

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Objectives

The Independent Competition and Regulatory Commission (the Commission) has responsibility for a broad range of regulatory and utility administrative issues under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act) and the *Utilities Act 2000* (Utilities Act).

Section 7 of the ICRC Act sets out the Commission's objectives, which are to:

- promote effective competition in the interests of consumers;
- facilitate an appropriate balance between efficiency and environmental and social considerations; and
- ensure non-discriminatory access to monopoly and near-monopoly infrastructure.

The Commission is the complaints body for Competitive Neutrality Complaints, a specific role embedded in the National Competition Policy obligations undertaken by the Territory, and is an adviser to the Government on government regulatory activities.

Section 3 of the Utilities Act defines the Commission's objectives, as follows:

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

2003-04 Highlights

Strategic and operational issues to be pursued in 2003-04 include:

- regulating prices for utilities, including resetting regulated distribution tariffs for energy, water and transport utilities and determining distribution pricing for electricity water and sewerage services for the period 2004-09;
- promoting the growth of competitive markets; for example, monitoring the introduction of full retail contestability in electricity and advising on the development of a sustainable public transport market;
- participating in national and regional issues where the Commission's obligations are involved, including the development of sustainable strategies for the use of water and other resources, and the development of planning policies that lead to efficient services; and
- identifying areas where the Commission can contribute to the development of the Territory economy by providing expert and independent advice to Government.

**Independent Competition and Regulatory Commission
Statement of Financial Performance**

2002-03 Budget \$'000		2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
Revenue							
1 000	Taxes Fees and Fines	850	1 000	18	1 025	1 051	1 077
451	User Charges - Non ACT Government	260	452	74	463	473	485
845	User Charges - ACT Government	825	849	3	869	881	905
18	Interest	25	18	-28	14	14	14
2 314	Total Ordinary Revenue	1 960	2 319	18	2 371	2 419	2 481
Expenses							
380	Employee Expenses	428	683	60	689	698	703
64	Superannuation Expenses	70	95	36	97	98	100
1 845	Supplies and Services	1 438	1 518	6	1 559	1 590	1 637
13	Depreciation and Amortisation	13	13	-	13	13	13
2 302	Total Ordinary Expenses	1 949	2 309	18	2 358	2 399	2 453
12	Operating Result	11	10	-9	13	20	28
846	Total Equity From Start of Period	587	598	2	608	621	641
858	Total Equity At The End of Period	598	608	2	621	641	669

**Independent Competition and Regulatory Commission
Statement of Financial Position**

Budget as at 30/6/03 \$'000		Est.Outcome as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000	Var %	Planned as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000
Current Assets							
863	Cash	634	634	-	658	689	728
374	Receivables	456	456	-	456	456	456
1 237	Total Current Assets	1 090	1 090	-	1 114	1 145	1 184
Non Current Assets							
104	Property, Plant and Equipment	104	91	-13	78	65	52
104	Total Non Current Assets	104	91	-13	78	65	52
1 341	TOTAL ASSETS	1 194	1 181	-1	1 192	1 210	1 236
Current Liabilities							
334	Payables	465	457	-2	449	441	433
67	Employee Benefits	60	39	-35	39	39	39
401	Total Current Liabilities	525	496	-6	488	480	472
Non Current Liabilities							
82	Employee Benefits	71	77	8	83	89	95
82	Total Non Current Liabilities	71	77	8	83	89	95
483	TOTAL LIABILITIES	596	573	-4	571	569	567
858	NET ASSETS	598	608	2	621	641	669
REPRESENTED BY FUNDS EMPLOYED							
858	Accumulated Funds	598	608	2	621	641	669
858	TOTAL FUNDS EMPLOYED	598	608	2	621	641	669

**Independent Competition and Regulatory Commission
Statement of Cashflows**

2002-03 Budget \$'000		2002-03 Est.Outcome \$'000	2003-04 Budget \$'000	Var %	2004-05 Estimate \$'000	2005-06 Estimate \$'000	2006-07 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
950	Taxes, Fees and Fines	850	1 000	18	1 025	1 051	1 077
1 273	User Charges	1 031	1 299	26	1 330	1 354	1 390
18	Interest Received	25	18	-28	14	14	14
78	Other Revenue	78	82	5	83	83	85
2 319	Operating Receipts	1 984	2 399	21	2 452	2 502	2 566
Payments							
438	Related to Employees	497	793	60	780	789	796
1 779	Related to Supplies and Services	1 547	1 524	-1	1 550	1 584	1 631
78	Other	78	82	5	98	98	100
2 295	Operating Payments	2 122	2 399	13	2 428	2 471	2 527
24	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-138	0	100	24	31	39
24	NET INCREASE/(DECREASE) IN CASH HELD	-138	0	100	24	31	39
839	CASH AT BEGINNING OF REPORTING PERIOD	772	634	-18	634	658	689
863	CASH AT THE END OF THE REPORTING PERIOD	634	634	-	658	689	728

Notes to the Budget Statements

Significant variations are as follows:

Statement of Financial Performance

- taxes, fees and fines: the decrease of \$0.150m in the 2002-03 estimated outcome from the original budget is due to a refund of utility licence fees unexpended at the end of the financial year. The fees were refunded as a requirement of the Utilities Act. The Commission and other agencies funded from utility licence fees are only able to recover the reasonable costs of administering the Act. The increase of \$0.150m in the 2003-04 Budget from the 2002-03 estimated outcome is due to the higher level of fees anticipated for 2003-04 financial year. The Budget estimates reflect the expected level of activity in 2003-04, however, the estimates may be amended once the review of utility licence fees is undertaken and the surplus or deficit for 2002-03 determined;
- user charges – non ACT Government: the decrease of \$0.191m in the 2002-03 estimated outcome from the original budget is due to less demand for other services as a result of the Commission's resources being primarily focussed on the utilities bill. The increase of \$0.192m in the 2003-04 Budget from the 2002-03 estimated outcome is due to the recovery of costs associated with the network price inquiries for electricity, gas and water and sewerage services;
- employee expenses: the increase of \$0.048m in the 2002-03 estimated outcome from the original budget is due to fluctuations in staffing numbers during the year. The increase of \$0.255m in the 2003-04 Budget from the 2002-03 estimated outcome is a largely a result of wage increases and movement in staff classifications; and
- supplies and services: the decrease of \$0.407m in the 2002-03 estimated outcome from the original budget is due to decreases in the level of activity by the Commission and other agencies funded from utility licence fees. The increase of \$0.080m in the 2003-04 Budget from the 2002-03 estimated outcome is due to anticipated increases in the level of services required from increased levels of activity.

Statement of Financial Position

- cash: the decrease of \$0.229m in the 2002-03 estimated outcome from the original budget is due to a decrease in the level of estimated activity. The Commission anticipates that cash balances from one period to the next will remain variable as demand for services remains unpredictable; and
- current receivables: the increase of \$0.082m in the 2002-03 estimated outcome from the original budget is due to the variable level of activity at the end of each year and the billing cycle.