

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Objectives

The Independent Competition and Regulatory Commission (ICRC) has responsibility for a broad range of industry and general regulatory issues, issues relating to the implementation of competition policy, especially prices and access.

The *Independent Pricing and Regulatory Commission Act 1997* and *Independent Competition and Regulatory Commission Act 2000* provide the following functions for the ICRC:

- determination of prices for regulated industries and the provision of advice about price regulation;
- arbitration of disputes about, and the provision of advice on, access arrangements;
- investigation of referred matters relating to regulated industries or industry in general;
- investigation and reporting on competitive neutrality complaints and competition issues; and
- investigation and making recommendations on government regulated activities.

The Commission anticipates that the passage of the Utilities Bills during the first half of the financial year will increase the responsibilities of the ICRC to include the licensing of utilities and the administration of licence and related conditions, including the application of the consumer codes provided in the legislation.

2000-01 Highlights

Strategic and operational issues to be pursued in 2000-01 include:

- implementing new utilities licensing and administrative arrangements, including the issue of licences to participants in the electricity and gas markets;
- completing the inquiry into the access arrangements for gas supply in the ACT;
- delivering a price path for ACTION buses for the period from 1 July 2001;
- delivering a price direction in respect to the taxi industry, subsequent to the introduction of reforms arising from the review of the taxi industry legislation;
- overseeing and administering of the regulated prices for electricity distribution and water and sewerage charges in the ACT;
- providing recommendations in respect to competitive neutrality complaints;
- providing advice on the implementation of competition policy in the Territory;
- providing advice on progress in implementing regulatory reform; and
- providing advice on the application of the public benefits test in the context of the implementation of competition policy and regulatory reform.

Independent Competition and Regulatory Commission Operating Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
	Revenue						
0	Taxes Fees and Fines	0	0	-	500	1 000	1 000
0	User Charges - Non ACT Government	244	250	2	450	450	450
0	User Charges - ACT Government	553	600	8	650	850	850
0	Total Revenue	797	850	7	1 600	2 300	2 300
	Expenses						
0	Employee Expenses	12	180	#	380	380	380
0	Superannuation Expenses	2	30	#	64	64	64
0	Administrative Expenses	775	632	-18	848	1 248	1 248
0	Depreciation and Amortisation	8	8	-	8	8	8
0	Other Expenses	0	0	-	300	600	600
0	Total Expenses	797	850	7	1 600	2 300	2 300
0	Operating Result	0	0	-	0	0	0
0	Accumulated Funds - Start of Period	0	0	-	0	0	0
0	Accumulated Funds - End of Period	0	0	-	0	0	0

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

Budget as at 30/6/00 \$'000	Est.Outcome as at 30/6/00 \$'000	Planned as at 30/6/01 \$'000	Var %	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000	
Current Assets							
0	Cash	35	35	-	35	35	35
0	Receivables	38	45	18	120	190	190
0	Total Current Assets	73	80	10	155	225	225
Non Current Assets							
0	Property, Plant and Equipment	42	35	-17	27	20	12
0	Total Non Current Assets	42	35	-17	27	20	12
0	TOTAL ASSETS	115	115	-	182	245	237
Current Liabilities							
0	Creditors	115	115	-	182	245	237
0	Total Current Liabilities	115	115	-	182	245	237
0	TOTAL LIABILITIES	115	115	-	182	245	237
0	NET ASSETS	0	0	-	0	0	0
REPRESENTED BY FUNDS EMPLOYED							
0	Accumulated Funds	0	0	-	0	0	0
0	TOTAL FUNDS EMPLOYED	0	0	-	0	0	0

Independent Competition and Regulatory Commission Cashflow Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
0	CASH AT BEGINNING OF REPORTING PERIOD	0	35	#	35	35	35
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
0	Taxes, Fees and Fines	0	0	-	450	950	1 000
0	User Charges	742	842	13	1 075	1 278	1 300
0	Operating Receipts	742	842	13	1 525	2 228	2 300
	Payments						
0	Related to Employees	14	210	#	444	444	444
0	Related to Administration	643	632	-2	1 081	1 784	1 856
0	Operating Payments	657	842	28	1 525	2 228	2 300
0	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	85	0	-100	0	0	0
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Payments						
0	Purchase of Property, Plant and Equipment	50	0	-100	0	0	0
0	Investing Payments	50	0	-100	0	0	0
0	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-50	0	100	0	0	0
	CASH FLOWS FROM FINANCING ACTIVITIES						
0	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	0	0	-	0	0	0
0	NET INCREASE/(DECREASE) IN CASH HELD	35	0	-100	0	0	0
0	CASH AT THE END OF THE REPORTING PERIOD	35	35	-	35	35	35

Notes to the Budget statements

Significant variations are as follows:

Operating Statement

- taxes, fees and fines: the estimates in forward years relate to the anticipated passage of the Utilities Bills in late 2000. The ICRC is responsible in the Bills for issuing utility licences, for which licence fees are payable. The fees are payable twelve months in arrears commencing on 1 January 2001. Consequently the revenue stream will commence in 2001-02, with half year of revenue estimate of \$0.5m. The revenue receipts are offset by the transfer of 60% of the licence fees being transferred to Government, shown as other expenses;
- user charges – non ACT Government: these charges arise from inquiries into pricing, access or related issues under references issued by a Minister. The cost of the inquiries is paid by the regulated industries into which the inquiries are made. In 1999-2000 inquiries have included the inquiry into AGL access arrangements. The estimate for forward years is based on three per annum inquiries costing \$150,000 each. There may be considerable variation in the estimates as the work undertaken by the Commission is entirely demand driven;
- user Charges – ACT Government: inquiries undertaken or advice provided to government agencies under terms of reference issued by a Minister are charged to the agency concerned. In 1999-2000 those inquiries included ACTION pricing, and the water abstraction charge direction to ACTEW. In the forward years the estimates are based on two inquiries rising to three inquiries per year averaging about \$0.150 each; and
- employee expenses: the expenditure in 1999-2000 reflects payments for the Head of Secretariat for two months. Staff will increase in 2000-01 to fill the positions included in the permanent secretariat.

