

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Purpose

The Independent Competition and Regulatory Commission (the Commission) has responsibility for a range of regulatory matters under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act), the *Utilities Act 2000* (the Utilities Act), the *Electricity (Greenhouse Gas Emissions) Act 2004*, and the *Electricity Feed-in (Renewable Energy Premium) Act 2008*.

Section 7 of the ICRC Act sets out the Commission's objectives as:

- promoting effective competition in the interests of consumers;
- facilitating an appropriate balance between efficiency, environmental and social considerations; and
- ensuring non-discriminatory access to monopoly and near-monopoly infrastructure.

Section 8 of the ICRC Act defines the functions of the Commission for ministerially declared regulated industries, and government-regulated activities. Those functions include matters such as pricing regulation, access arrangements, utilities regulation and competitive neutrality complaints.

The Utilities Act provides for the regulation of electricity, natural gas, water and sewerage utility services. In discharging its responsibilities under this legislation, the Commission's objectives are to:

- encourage the provision of safe, reliable, efficient and high-quality utility services at reasonable prices;
- minimise the potential for misuse of monopoly power and promote competition in the provision of utility services;
- encourage long term investment, growth and employment in utility services; and
- protect the interests of consumers.

The *Electricity (Greenhouse Gas Emissions) Act 2004* established the ACT's Greenhouse Gas Abatement Scheme, the purpose of which was to reduce greenhouse gas emissions associated with the production and use of electricity, and to encourage participation in activities to offset the production of greenhouse gas emissions. The scheme ceases from 1 July 2012. The Commission is the scheme regulator, and will have residual responsibilities in the winding up of the scheme, to be completed by December 2012.

The *Electricity Feed-in (Renewable Energy Premium) Act 2008* establishes a scheme for feed-in to the electricity network from renewable energy generators. The Act provides for the provision of advice by the Commission to the Minister for the Environment and Sustainable Development to assist in the annual determination of the premium rate for electricity fed into the network. The Commission is also responsible for overseeing compliance with the scheme through the licence conditions of electricity supply and distribution utilities.

2012-13 Priorities

The strategic and operational issues to be pursued in 2012-13 include:

- overseeing pricing arrangements for water and wastewater services under the five-year price path commenced from 1 July 2008;
- determining pricing arrangements for water and wastewater services from 1 July 2013;
- overseeing pricing arrangements for retail electricity for franchise customers for the period from 1 July 2012 to 30 June 2014;
- providing advice to the Minister for the Environment and Sustainable Development on the determination of the premium rate under the *Electricity Feed-in (Renewable Energy Premium) Act 2008* for electricity fed into the network and reporting on the operation of the scheme;
- overseeing the regulatory regime established under the Utilities Act, including licensing and compliance monitoring and reporting on utility compliance and performance;
- responding to the Government's requirements for advice on competition policy matters, and discharging the Commission's statutory role in competitive neutrality complaints handling;
- overseeing the regulatory requirements arising from the cessation of the Greenhouse Gas Abatement Scheme established under the *Electricity (Greenhouse Gas Emissions) Act 2004* including monitoring and reporting on compliance following the cessation of the scheme from 1 July 2012;
- producing and publishing the Commission's second ACT Greenhouse Gas Inventory, to advise on and assist with meeting the challenges raised by the ACT's commitment to addressing climate change; and
- cooperating with the national regulatory body, the Australian Energy Regulator, and relevant ACT Government policy agencies, to implement the changes arising from the transfer from 1 July 2012 of regulatory responsibilities in the energy sector as agreed by the ACT as a party to the Council of Australian Governments' Australian Energy Market Agreement.

Estimated Employment Level

2010-11 Actual Outcome		2011-12 Budget	2011-12 Est. Outcome	2012-13 Budget
8	Staffing (FTE)	6	9 ¹	6 ²

Notes:

1. The increase of 3 FTE in the estimated outcome from the original budget reflects the Commission's decision to meet its non recurrent workload by appointing temporary staff rather than using external contractors and consultants.
2. The decrease of 3 FTE in the 2012-13 Budget from the 2011-12 estimated outcome reflects the Commission's expected staffing levels.

Changes to Appropriation

Changes to Appropriation - Controlled

Government Payment for Outputs	2011-12 Est. Out. \$'000	2012-13 Budget \$'000	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
2011-12 Budget	515	528	539	550	550
2nd Appropriation					
Revised Wage Parameters	2	6	6	7	7
2012-13 Budget Technical Adjustments					
Revised Indexation Parameters	-	(1)	(1)	(1)	10
Revised Superannuation Parameters	(6)	(8)	(9)	(9)	(10)
Revised Notional Superannuation Contributions	-	2	2	2	2
2012-13 Budget	511	527	537	549	559

Independent Competition and Regulatory Commission Operating Statement

2011-12 Budget \$'000		2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
Income							
Revenue							
515	Government Payment for Outputs	511	527	3	537	549	559
569	Taxes, Fees and Fines	683	607	-11	630	654	654
1,181	User Charges - ACT Government	1,223	920	-25	949	983	994
52	Interest	52	52	-	52	52	52
2,317	Total Revenue	2,469	2,106	-15	2,168	2,238	2,259
2,317	Total Income	2,469	2,106	-15	2,168	2,238	2,259
Expenses							
709	Employee Expenses	728	738	1	746	759	759
127	Superannuation Expenses	99	102	3	101	100	98
1,455	Supplies and Services	1,455	1,247	-14	1,303	1,364	1,387
2,291	Total Ordinary Expenses	2,282	2,087	-9	2,150	2,223	2,244
26	Operating Result	187	19	-90	18	15	15
26	Total Comprehensive Income	187	19	-90	18	15	15

Independent Competition and Regulatory Commission Balance Sheet

Budget as at 30/6/12 \$'000	Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000
Current Assets						
1,583		1,842		1,894	1,916	1,938
277	43	43	-	43	43	43
1,860	1,885	1,912	1	1,937	1,959	1,981
1,860	1,885	1,912	1	1,937	1,959	1,981
Current Liabilities						
430	517	517	-	517	517	517
144	197	197	-	197	197	197
0	11	11	-	11	11	11
574	725	725	-	725	725	725
Non Current Liabilities						
25	28	36	29	43	50	57
25	28	36	29	43	50	57
599	753	761	1	768	775	782
1,261	1,132	1,151	2	1,169	1,184	1,199
REPRESENTED BY FUNDS EMPLOYED						
1,261	1,132	1,151	2	1,169	1,184	1,199
1,261	1,132	1,151	2	1,169	1,184	1,199

**Independent Competition and Regulatory Commission
Statement of Changes in Equity**

Budget as at 30/6/12 \$'000		Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000
Opening Equity							
1,235	Opening Accumulated Funds	945	1,132	20	1,151	1,169	1,184
1,235	Balance at the Start of the Reporting Period	945	1,132	20	1,151	1,169	1,184
Comprehensive Income							
26	Operating Result for the Period	187	19	-90	18	15	15
26	Total Comprehensive Income	187	19	-90	18	15	15
0	Total Movement in Reserves	0	0	-	0	0	0
Closing Equity							
1,261	Closing Accumulated Funds	1,132	1,151	2	1,169	1,184	1,199
1,261	Balance at the End of the Reporting Period	1,132	1,151	2	1,169	1,184	1,199

**Independent Competition and Regulatory Commission
Cash Flow Statement**

2011-12 Budget \$'000		2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
515	Cash from Government for Outputs	511	527	3	537	549	559
569	Taxes, Fees and Fines	683	607	-11	630	654	654
913	User Charges	955	920	-4	949	983	994
52	Interest Received	52	52	-	52	52	52
86	Other Receipts	86	86	-	86	86	86
2,135	Operating Receipts	2,287	2,192	-4	2,254	2,324	2,345
Payments							
702	Related to Employees	706	732	4	741	754	754
126	Related to Superannuation	98	100	2	99	98	96
1,440	Related to Supplies and Services	1,440	1,232	-14	1,288	1,349	1,372
101	Other	101	101	-	101	101	101
2,369	Operating Payments	2,345	2,165	-8	2,229	2,302	2,323
-234	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	-58	27	147	25	22	22
-234	NET INCREASE / (DECREASE) IN CASH HELD	-58	27	147	25	22	22
1,817	CASH AT THE BEGINNING OF REPORTING PERIOD	1,900	1,842	-3	1,869	1,894	1,916
1,583	CASH AT THE END OF REPORTING PERIOD	1,842	1,869	1	1,894	1,916	1,938

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- taxes, fees and fines: the increase of \$0.114 million in the 2011-12 estimated outcome from the original budget is due to a high proportion of services being attributed to utility regulation and the decrease of \$0.076 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to estimated changes in the proportion of services attributed to utility regulation.
- user charges - ACT Government: the decrease of \$0.303 million in the 2012-13 Budget from the 2011-12 estimated outcome is mainly due to a reduction in the level of services relating to the monitoring of greenhouse gas emissions.
- supplies and services: the decrease of \$0.208 million in the 2012-13 Budget from the 2011-12 estimated outcome is mainly due to decreased activity for services relating to the monitoring of greenhouse gas emissions.

Balance Sheet

- cash and cash equivalents: the increase of \$0.259 million in the 2011-12 estimated outcome from the original budget is mainly due to higher than expected receipts for both taxes, fees and fines and user charges.
- receivables: the decrease of \$0.234 million in the 2011-12 estimated outcome from the original budget is a flow on impact of the 2010-11 audited outcome.
- payables: the increase of \$0.087 million in the 2011-12 estimated outcome from the original budget is a flow on impact of the 2010-11 audited outcome.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.

Cash Flow Statement

Variations in the statement are explained in the notes above.