

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Objectives

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

Under the requirements of the *ICRC Act*, the ICRC: promotes effective competition in the interests of consumers; facilitates an appropriate balance between efficiency and environmental and social considerations; and ensures non-discriminatory access to monopoly and near-monopoly infrastructure.

Under the requirements of the *Utilities Act 2000*, the ICRC: encourages the provision of safe, reliable, efficient and high quality utility services at reasonable prices; minimises the potential for misuse of monopoly power in the provision of utility services; and promotes competition in the provision of utility services.

2002-03 Highlights

The strategic and operational issues to be pursued in 2002-03 include:

- resetting a regulated distribution tariff for electricity and gas, and tariffs for water and sewerage markets;
- participating in the proposed review of the *Utilities Act 2000*;
- continuing participation in the development and implementation of a nationally consistent regulatory accounting and benchmarking database for regulators in all jurisdictions in Australia;
- determining regulated prices for ACTION services for the period 2003-05;
- continuing a review of the industry codes under the *Utilities Act 2000*;
- reviewing licence fees for utilities licence holders for 2003-04;
- resetting taxi fares for 2003-04;
- commencing processes for determining network pricing for electricity and gas, and prices for water and sewerage services for the period 2004-09;
- continuing involvement in the Utility Regulators' Forum; and
- developing and implementing reporting arrangements for utility performance.

Independent Competition and Regulatory Commission Statement of Financial Performance

2001-02 Budget \$'000		2001-02 Est.Outcome \$'000	2002-03 Budget \$'000	Var %	2003-04 Estimate \$'000	2004-05 Estimate \$'000	2005-06 Estimate \$'000
Revenue							
500	Taxes Fees and Fines	1 160	1 000	-14	1 000	1 025	1 051
450	User Charges - Non ACT Government	20	451	#	452	463	473
650	User Charges - ACT Government	790	845	7	845	866	878
0	Interest	25	18	-28	18	14	14
1 600	Total Ordinary Revenue	1 995	2 314	16	2 315	2 368	2 416
Expenses							
380	Employee Expenses	441	380	-14	380	385	391
64	Superannuation Expenses	27	64	137	64	65	66
848	Administrative Expenses	841	1 845	119	1 845	1 892	1 926
0	Depreciation and Amortisation	13	13	-	13	13	13
300	Other Expenses	0	0	-	0	0	0
1 592	Total Ordinary Expenses	1 322	2 302	74	2 302	2 355	2 396
8	Operating Result	673	12	-98	13	13	20
3	Total Equity From Start of Period	173	846	389	858	871	884
11	Total Equity At The End of Period	846	858	1	871	884	904

Independent Competition and Regulatory Commission

Statement of Financial Position

Budget as at 30/6/02 \$'000		Est.Outcome as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000	Var %	Planned as at 30/6/04 \$'000	Planned as at 30/6/05 \$'000	Planned as at 30/6/06 \$'000
Current Assets							
118	Cash	839	863	3	887	911	942
133	Receivables	304	374	23	374	374	374
1	Other	0	0	-	0	0	0
252	Total Current Assets	1 143	1 237	8	1 261	1 285	1 316
Non Current Assets							
0	Property, Plant and Equipment	117	104	-11	91	78	65
0	Total Non Current Assets	117	104	-11	91	78	65
252	TOTAL ASSETS	1 260	1 341	6	1 352	1 363	1 381
Current Liabilities							
158	Payables	271	334	23	326	318	310
25	Employee Entitlements	67	67	-	67	67	67
183	Total Current Liabilities	338	401	19	393	385	377
Non Current Liabilities							
57	Employee Entitlements	76	82	8	88	94	100
2	Other	0	0	-	0	0	0
59	Total Non Current Liabilities	76	82	8	88	94	100
242	TOTAL LIABILITIES	414	483	17	481	479	477
10	NET ASSETS	846	858	1	871	884	904
REPRESENTED BY FUNDS EMPLOYED							
11	Accumulated Funds	846	858	1	871	884	904
11	TOTAL FUNDS EMPLOYED	846	858	1	871	884	904

Independent Competition and Regulatory Commission Cashflow Statement

2001-02 Budget \$'000		2001-02 Est.Outcome \$'000	2002-03 Budget \$'000	Var %	2003-04 Estimate \$'000	2004-05 Estimate \$'000	2005-06 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
450	Taxes, Fees and Fines	1 161	950	-18	1 000	1 025	1 051
1 075	User Charges	845	1 273	51	1 295	1 327	1 351
0	Interest Received	23	18	-22	18	14	14
48	Other Revenue	22	78	255	82	83	83
1 573	Operating Receipts	2 051	2 319	13	2 395	2 449	2 499
Payments							
438	Related to Employees	389	438	13	438	444	450
1 081	Related to Administration	885	1 779	101	1 851	1 883	1 920
48	Other	0	78	#	82	98	98
1 567	Operating Payments	1 274	2 295	80	2 371	2 425	2 468
6	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	777	24	-97	24	24	31
6	NET INCREASE/(DECREASE) IN CASH HELD	777	24	-97	24	24	31
112	CASH AT BEGINNING OF REPORTING PERIOD	62	839	#	863	887	911
118	CASH AT THE END OF THE REPORTING PERIOD	839	863	3	887	911	942

Notes to the Budget Statements

Significant variations are as follows:

Statement of Financial Performance

- taxes, fees and fines: the increase of \$0.660m in 2001-02 from the original budget is due to higher than expected License Fees applications and associated revenue. The decrease of \$0.160m in the 2002-03 Budget from the 2001-02 estimated outcome is due to a decrease in the cost of regulation. The implementation of the Utilities Act 2000 has seen the collection of Licence Fees for the first time in 2001-02;
- user charges – non ACT Government: the decrease of \$0.430m in 2001-02 from the original budget is due to the reallocation of resources to the implementation of the Utilities Act 2000 and the associated Licensing Fees. The increase of \$0.431m in the 2002-03 Budget from the 2001-02 estimated outcome is due to an expected increase in the Commission's external inquiry work;
- user charges – ACT Government: the increase of \$0.140m in 2001-02 from the original budget is due to revenue resulting from inquiries into ACTION pricing, the ACT Taxi and Hire Car industries, including Wheel Chair Accessible Taxis, Full Retail Contestability in electricity and petrol pricing in the Territory. The increase of \$0.055m in the 2002-03 Budget from the 2001-02 estimated outcome is due to ongoing reviews into ACTION and Taxi pricing and the commencement of preparatory work on issues relating to the electricity and gas network and water and sewerage pricing;
- administrative expenses: the increase of \$1.004m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the full development of the responsibilities of other ACT Government agencies under the Utilities Act 2000 in addition to the reallocation of other expenses. The costs of providing these services are met through the licensing fees collected by the Commission from appropriate agencies and departments;
- other expenses: the decrease of \$0.3m in 2001-02 from the original budget is due to the reallocation to administrative expenses; and
- overview: net result for 2001-02 estimated outcome is expected to be \$0.665m higher than the original budget. This is due mainly to an increase in Licence Fee income being higher than expected. While the level of Licence Fee will reduce in 2002-03 by approximately \$0.100m, outflows of funds relating to this source of revenue will increase significantly.

Statement of Financial Position

- cash: the increase of \$0.721m in 2001-02 from the original budget is due largely to higher licence fee income collection;
- current receivables: the increase of \$0.171m in 2001-02 from the original budget is due to costs to be recovered in 2002-03 pertaining to an inquiry completed by the end of 2001-02;
- property, plant and equipment: the increase of \$0.117m in 2001-02 from the original budget relates to office fitout with the recent establishment of the Commission; and
- current payables: the increase of \$0.113m in 2001-02 from the original budget is due to consulting and other external costs associated with the inquiry.

