

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Purpose

The Independent Competition and Regulatory Commission (the Commission) has responsibilities for a range of regulatory matters under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act), the *Utilities Act 2000*, 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 provides for the functions of the Commission in relation to ministerially declared regulated industries, and government-regulated activities. These cover matters such as pricing regulation, access arrangements, utilities regulation and competitive neutrality complaints.

The *Utilities Act 2000* provides for the regulation of electricity, natural gas, water and sewerage utility services. In discharging its responsibilities under this legislation, the Commission's objectives centre on:

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

The *Electricity (Greenhouse Gas Emissions) Act 2004* establishes the ACT's Greenhouse Gas Abatement Scheme, the purpose of which is 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 Commission is the scheme regulator.

The *Electricity Feed-in (Renewable Energy Premium) Act 2008* establishes a scheme for feed-in from renewable energy generators to the electricity network. The Act provides for the provision of advice by the Commission to the Minister for Energy 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.

2011-12 Priorities

The strategic and operational issues to be pursued in 2011-12 include:

- overseeing pricing arrangements for water and wastewater services under the five-year price path commenced from 1 July 2008;
- undertaking preliminary investigations to support development of new pricing arrangements for water and wastewater services from July 2013;
- overseeing pricing arrangements for retail electricity for franchise customers from 1 July 2011;
- providing advice to the Minister for Energy on the determination of the premium rate under the *Electricity Feed-in (Renewable Energy Premium) Act 2008* for electricity fed into the network;
- implementing as appropriate the Government's agreed directions for monitoring and regulation of competition in the ACT electricity retail market following the recommendations of the Australian Energy Market Commission's review of the effectiveness of competition in the electricity retail market in the ACT;
- overseeing the utilities regulatory regime established under the *Utilities Act 2000*, including licensing, 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 regulation of the Greenhouse Gas Abatement Scheme established under the *Electricity (Greenhouse Gas Emissions) Act 2004* including monitoring and reporting on compliance, and assisting with the orderly transition of the Scheme in line with changes to the co-administered NSW Scheme and the outcome of any review of the ACT Scheme and future energy efficiency initiatives;
- working cooperatively with the Sustainable Development Directorate to develop the Commission's future advice and reporting role in relation to climate change policies and programs and performance in achieving greenhouse gas reductions; and
- working cooperatively with the national regulatory body, the Australian Energy Regulator, and relevant ACT Government policy agencies to put in place orderly arrangements for the transfer in 2012-13 of regulatory responsibilities in the energy sector as agreed under the Council of Australian Governments' Australian Energy Market Agreement.

Estimated Employment Level

2009-10 Actual Outcome		2010-11 Budget	2010-11 Est. Outcome	2011-12 Budget
5	Staffing (FTE)	6	6	6

Changes to Appropriation

Changes to Appropriation - Controlled

	2010-11	2011-12	2012-13	2013-14	2014-15
Government Payment for Outputs	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
2010-11 Budget	497	511	522	533	533
2011-12 Budget Policy Adjustment					
Revised Wage Parameters	-	2	5	5	5
2011-12 Budget Technical Adjustment					
Revised Indexation Parameters	-	2	1	1	12
2011-12 Budget	497	515	528	539	550

Independent Competition and Regulatory Commission
Operating Statement

2010-11 Budget \$'000		2010-11 Est.Outcome \$'000	2011-12 Budget \$'000	Var %	2012-13 Estimate \$'000	2013-14 Estimate \$'000	2014-15 Estimate \$'000
Income							
Revenue							
497	Government Payment for Outputs	497	515	4	528	539	550
547	Taxes Fees and Fines	565	569	1	597	620	644
883	User Charges - ACT Government	474	1,181	149	943	973	1,006
27	Interest	62	52	-16	52	52	52
1,954	Total Revenue	1,598	2,317	45	2,120	2,184	2,252
Gains							
0	Total Gains	0	0	-	0	0	0
1,954	Total Income	1,598	2,317	45	2,120	2,184	2,252
Expenses							
582	Employee Expenses	644	709	10	724	732	744
79	Superannuation Expenses	108	127	18	129	131	133
1,245	Supplies and Services	1,037	1,455	40	1,248	1,303	1,360
13	Depreciation and Amortisation	13	0	-100	0	0	0
14	Other Expenses	0	0	-	0	0	0
1,933	Total Ordinary Expenses	1,802	2,291	27	2,101	2,166	2,237
21	Operating Result	-204	26	113	19	18	15
21	Total Comprehensive Income	-204	26	113	19	18	15

**Independent Competition and Regulatory Commission
Balance Sheet**

Budget as at 30/6/11 \$'000		Est.Outcome as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	Var %	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000
Current Assets							
1,852	Cash and Cash Equivalents	1,817	1,583	-13	1,610	1,635	1,657
34	Receivables	277	277	-	277	277	277
1,886	Total Current Assets	2,094	1,860	-11	1,887	1,912	1,934
1,886	TOTAL ASSETS	2,094	1,860	-11	1,887	1,912	1,934
Current Liabilities							
408	Payables	430	430	-	430	430	430
145	Employee Benefits	143	144	1	144	144	144
0	Other	268	0	-100	0	0	0
553	Total Current Liabilities	841	574	-32	574	574	574
Non Current Liabilities							
20	Employee Benefits	18	25	39	33	40	47
20	Total Non Current Liabilities	18	25	39	33	40	47
573	TOTAL LIABILITIES	859	599	-30	607	614	621
1,313	NET ASSETS	1,235	1,261	2	1,280	1,298	1,313
REPRESENTED BY FUNDS EMPLOYED							
1,313	Accumulated Funds	1,235	1,261	2	1,280	1,298	1,313
1,313	TOTAL FUNDS EMPLOYED	1,235	1,261	2	1,280	1,298	1,313

Independent Competition and Regulatory Commission
Cash Flow Statement

2010-11 Budget \$'000		2010-11 Est.Outcome \$'000	2011-12 Budget \$'000	Var %	2012-13 Estimate \$'000	2013-14 Estimate \$'000	2014-15 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
497	Cash from Government for Outputs	497	515	4	528	539	550
547	Taxes, Fees and Fines	565	569	1	597	620	644
883	User Charges	731	913	25	943	973	1,006
27	Interest Received	62	52	-16	52	52	52
86	Other Revenue	86	86	-	86	86	86
2,040	Operating Receipts	1,941	2,135	10	2,206	2,270	2,338
Payments							
573	Related to Employees	671	702	5	718	727	739
80	Related to Superannuation	79	126	59	127	129	131
1,244	Related to Supplies and Services	1,018	1,440	41	1,233	1,288	1,345
101	Other	86	101	17	101	101	101
1,998	Operating Payments	1,854	2,369	28	2,179	2,245	2,316
42	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	87	-234	-369	27	25	22
42	NET INCREASE/ (DECREASE) IN CASH HELD	87	-234	-369	27	25	22
1,810	CASH AT BEGINNING OF REPORTING PERIOD	1,730	1,817	5	1,583	1,610	1,635
1,852	CASH AT THE END OF THE REPORTING PERIOD	1,817	1,583	-13	1,610	1,635	1,657

Independent Competition and Regulatory Commission
Statement of Changes in Equity

Budget as at 30/6/11 \$'000		Est.Outcome as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	%	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000
	Opening Equity						
1,292	Opening Accumulated Funds	1,439	1,235	-14	1,261	1,280	1,298
1,292	Balance at the Start of the Reporting Period	1,439	1,235	-14	1,261	1,280	1,298
	Comprehensive Income						
21	Operating Result for the Period	-204	26	113	19	18	15
21	Total Comprehensive Income	-204	26	113	19	18	15
0	Total Movement In Reserves	0	0	-	0	0	0
	Transactions Involving Owners Affecting Accumulated Funds						
	Closing Equity						
1,313	Closing Accumulated Funds	1,235	1,261	2	1,280	1,298	1,313
1,313	Balance at the End of the Reporting Period	1,235	1,261	2	1,280	1,298	1,313

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges - ACT Government:
 - the decrease of \$0.409 million in the 2010-11 estimated outcome from the original budget is due to the reduction of revenue from the conduct of reviews during 2010-11; and
 - the increase of \$0.707 million in the 2011-12 Budget from the 2010-11 estimated outcome is mainly due to a proposed Service Level Agreement (SLA) with the Sustainable Development Directorate for services relating to the monitoring of greenhouse gas emissions.
- interest:
 - the increase of \$0.035 million in the 2010-11 estimated outcome from the original budget is due to higher than budgeted interest returns on cash reserves; and
 - the decrease of \$0.010 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to reduced expectations for interest returns on cash reserves.
- employee expenses:
 - the increase of \$0.062 million in the 2010-11 estimated outcome from the original budget is due to the requirement for additional temporary staffing resources; and

- the increase of \$0.065 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to the Senior Commissioner’s and the Commissioner’s remuneration being included in employee expenses.
- supplies and services:
 - the decrease of \$0.208 million in the 2010-11 estimated outcome from the original budget is mainly due to a decrease in the use of consultants associated with a reduced level of review activity during 2010-11; and
 - the increase of \$0.418 million in the 2011-12 Budget from the 2010-11 estimated outcome reflects the increased activity relating to the proposed SLA with the Sustainable Development Directorate for services relating to the monitoring of greenhouse gas emissions.
- depreciation and amortisation: the decrease of \$0.013 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to all assets having been fully depreciated.

Balance Sheet

- cash and cash equivalents: the decrease of \$0.234 million in the 2011-12 Budget from the 2010-11 estimated outcome is mainly due to increased activity relating to the proposed SLA with the Sustainable Development Directorate for services relating to the monitoring of greenhouse gas emissions with partial funding expected to be received in 2010-11.
- receivables current: the increase of \$0.243 million in the 2010-11 estimated outcome from the original budget is due to flow-on effects from the 2009-10 audited outcome.
- other current liabilities:
 - the increase of \$0.268 million in the 2010-11 estimated outcome from the original budget is due to revenue received in advance; and
 - the decrease of \$0.268 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to the cessation of the one-off revenue received in advance.

Cash Flow Statement

Variations in the statement are explained in the notes above.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.