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To the Chairperson Australian Energy Market Commission

Opinion

I have audited the financial report of the Australian Energy Market Commission (the Commission) for the financial year ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Commission as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chairperson, the Chief Executive and the Head of Finance & IT.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive and the Commissioners for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The Commissioners are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 26(2) of the *Australian Energy Market Commission Establishment Act 2004*, I have audited the financial report of the Commission for the financial year ended 30 June 2024.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and the Commission about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

27 September 2024

Australian Energy Market Commission

ABN 49 236 270 144

Annual Financial Statements

for the year-ended

30 June 2024

Simplified Disclosures

Australian Energy Market Commission

Certification of the Financial Statements

We certify that the:

- financial statements of the Australian Energy Market Commission (the **AEMC** or the **Commission**):
 - are in accordance with the accounts and records of the Commission;
 - comply with relevant Treasurer’s Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Commission at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Commission for the financial year over its financial reporting and its preparation of financial statements have been effective.



.....

Benn Barr
Chief Executive



.....

Christopher Brennan
Head of Finance & IT



.....

Anna Collyer
Chairperson

Date: 26 September 2024

Australian Energy Market Commission

Statement of Comprehensive Income

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income			
Contributions from participating jurisdictions	2.1	36,677	33,603
Sales of goods and services	2.2	690	2,501
Other income	2.3	2,396	395
Total income		39,763	36,499
Expenses			
Employee related expenses	3.4	24,334	22,294
Supplies and services	4.1	14,111	10,403
Depreciation and amortisation	5.1, 5.5	3,422	3,503
Interest expense	4.2	233	264
Other expenses	4.3	715	(1)
Total expenses		42,815	36,463
Net result		(3,052)	36
Total comprehensive result		(3,052)	36

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the participating jurisdictions as owners.

Australian Energy Market Commission

Statement of Financial Position

as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.2	5,831	11,389
Receivables	6.3	1,907	1,921
Other financial assets	6.4	7,616	7,616
Total current assets		15,354	20,926
<u>Non-current assets</u>			
Property, plant and equipment	5.1	16,664	18,858
Intangible assets	5.5	274	609
Total non-current assets		16,938	19,467
Total assets		32,292	40,393
<u>Current liabilities</u>			
Payables	7.2	1,421	1,235
Lease liabilities	7.3	2,653	2,584
Employee related liabilities	3.5	1,817	2,174
Other liabilities	7.4	804	3,584
Total current liabilities		6,695	9,577
<u>Non-current liabilities</u>			
Employee related liabilities	3.5	769	488
Lease liabilities	7.3	13,925	16,480
Provisions	7.5	961	854
Total non-current liabilities		15,655	17,822
Total liabilities		22,350	27,399
Net Assets		9,942	12,994
<u>Equity</u>			
Retained earnings		7,925	10,977
Contributed capital		2,017	2,017
Total Equity	8.1	9,942	12,994

The accompanying notes form part of these financial statements. The total equity is attributable to the participating jurisdictions as owners.

Australian Energy Market Commission

Statement of Changes in Equity

for the year ended 30 June 2024

	Note	Contributed capital \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2022		2,017	10,941	12,958
Net result for 2022-23		-	36	36
Total comprehensive result for 2022-23		-	36	36
Balance at 30 June 2023		2,017	10,977	12,994
Net result for 2023-24		-	(3,052)	(3,052)
Total comprehensive result for 2023-24		-	(3,052)	(3,052)
Balance at 30 Jun 2024	8.1	2,017	7,925	9,942

The accompanying notes form part of these financial statements. All changes in equity are attributable to the participating jurisdiction as owners.

Australian Energy Market Commission

Statement of Cash Flows

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Receipts from participating jurisdictions		33,365	35,006
Sales of goods and services		2,466	1,668
Interest received		605	264
GST recovered from the ATO		1,593	1,291
Receipts for paid parental leave scheme		4	11
Cash generated from operations		38,033	38,240
<i>Cash outflows</i>			
Employee related payments		(24,010)	(20,143)
Payments for supplies and services		(15,972)	(13,515)
Payments for paid parental leave scheme		(4)	(11)
Interest paid		(253)	(288)
Cash (used in) operations		(40,239)	(33,957)
Net cash (used in)/ provided by operating activities		(2,206)	4,283
<u>Cash flows from investing activities</u>			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		7	-
Cash generated from investing activities		7	-
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(853)	(369)
Purchase of intangible assets		(7)	-
Purchase of financial assets		-	(411)
Cash (used in) investing activities		(860)	(780)
Net cash (used in) investing activities		(853)	(780)
<u>Cash flows from financing activities</u>			
Repayment of principal portion of lease liabilities		(2,499)	(2,362)
Net cash (used in) financing activities		(2,499)	(2,362)
Net (decrease)/ increase in cash and cash equivalents		(5,558)	1,141
Cash and cash equivalents at the beginning of the period		11,389	10,248
Cash and cash equivalents at the end of the period	6.2	5,831	11,389

The accompanying notes form part of these financial statements.

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1. About the Australian Energy Market Commission

The Commission is a body corporate established under South Australian law.

The Commission does not control any other entity and has no interest in unconsolidated structured entities. The Commission has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The objectives and activities of the Commission are detailed in note 1.2.

The Commission continued to administer resources on behalf of the Energy Security Board (**ESB**) in financial year 2024. The ESB was established by the COAG Energy Council to coordinate the implementation of the reform blueprint produced by Australia's Chief Scientist, Dr Alan Finkel AO, and provide whole-of-system oversight for energy security and reliability to drive better outcomes for consumers.

Transactions and balances relating to the administered resources are not recognised as the Commission's income, expenses, cash inflows or cash outflows, assets or liabilities. Administered financial statements relating to administered resources are disclosed in note 10.

In May 2023 Energy Ministers approved establishing the Energy Advisory Panel (**EAP**) as a refocusing of the ESB to coordinate market bodies' advice to governments under the National Energy Transformation Partnership with effect from 1 July 2023. The AEMC will not administer funds on behalf of the EAP.

In March 2024 the Department of Climate Change, Energy, the Environment and Water directed that the remaining ESB funds administered by the Commission, net of disbursements to other market bodies, should be transferred to the AEMC as part of the funding for the Transmission Access Reform project. Consequently, the AEMC's controlled funds increased by \$1,660,000, from which the Commission was required to disburse funds to other market bodies as per the transition plan approved by Senior Energy Officials.

1.1. Basis of preparation

The financial statements are general-purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- South Australian Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the provisions of the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards, applying simplified disclosures.

For the purposes of preparing the financial statements, the Commission is a not-for-profit entity. The Commission is not subject to income tax. The Commission is liable for payroll tax, fringe benefits tax (**FBT**) and goods and services tax (**GST**).

The financial statements are prepared on a 12-month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is identified in the notes to the financial statements. Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (**ATO**), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Cash flows include GST in the Statement of Cash Flows.

Assets and liabilities that are to be sold, consumed or realised as part of the normal 12-month operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/ or accounting policy statements have required a change.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

1.2. Objectives and activities

Objectives

The Commission was established on 22 July 2004 pursuant to the Australian Energy Market Commission Establishment Act 2004 (South Australia). The Commission operates in Australia from a single office in Sydney, NSW.

The Commission's key functions under the AEMC Establishment Act, the National Electricity Law, National Gas Law, and the National Energy Retail Law, are to:

- consider rule change requests and make rule determinations;
- conduct market reviews on request of Energy Ministers or on the AEMC's own initiative; and
- provide advice on request from Energy Ministers.

Activities

The Commission undertakes the following activities:

- make and revise the energy rules;
- undertake reviews and provides advice to governments and others on improvements to regulatory and energy market arrangements;
- develop electricity guidelines and standards together with the Reliability Panel; and
- undertake major projects which may involve a combination of reviews and rule changes conducted over an extended period of time.

1.3. Economic dependency

The continued existence of the Commission in its present form is dependent on Government policy in each of the jurisdictions who fund the AEMC, and the Commonwealth Government. The Commission is unable to borrow funds and retains capital and cash reserves sufficient to meet the majority of its liabilities and unrecognised contractual commitments.

To assist with revenue certainty, the Ministerial Council on Energy approves funding for the Commission for the next year and notes the three forward years based on the funding submission put forward by the

Commission in August each year. In November 2023 the Ministerial Council on Energy advised the approval of funding of \$38.54m for the Core Budget of the Commission for the financial year 2024-25.

2. Income

Income is recognised to the extent it is probable that the flow of economic benefits to the Commission will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

2.1. Contributions from participating jurisdictions

	2024	2023
	\$'000	\$'000
Operational funding	36,677	33,603
Total contributions from participating jurisdictions	36,677	33,603

The Commission's funding is provided through contributions by the participating jurisdictions within the meaning of the National Electricity Law and the National Gas Law and the National Energy Retail Law. All jurisdictions' contributions to the Commission are expenses of the respective State and Territory Governments and are not inter-agency transactions.

Contributions are recognised as an asset and income when the Commission obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

2.2. Sales of goods and services

All revenue from the sale of goods and services is revenue recognised from contracts with customers.

	2024	2023
	\$'000	\$'000
Recovery for staff secondment costs	552	2,170
Recovery for corporate services	138	331
Total sales of goods and services	690	2,501

Provision of staff secondment and corporate services for back-office support to customers requires the ongoing provision of services over the term of the agreement, for which recovery revenue is recognised over the time services are provided. This is because the employees' obligations are satisfied over time.

Payments are generally due monthly in arrears for the ongoing provision of staff secondment and corporate services. Revenue is based on recovery for the employment costs incurred and estimated on-costs if applicable in respect of the staff secondment services, or as provided for in the secondment agreement. Revenue for corporate services recovery is based on an agreed monthly amount.

2.3. Other income

	2024	2023
	\$'000	\$'000
Administered funds transferred to the AEMC upon the winding up of the ESB	1,660	-
Interest income	736	395
Total other income	2,396	395

3. Commissioners, committees and employees

3.1. Key management personnel

Key management personnel of the authority include the Commissioners, the Chief Executive and members of the Executive Leadership Team who have responsibility for the strategic direction and management of the Commission.

Total compensation for key management personnel was \$4,463,748 in 2023-24 and \$4,485,503 in 2022-23.

Transactions with key management personnel and other related parties

The Commission is a statutory authority established pursuant to the *Australian Energy Market Commission Establishment Act 2004*.

The Commission is not owned or controlled by the South Australian Government. Related parties of the Commission include all key management personnel, their close family members and any entities controlled by those persons.

There were no transactions with key management personnel or other related parties during the financial year.

3.2. Commissioners

The following persons held the position of Commissioner during the financial year:

Anna Collyer (Chair)

Sally McMahon

Charles Popple (term ended 10 June 2024)

Tim Jordan

Remuneration of Commissioners

The number of Commissioners whose remuneration received or receivable falls within the following bands:	2024 No.	2023 No.
\$280,000 – \$299,999	-	2
\$380,000 – \$399,999	2	-
\$420,000 – \$439,999	-	2
\$460,000 – \$479,999	1	-
\$720,000 – \$739,999	1	-
\$800,000 – \$819,999	-	1
Total number of Commissioners	4	5

Commissioners are appointed by the Governor of South Australia on the recommendation of the Minister following nomination by the Ministerial Council on Energy as appropriate in accordance with the *Australian Energy Market Establishment Act 2004*.

The total remuneration received or receivable by Commissioners as of 30 June 2024 was \$1,987,000 (2023: \$2,233,000). Remuneration of Commissioners reflects all costs of performing Commission member duties including sitting fees, salaries and wages, superannuation contributions, salary sacrifice benefits and fringe benefits and any net FBT paid or payable in respect of those benefits.

Commissioners respective travel days and times are dictated by the requirement for them to attend AEMC meetings, functions, and event schedules, including meetings and other internal and external stakeholder activity to carry out their roles. FBT is payable for a portion of travel from Commissioners state of residence.

3.3. Committee members

Remuneration of committee members

Committee Members during the 2023-24 financial year were:

Reliability Panel

Charles Popple (Chair, term ended 10 June 2024)

Tim Jordan (Chair, appointed 11 June 2024)

Audit and Risk Management Committee (ARMC)

David Pendleton (Chair)

Stephen Horne

Sally McMahon (Commissioner representative)

The number of external ARMC members (excluding the Commissioners) whose remuneration received or receivable falls within the following bands:	2024 No	2023 No
\$0 – \$19,999	2	2
Total number of members	2	2

The total remuneration received or receivable by external ARMC members (excluding the Commissioners) as of 30 June 2024 was \$23,000 (2023: \$21,000). Remuneration of external ARMC members (excluding the Commissioners) reflects all costs of performing ARMC member duties including sitting fees, salaries and wages, superannuation contributions, salary sacrifice benefits and fringe benefits and any net FBT paid or payable in respect of those benefits.

3.4. Employee related expenses

	2024 \$'000	2023 \$'000
Salaries and wages	19,125	17,664
Long service leave	213	120
Annual leave	1,636	1,504
Employment on-costs – superannuation	2,087	1,829
Payroll and Fringe Benefits Tax	1,267	1,171
Relocation expenses	6	6
Total employee related expenses	24,334	22,294

Employees are appointed under common law contracts and are not employees under the South Australian *Public Sector Act 2009*.

Employee related expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Employment on-costs superannuation

The superannuation employment on-cost represents the contributions made by the Commission to the superannuation plan in respect of the current services of current Commission staff.

Employee remuneration

The number of employees whose remuneration received or receivable falls within the following bands:	2024 No.	2023 No.
\$160,001 to \$166,000 *	N/a	4
\$166,001 to \$186,000	11	12
\$186,001 to \$206,000	11	8
\$206,001 to \$226,000	7	4
\$226,001 to \$246,000	4	9
\$246,001 to \$266,000	7	6
\$266,001 to \$286,000	5	3
\$286,001 to \$306,000	2	1
\$326,001 to \$346,000	1	-
\$346,001 to \$366,000	-	3
\$366,001 to \$386,000	3	-
\$386,001 to \$406,000	1	1
\$486,001 to \$506,000	1	1
Total number of employees	53	52

* This band has been included for the purpose of reporting comparative figures based on the executive base-level remuneration rate for 2022-23.

The total remuneration received by those employees as of 30 June 2024 was \$12,656,000 (2023: \$11,896,000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year, as established by the South Australia Department of Treasury and Finance. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any net FBT paid or payable in respect of those benefits as well as any termination benefits for employees who have left the Commission.

3.5. Employee related liabilities

	2024 \$'000	2023 \$'000
Current		
Accrued salaries and wages	6	2
Annual leave	1,287	1,195
Long service leave	16	182
Employment on-costs	508	795
Total current employee related liabilities	1,817	2,174
Non-current		
Long service leave	687	438
Employment on-costs	82	50
Total non-current employee related liabilities	769	488
Total employee related liabilities	2,586	2,662

Long-term employee related liabilities are measured at present value and short-term employee related liabilities are measured at nominal amounts.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are then applied to the Commission's employee details.

Key assumptions include whether the characteristics of employee remuneration, terms of service in accordance with employment contracts, and expectations as to when employees take long service leave, as established by the actuary, are applicable to employees of the Commission. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability.

The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased from 4.0% in 2023 to 4.25% in 2024. The increase in the bond yield results in a decrease in the reported long service leave liability.

The unconditional portion of the long service leave provision is classified as current as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service for NSW and 7 years for Victoria.

Employment on-costs

Employment on-costs include payroll tax, workers compensation levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

The Commission contributes to several externally managed superannuation schemes on behalf of employees. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid.

4. Expenses

Employee related expenses are disclosed in note 3.4.

4.1. Supplies and services

	2024	2023
	\$'000	\$'000
Property expenses	49	92
Information technology expenses	2,855	2,882
Accounting, legal and audit expenses	263	305
Project contractor and consultancy expenses #	5,535	3,748
Other contractor and consultancy expenses	987	549
Project support expenses *	387	286
General office administration expenses	271	221
Short-term and low-value leases	33	27
Variable lease payments	596	526
Travel and accommodation expenses	497	420
Recruitment expenses	960	535
Staff training expenses	1,253	524
Other staff-related expenses	425	288
Total supplies and services	14,111	10,403

Includes professional services such as economic advice, modelling, and legal advice directly related to project work on rule changes, market reviews and expert panels.

* Includes stakeholder communication, venue hire, research data and statutory advertising directly related to project work on rule changes, market reviews and expert panels.

Consultants

The AEMC supplements its own resources with consultants. The number of consultancies and dollar amount paid/ payable (included in Supplies and services expense) to consultants fell within the following bands:

	2024		2023	
	No.	\$'000	No.	\$'000
Below \$10,000	9	52	4	31
\$10,000 or above	63	6,654	34	4,297
Total	72	6,706	38	4,328

4.2. Interest expense

	2024	2023
	\$'000	\$'000
Interest expense on lease liabilities	233	264
Total interest expense	233	264

The Commission does not capitalise interest expense.

4.3. Other expenses

	2024	2023
	\$'000	\$'000
Disbursement of administered funds to other market bodies upon winding up of the ESB	640	-
Net loss/ (gain) from disposal of property, plant and equipment	75	(1)
Total other expenses	715	(1)

Any (gain)/ loss on disposal of property, plant and equipment is recognised at the date control of the asset is passed to the buyer and is determined after deducting the written-down value from the proceeds of the asset sale at the time.

5. Non-financial assets

5.1. Property, Plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned and right-of-use (leased) assets. The assets presented below do not meet the definition of investment property.

Reconciliation 2023-24

	Leasehold Improvement	Plant & Equipment.	IT Infrastructure	ROU- Building	ROU – Plant & Equipment	Work in Process	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	4,415	523	1,995	22,638	81	501	30,153
Accumulated depreciation	(1,784)	(453)	(1,295)	(9,998)	(66)	-	(13,596)
Other adjustment	-	-	-	107	-	-	107
Carrying amount	2,631	70	700	12,747	15	501	16,664
Carrying amount at the beginning of the period	3,100	104	556	14,903	32	163	18,858
Acquisitions	-	3	513	-	-	338	854
Disposals/ write-offs	(28)	(19)	(28)	-	-	-	(75)
Depreciation/ amortisation)	(441)	(18)	(341)	(2,263)	(17)	-	(3,080)
Other adjustment	-	-	-	107	-	-	107
Carrying amount at the end of the period	2,631	70	700	12,747	15	501	16,664

5.2. Useful life and depreciation

Depreciation is calculated on a straight-line basis. Property, plant and equipment depreciation is calculated over the estimated useful life as follows:

Class of Assets	Useful Life (years)
Plant and Equipment	3 – 20
Leasehold improvements	10 – 12
IT Infrastructure	2 – 10

The useful life of a right-of-use asset is the lease term.

Review of accounting estimates

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the period or method, as appropriate.

All non-current assets with a limited useful life are systematically depreciated/ amortised over their useful lives in a manner that reflects the consumption of their service potential.

5.3. Property, Plant and equipment owned by the Commission

Property, plant and equipment owned by the Commission with a value equal to or in excess of \$2,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Commission is subsequently measured at fair value.

Plant and equipment

All items of plant and equipment owned by the Commission that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than 3 years have not been revalued. The carrying value of these items is deemed to approximate fair value.

Impairment

Plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

5.4. Property, plant and equipment leased by the Commission

Right-of-use assets for property, plant and equipment leased by the Commission as lessee are measured at cost.

Short-term leases of 12 months or less and low-value leases, where the underlying asset value is less than \$15,000, are not recognised as right-of-use assets.

The Commission has the following leases:

- a lease of 2,105.2 square metres for the current office premises with Dexus CPA Pty Ltd in Sydney CBD. The lease commenced on 1 February 2020 for a term of 10 years with an option to renew for another 5 years, which has not been taken up as at 30 June 2024.
- 3 car parking spaces with a 10-year lease term, with Dexus CPA Pty Ltd, commenced on 1 February 2020.
- 8 HP printers with a 5-year lease term, with Data#3, installed in the office premises on 1 July 2020.

5.5 Intangible assets

	2024	2023
	\$'000	\$'000
Computer software, at cost (deemed fair value)	3,248	3,248
Acquisitions	7	-
Accumulated amortisation	(2,981)	(2,639)
Total intangible assets	274	609

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of the expenditure is greater than or equal to \$2,000.

The useful lives of intangible assets are between 4 to 5 years. The amortisation is calculated on a straight-line basis.

Reconciliation 2023-24

	Intangible assets \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	609	-	609
Acquisitions	7	-	7
Amortisation	(342)	-	(342)
Carrying amount at the end of the period	274	-	274

6. Financial assets

6.1. Categorisation of financial assets

	2024 Carrying amount \$'000	2023 Carrying amount \$'000
Financial assets		
Cash and cash equivalents		
Cash and cash equivalents	5,831	11,389
Other financial assets	7,616	7,616
Financial assets at amortised costs		
Receivables	396	389
Total financial assets	13,843	19,394

Receivables as disclosed in this note do not include statutory amounts as these are not financial instruments. Prepayments are excluded as they are not financial assets.

6.2. Cash and cash equivalents

	2024 \$'000	2023 \$'000
Cash at bank and on hand	5,831	11,389
Total cash and cash equivalents	5,831	11,389

Cash and cash equivalents include cash at bank and cash on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash, and which are subject to insignificant risk in changes in value.

Cash is measured at nominal value.

Cash and cash equivalents do not include cash held on behalf of the ESB of \$6,000 (2023: \$4,165,000).

6.3. Receivables

	2024 \$'000	2023 \$'000
Contractual receivables		
From other government entities	167	255
Total contractual receivables	167	255
Statutory receivables		
GST input tax recoverable	637	520
Fringe benefits tax receivable	102	-
Total statutory receivables	739	520
Interest receivable	229	134
Prepayments	772	1,012
Total receivables	1,907	1,921

Contractual receivables arise in the normal course of selling goods and services to other government agencies and the public. Contractual receivables are normally settled within 30 days after the issue of an invoice, or the goods/ services have been provided under a contractual arrangement.

The net amount of GST recoverable from the ATO is included as part of receivables.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

There are no impairment losses related to contracts with customers external to the Commission.

6.4. Other financial assets

	2024 \$'000	2023 \$'000
Short-term deposits	7,616	7,616
Total short-term deposits	7,616	7,616

Short-term deposits

Short-term deposits are made for varying periods of nine months and twelve months. The deposits are lodged with the ANZ bank and earn interest at the respective short-term deposit rates.

7. Liabilities

Employee related liabilities are disclosed in note 3.5.

7.1. Categorisation of financial liabilities

	2024 Carrying Amount \$'000	2023 Carrying Amount \$'000
Financial liabilities at amortised costs		
Payables	607	1,102
Lease liabilities	16,578	19,064
Total financial liabilities	17,185	20,166

Payables as disclosed in this note do not include accrued expenses or statutory amounts as these are not financial instruments.

7.2. Payables

	2024 \$'000	2023 \$'000
Current		
Contractual payables	607	440
Accrued expenses	777	404
ESB Funding Payables	-	342
Statutory payables		
Fringe benefits tax payable	-	10
Audit fee payable	37	39
Total statutory payables	37	50
Total current payables	1,421	1,235
Total payables	1,421	1,235

Payables and accrued expenses are recognised for all amounts owing but unpaid. Contractual payables are normally settled within 30 days from the date the invoice is received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

7.3. Lease liabilities

	2024 \$'000	2023 \$'000
Current lease liabilities	2,653	2,584
Non-current lease liabilities	13,925	16,480
Total lease liabilities	16,578	19,064

The Commission measures lease liabilities at amortised cost.

7.4. Other liabilities

	2024 \$'000	2023 \$'000
Current		
Unearned revenue	804	3,584
Total other liabilities	804	3,584

7.5. Provisions

	2024 \$'000	2023 \$'000
Non-current		
Provision for make good	961	854
Total non-current provisions	961	854
Carrying amount at the beginning of the period	854	851
Remeasurement	107	3
Carrying amount at end of the period	961	854

Provisions are recognised when the Commission has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The Commission has no requirement to recognise a workers compensation provision as workplace injuries are insured through iCare insurance (NSW), Zurich (ACT), WorkCover (QLD), EML (VIC), Allianz West (WA) and ReturntoWorkSA (SA).

Provision for make good

The Commission has recognised a provision for make good as a result of its obligation to return refurbished leasehold improvements to their original condition at the end of its lease for the current office premises. In accordance with AASB 16 *Leases*, the initial provision for make good on the current office premises has been recognised as part of the right-of-use property.

8. Other disclosures

8.1. Equity

	2024 \$'000	2023 \$'000
Contributed Capital		
New South Wales	750	750
Victoria	556	556
Queensland	432	432
South Australia	173	173
Tasmania	54	54
Australian Capital Territory	36	36
Western Australia	14	14
Northern Territory	2	2
Total contributed capital	2,017	2,017
Retained earnings	7,925	10,977
Total Equity	9,942	12,994

The Ministerial Council on Energy Standing Committee of Officials meeting of 7 December 2006 approved the maintenance of a Capital reserve to meet any adverse funding situation or unexpected cash flows. Each

State and Territory provided their portion of the funds for the Capital reserve which is intended to be retained by the Commission for its lifetime or until such time as sufficient reserves have been created through annual surpluses.

9. Outlook

9.1. Unrecognised commitments

Commitments arising from contractual sources are disclosed at their nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Contractual commitments to acquire property, plant and equipment

	2024	2023
	\$'000	\$'000
Not later than one year	144	280
Later than one year but not longer than five years	15	-
Total capital commitments	159	280

Other contractual commitments

Other contractual commitments comprise IT managed services, software licenses, subscriptions and professional fees.

	2024	2023
	\$'000	\$'000
Not later than one year	5,105	3,991
Later than one year but not longer than five years	164	682
Total other contractual commitments	5,269	4,673

9.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Commission is not aware of any contingent assets and liabilities.

9.3. Events after reporting period

On 16 August 2024, the AEMC was served with a summons for proceedings in the Supreme Court of NSW concerning the AEMC's determination on an administered price cap event compensation claim. The plaintiff is seeking orders to (among other things): have the AEMC's decision set aside and remitted to the AEMC to remake according to law; have the AEMC repay to the plaintiff costs charged; and that the AEMC pay the plaintiff's costs of the proceedings.

10. Disclosure of administered items

From March 2018 until June 2024, the Commission administered resources on behalf of the ESB. Contributions from the Commonwealth and States and Territories were held by the AEMC, with the Commission entering into contracts with suppliers on behalf of the ESB. Except for employee-related activities, the transactions and balances of the ESB presented below are not recognised in the financial statements of the Commission.

Staff secondment expenses disclosed below include the cost of the Commission staff assigned to ESB activities, which are also recognised as employee benefit expenses in the Commission's Statement of Comprehensive Income.

As at the time of reporting, the only administered funds remaining related to interest received after the balance date, which was transferred to the AEMC on 1 July 2024.

	2024 \$'000	2023 \$'000
<u>Administered income</u>		
Contributions from the Commonwealth	342	2,023
Contributions from the States and Territories	-	4,921
Interest income	96	178
Total administered income	438	7,122
<u>Administered expenses</u>		
Staff secondment expenses	2,025	4,705
Supplies and services	1,152	8,557
Depreciation	-	-
Total administered expenses	3,177	13,262
Net result	(2,739)	(6,140)
<u>Administered current assets</u>		
Cash and cash equivalents	6	4,165
Receivable – due from the AEMC	-	342
Total assets	6	4,507
<u>Administered current liabilities</u>		
Payables – due to the AEMC	6	648
Creditors	-	773
Total liabilities	6	1,421
Net assets	-	3,086
<u>Administered equity</u>		
Retained earnings	-	3,086
Total administered equity	-	3,086

	2024	2023
	\$'000	\$'000
Cash inflows from operating activities		
Contributions from the Commonwealth	342	2,023
Contributions from the States and Territories	-	4,597
Interest received	97	178
Cash generated from operations	439	6,798
Cash outflows from operating activities		
Employee related payments	(225)	(4,705)
Payments for supplies and services	(2,713)	(7,380)
Payments to the AEMC	(1,660)	-
Cash used in operations	(4,598)	(12,085)
Net cash provided by/ used in operations	(4,159)	(5,287)
Net increase in cash and cash equivalents	(4,159)	(5,287)
Cash and cash equivalents at the beginning of the period	4,165	9,452
Cash and cash equivalents at the end of the period	6	4,165