meeting admission fee: Any charge for admission to a meeting held by the ERA for the purposes of public consultation.

Regulator's fee: Calculation of costs to recover salaries and overhead costs of carrying out our Wholesale Electricity Market Rules and Gas Services Information Rules functions.

Auditor's fee: Recovery of costs relating to engaging an independent auditor to undertake audits and reviews of asset management systems operated by water licensees.

Interest charge: Payable on any amount not paid within the allowed period of 30 days.

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

Under the instruments allowing charges on regulated electricity, gas and rail industries and the licensing regime, the ERA must disclose the total amount of standing and specific charges paid each year by each regulated entity in our annual report. This information is provided in the table below.

INDUSTRY CHARGES 2023/24

Service provider	Standing charges \$	Specific charges \$ (inc. GST)	Service provider	Standing charges \$	Specific charges \$ (inc. GST)
AGL Sales Pty Ltd	48,994.41	0.00	BHP Nickel West Pty Ltd	438.50	0.00
Alinta Co-Generation (Pinjarra) Pty Ltd	10,466.69	0.00	Bluewaters Power 1 Pty Ltd	8,571.89	0.00
Alinta Co-Generation (Wagerup) Pty Ltd	13,120.75	0.00	Bluewaters Power 2 Pty Ltd	8,571.48	0.00
Alinta DEWAP Pty Ltd	6,124.16	0.00	Bunbury Water Corporation	15,736.42	0.00
Alinta Energy (Chichester) Pty Ltd	1,534.24	0.00	Busselton Water Corporation	12,882.17	0.00
Alinta Energy Transmission (Chichester) Pty Ltd	1,198.80	0.00	Change Energy Pty Ltd	76.01	0.00
Alinta Energy Transmission (Roy Hill) Pty Ltd	8,466.07	0.00	City of Kalgoorlie-Boulder	11,623.43	0.00
Alinta Sales Pty Ltd	215,209.67	0.00	Collgar Wind Farm Pty Ltd	8,298.60	0.00
Amanda Energy Pty Ltd	112.93	0.00	DBNGP (WA) Nominees Pty Ltd	1,623,951.00	0.00
APA (Chichester) Pty Ltd	708.84	140.40	EDL NGD (WA) Pty Ltd	1,103.93	0.00
APA DEWAP Pty Ltd	2,666.27	156.00	EDWF Holdings 1 Pty Ltd	3,708.20	0.00
APA Transmission (Chichester) Pty Ltd	548.92	140.40	Eglington Village Energy Pty Ltd	0.00	428.60
APA Transmission (Roy Hill) Pty Ltd	3,901.64	140.40	Electricity Generation and Retail Corporation t/a Synergy	293,946.60	0.00
Aqua Ferre (Muchea) Pty Ltd	56.86	0.00	Electricity Networks Corporation	1,545,592.23	6,600.00
Aquasol Pty Ltd	103.21	0.00	Gascoyne Water Co-operative Ltd	142.58	0.00
Arc Infrastructure Pty Ltd	124,943.44	27,071.00	Goldfields Gas Transmission Pty Ltd	658,349.73	204,383.52
ATCO Gas Australia Pty Ltd	1,273,342.17	544,805.46	Goldfields Power Pty Ltd	4,112.36	0.00
ATCO Power Australia (Karratha) Pty Ltd	3,588.58	0.00	Hamersley Iron Pty Ltd	1,799.32	0.00
BEI WWF Pty Ltd as trustee for the WWF Trust	6,728.59	0.00			

Service provider	Standing charges \$	Specific charges \$ (inc. GST)	Service provider	Standing charges \$	Specific charges \$ (inc. GST)
Ipower 2 Pty Ltd and IPower Pty Ltd	14,661.21	124.80	Roy Hill Infrastructure Pty Ltd	124,943.44	0.00
Karara Power Pty Ltd	2,844.60	0.00	Shell Energy Retail Pty Ltd	19.40	0.00
Lancelin South Pty Ltd	20.37	0.00	South West Irrigation Management Co-operative Ltd	999.82	0.00
Merredin Energy Pty Ltd	107.99	0.00	South32 Worsley Alumina Pty Ltd	4,280.12	0.00
Merredin Project Company Pty Ltd as trustee for the Merredin Project Trust	3,738.10	0.00	Southern Cross Pipelines Australia Pty Ltd	88,342.94	0.00
Newgen Neerabup Partnership	12,358.19	0.00	TEC Desert Pty Ltd and TEC Desert No. 2 Ltd	17,983.48	606.80
Newgen Power Kwinana Pty Ltd	12,253.51	0.00	TEC Hedland Pty Ltd	5,607.57	0.00
Newmont AP Power Pty Ltd	0.00	124.80	The Pilbara Infrastructure Pty Ltd	124,943.44	0.00
North Western Energy Pty Ltd, Pacific Hydro Group Two Pty Ltd and Energis Australia Pty Ltd	5,013.03	0.00	Tronox Management Pty Ltd	276.56	0.00
Origin Energy Retail Pty Ltd	7,681.40	0.00	Water Corporation	1,094,637.66	0.00
Peel Renewable Energy Pty Ltd	0.00	0.00	Wesfarmers Kleenheat Gas Pty Ltd	111,905.84	0.00
Perth Energy Pty Ltd	497.82	0.00	Western Energy Pty Ltd	4,485.72	0.00
Public Transport Authority of Western Australia	124,943.44	3,575.00	Wind Portfolio Pty Ltd	5,698.74	0.00
RATCH-Australia Kemerton Pty Ltd	11,588.13	0.00	WR Carpenter No. 1 Pty Ltd	4,324.24	0.00
Regional Power Corporation t/a Horizon Power	40,160.53	0.00	Yandin WF Pty Ltd as trustee for Yandin WF Unit Trust	8,007.03	0.00
Robe River Mining Co Pty Ltd	293.91	0.00			
Rottnest Island Authority	219.34	109.20	Total	7,753,558.26	788,406.38

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