

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Purpose

The Independent Competition and Regulatory Commission (the Commission) has responsibility for a broad range of regulatory and utility administrative matters. The Commission has responsibility under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act) for regulating and advising government about pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries, providing advice on competitive neutrality complaints and government-regulated activities, and arbitrating infrastructure access disputes under the ICRC Act.

The objectives of the Commission are set out in section 7 of the ICRC Act and section 3 of the *Utilities Act 2000* (Utilities Act).

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.

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* requires the Commission to produce reports to the Minister for Environment and Sustainable Development by 30 June each year on whether participants have achieved their greenhouse gas benchmark.

Under the provisions of the *Electricity Feed-in (Renewable Energy Premium) Act 2008*, the Commission can advise the Minister for the Environment and Sustainable Development to assist in determining the premium rate to be paid for electricity supplied by compliant renewable energy generators to the distribution network, and the Commission will continue to do so in 2013-14.

2013-14 Priorities

The strategic and operational issues to be pursued in 2013-14 include:

- overseeing the 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 2013 to 30 June 2014;
- 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;
- producing and publishing the Commission's third 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

2011-12 Actual Outcome	2012-13 Budget	2012-13 Est. Outcome	2013-14 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 2013-14 Budget from the 2012-13 estimated outcome reflects the Commission's expected staffing levels.

Changes to Appropriation

Changes to Appropriation – Controlled

Government Payment for Outputs	2012-13 Est. Out. \$'000	2013-14 Budget \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
2012-13 Budget	527	537	549	559	559
2013-14 Budget Technical Adjustments					
Revised Indexation Parameters	-	(1)	(1)	(1)	10
Revised Superannuation Parameters	(9)	(10)	(10)	(10)	(10)
Revised Superannuation Guarantee Rate	-	-	1	2	3
2013-14 Budget	518	526	539	550	562

Independent Competition and Regulatory Commission Operating Statement

2012-13 Budget \$'000	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Income						
Revenue						
527	518	526	2	539	550	562
607	922	603	-35	626	624	625
920	2,250	1,100	-51	1,137	1,146	1,062
52	42	52	24	52	52	52
2,106	3,732	2,281	-39	2,354	2,372	2,301
2,106	3,732	2,281	-39	2,354	2,372	2,301
Expenses						
738	1,379	746	-46	759	758	761
102	152	66	-57	65	66	72
1,247	1,714	1,301	-24	1,362	1,385	1,403
0	50	50	-	50	50	50
2,087	3,295	2,163	-34	2,236	2,259	2,286
19	437	118	-73	118	113	15
19	437	118	-73	118	113	15

Independent Competition and Regulatory Commission Balance Sheet

Budget as at 30/6/13 \$'000	Est. Outcome as at 30/6/13 \$'000	Budget as at 30/6/14 \$'000	Var %	Estimate as at 30/6/15 \$'000	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000
Current Assets						
1,869		2,105		2,252	2,323	2,395
	Cash and Cash Equivalents		4			
43	Receivables	1,030	-	1,030	1,030	1,030
1,912	Total Current Assets	3,135	2	3,282	3,353	3,425
Non Current Assets						
0	Property, Plant and Equipment	500	-10	400	350	300
0	Total Non Current Assets	500	-10	400	350	300
1,912	TOTAL ASSETS	3,635	1	3,682	3,703	3,725
Current Liabilities						
517	Payables	992	-	992	992	992
197	Employee Benefits	280	-	280	280	280
11	Other Liabilities	654	-15	451	353	353
725	Total Current Liabilities	1,926	-5	1,723	1,625	1,625
Non Current Liabilities						
36	Employee Benefits	14	50	28	34	41
0	Other	57	-	57	57	57
36	Total Non Current Liabilities	71	10	85	91	98
761	TOTAL LIABILITIES	1,997	-5	1,808	1,716	1,723
1,151	NET ASSETS	1,638	7	1,874	1,987	2,002
REPRESENTED BY FUNDS EMPLOYED						
1,151	Accumulated Funds	1,638	7	1,874	1,987	2,002
1,151	TOTAL FUNDS EMPLOYED	1,638	7	1,874	1,987	2,002

Independent Competition and Regulatory Commission Statement of Changes in Equity

Budget as at 30/6/13 \$'000		Est. Outcome as at 30/6/13 \$'000	Budget as at 30/6/14 \$'000	Var %	Estimate as at 30/6/15 \$'000	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000
Opening Equity							
1,132	Opening Accumulated Funds	1,201	1,638	36	1,756	1,874	1,987
1,132	Balance at the Start of the Reporting Period	1,201	1,638	36	1,756	1,874	1,987
Comprehensive Income							
19	Operating Result for the Period	437	118	-73	118	113	15
19	Total Comprehensive Income	437	118	-73	118	113	15
0	Total Movement in Reserves	0	0	-	0	0	0
Closing Equity							
1,151	Closing Accumulated Funds	1,638	1,756	7	1,874	1,987	2,002
1,151	Balance at the End of the Reporting Period	1,638	1,756	7	1,874	1,987	2,002

Independent Competition and Regulatory Commission Cash Flow Statement

2012-13 Budget \$'000	2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
527	Cash from Government for Outputs	518	526	2	539	550	562
607	Taxes, Fees and Fines	583	603	3	626	624	626
920	User Charges	2,371	1,000	-58	1,034	1,048	1,062
52	Interest Received	52	52	-	52	52	52
86	Other Receipts	86	86	-	86	86	86
2,192	Operating Receipts	3,610	2,267	-37	2,337	2,360	2,388
Payments							
732	Related to Employees	1,376	741	-46	754	754	757
100	Related to Superannuation	147	64	-56	63	64	70
1,232	Related to Supplies and Services	1,641	1,286	-22	1,347	1,370	1,388
101	Other	101	101	-	101	101	101
2,165	Operating Payments	3,265	2,192	-33	2,265	2,289	2,316
27	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	345	75	-78	72	71	72
27	NET INCREASE / (DECREASE) IN CASH HELD	345	75	-78	72	71	72
1,842	CASH AT THE BEGINNING OF REPORTING PERIOD	1,760	2,105	20	2,180	2,252	2,323
1,869	CASH AT THE END OF REPORTING PERIOD	2,105	2,180	4	2,252	2,323	2,395

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- taxes, fees and fines:
 - the increase of \$0.315 million in the 2012-13 estimated outcome from the original budget is due to increased revenues resulting from reviewing utility regulations introduced by the Environment and Sustainable Development Directorate (ESDD); and
 - the decrease of \$0.319 million in the 2013-14 Budget from the 2012-13 estimated outcome reflects an expected return to the Commission's historical base budget.
- user charges – ACT Government:
 - the increase of \$1.330 million in the 2012-13 estimated outcome from the original budget is due to the cost recovery for the five year water pricing review; and
 - the decrease of \$1.150 million in the 2013-14 Budget from the 2012-13 estimated outcome reflects the completion of the five year water pricing review.
- employee expenses: the increase of \$0.641 million in the 2012-13 estimated outcome from the original budget and the decrease of \$0.633 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to temporary staffing resources for the five year water pricing review.
- supplies and services: the increase of \$0.467 million in the 2012-13 estimated outcome from the original budget and the decrease of \$0.413 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to consultant costs associated with the five year water pricing review.

Balance Sheet

- receivables current: the increase of \$0.987 million in the 2012-13 estimated outcome from the original budget reflects an increase in revenue relating to recovery of costs associated with the five year water pricing review.
- property, plant and equipment: the increase of \$0.5 million in the 2012-13 estimated outcome from the original budget is due to the fit-out of the Commission's office.
- payables current: the increase of \$0.475 million in the 2012-13 estimated outcome from the original budget is mainly due to amounts owing to ESDD for regulation of utilities.
- other liabilities current: the increase of \$0.643 million in the 2012-13 estimated outcome from the original budget is mainly due to revenue received in advance relating to the provision of greenhouse gas annual reports and analytical advice under a purchase agreement with ESDD.

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.