

# INDEPENDENT COMPETITION AND REGULATORY COMMISSION

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## Objectives

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 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.

## 2010-11 Priorities

The strategic and operational issues to be pursued in 2010-11 include:

- overseeing pricing arrangements for water and wastewater services under the five-year price path commenced from 1 July 2008;
- overseeing pricing arrangements for retail electricity for franchise customers from 1 July 2010;
- 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;
- working cooperatively with the Australian Energy Market Commission on the review commenced in January 2010 on the effectiveness of retail competition in the ACT electricity retail market;
- 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 ACT Government's requirements for advice on competition policy matters;
- 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 ACT Department of the Environment, Climate Change, Energy and Water 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 future transfer of regulatory responsibilities in the energy sector as agreed under the Council of Australian Governments' Australian Energy Market Agreement.

## Estimated Employment Level

2008-09 Actual Outcome	2009-10 Budget	2009-10 Est. Outcome	2010-11 Budget
6 Staffing (FTE)	5	5	6 <sup>1</sup>

### Note:

1. The increase of one FTE in 2010-11 is undertaken through revenue and internal cost reallocation.

## Changes to Appropriation

### Changes to Appropriation - Departmental

	2009-10	2010-11	2011-12	2012-13	2013-14
Government Payment for Outputs	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2009-10 Budget</b>	485	497	511	522	522
<b>2010-11 Budget Technical Adjustment</b>					
Revised Indexation Parameters	-	-	-	-	11
<b>2010-11 Budget</b>	485	497	511	522	533

## Independent Competition and Regulatory Commission Operating Statement

2009-10 Budget \$'000		2009-10 Est.Outcome \$'000	2010-11 Budget \$'000	Var %	2011-12 Estimate \$'000	2012-13 Estimate \$'000	2013-14 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
485	Government Payment for Outputs	485	497	2	511	522	533
531	Taxes Fees and Fines	531	547	3	563	585	608
873	User Charges - ACT Government	874	883	1	913	943	973
47	Interest	47	27	-43	27	27	27
<b>1,936</b>	<b>Total Revenue</b>	<b>1,937</b>	<b>1,954</b>	<b>1</b>	<b>2,014</b>	<b>2,077</b>	<b>2,141</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1,936</b>	<b>Total Income</b>	<b>1,937</b>	<b>1,954</b>	<b>1</b>	<b>2,014</b>	<b>2,077</b>	<b>2,141</b>
<b>Expenses</b>							
522	Employee Expenses	525	582	11	593	601	609
78	Superannuation Expenses	78	79	1	82	83	84
1,286	Supplies and Services	1,286	1,245	-3	1,296	1,357	1,412
13	Depreciation and Amortisation	13	13	-	0	0	0
14	Other Expenses	14	14	-	14	14	14
<b>1,913</b>	<b>Total Ordinary Expenses</b>	<b>1,916</b>	<b>1,933</b>	<b>1</b>	<b>1,985</b>	<b>2,055</b>	<b>2,119</b>
<b>23</b>	<b>Operating Result</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>29</b>	<b>22</b>	<b>22</b>
<b>23</b>	<b>Total Comprehensive Income</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>29</b>	<b>22</b>	<b>22</b>

## Independent Competition and Regulatory Commission Balance Sheet

Budget as at 30/6/10 \$'000		Est.Outcome as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Var %	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000
<b>Current Assets</b>							
1,639	Cash and Cash Equivalents	1,810	1,852	2	1,888	1,917	1,946
659	Receivables	34	34	-	34	34	34
<b>2,298</b>	<b>Total Current Assets</b>	<b>1,844</b>	<b>1,886</b>	<b>2</b>	<b>1,922</b>	<b>1,951</b>	<b>1,980</b>
<b>Non Current Assets</b>							
13	Property, Plant and Equipment	13	0	-100	0	0	0
<b>13</b>	<b>Total Non Current Assets</b>	<b>13</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2,311</b>	<b>TOTAL ASSETS</b>	<b>1,857</b>	<b>1,886</b>	<b>2</b>	<b>1,922</b>	<b>1,951</b>	<b>1,980</b>
<b>Current Liabilities</b>							
512	Payables	408	408	-	408	408	408
76	Employee Benefits	144	145	1	145	145	145
<b>588</b>	<b>Total Current Liabilities</b>	<b>552</b>	<b>553</b>	<b>..</b>	<b>553</b>	<b>553</b>	<b>553</b>
<b>Non Current Liabilities</b>							
74	Employee Benefits	13	20	54	27	34	41
<b>74</b>	<b>Total Non Current Liabilities</b>	<b>13</b>	<b>20</b>	<b>54</b>	<b>27</b>	<b>34</b>	<b>41</b>
<b>662</b>	<b>TOTAL LIABILITIES</b>	<b>565</b>	<b>573</b>	<b>1</b>	<b>580</b>	<b>587</b>	<b>594</b>
<b>1,649</b>	<b>NET ASSETS</b>	<b>1,292</b>	<b>1,313</b>	<b>2</b>	<b>1,342</b>	<b>1,364</b>	<b>1,386</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
1,649	Accumulated Funds	1,292	1,313	2	1,342	1,364	1,386
<b>1,649</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>1,292</b>	<b>1,313</b>	<b>2</b>	<b>1,342</b>	<b>1,364</b>	<b>1,386</b>

**Independent Competition and Regulatory Commission  
Cash Flow Statement**

<b>2009-10 Budget \$'000</b>		<b>2009-10 Est.Outcome \$'000</b>	<b>2010-11 Budget \$'000</b>	<b>Var %</b>	<b>2011-12 Estimate \$'000</b>	<b>2012-13 Estimate \$'000</b>	<b>2013-14 Estimate \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
485	Cash from Government for Outputs	485	497	2	511	522	533
531	Taxes, Fees and Fines	531	547	3	563	585	608
873	User Charges	874	883	1	913	943	973
47	Interest Received	47	27	-43	27	27	27
86	Other Revenue	86	86	-	86	86	86
<b>2,022</b>	<b>Operating Receipts</b>	<b>2,023</b>	<b>2,040</b>	<b>1</b>	<b>2,100</b>	<b>2,163</b>	<b>2,227</b>
<b>Payments</b>							
515	Related to Employees	516	573	11	586	594	602
78	Related to Superannuation	78	80	3	82	83	84
1,285	Related to Supplies and Services	1,285	1,244	-3	1,295	1,356	1,411
101	Other	101	101	-	101	101	101
<b>1,979</b>	<b>Operating Payments</b>	<b>1,980</b>	<b>1,998</b>	<b>1</b>	<b>2,064</b>	<b>2,134</b>	<b>2,198</b>
<b>43</b>	<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>43</b>	<b>42</b>	<b>-2</b>	<b>36</b>	<b>29</b>	<b>29</b>
<b>43</b>	<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>43</b>	<b>42</b>	<b>-2</b>	<b>36</b>	<b>29</b>	<b>29</b>
<b>1,596</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>1,767</b>	<b>1,810</b>	<b>2</b>	<b>1,852</b>	<b>1,888</b>	<b>1,917</b>
<b>1,639</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>1,810</b>	<b>1,852</b>	<b>2</b>	<b>1,888</b>	<b>1,917</b>	<b>1,946</b>

## Independent Competition and Regulatory Commission Statement of Changes in Equity

Budget as at 30/6/10 \$'000		Est.Outcome as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Var %	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000
<b>Opening Equity</b>							
1,626	Opening Accumulated Funds	1,271	1,292	2	1,313	1,342	1,364
<b>1,626</b>	<b>Balance at the Start of the Reporting Period</b>	<b>1,271</b>	<b>1,292</b>	<b>2</b>	<b>1,313</b>	<b>1,342</b>	<b>1,364</b>
<b>Comprehensive Income</b>							
23	Operating Result for the Period	21	21	-	29	22	22
<b>23</b>	<b>Total Comprehensive Income</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>29</b>	<b>22</b>	<b>22</b>
<b>0</b>	<b>Total Movement in Reserves</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions Involving Owners Affecting Accumulated Funds</b>							
<b>Closing Equity</b>							
1,649	Closing Accumulated Funds	1,292	1,313	2	1,342	1,364	1,386
<b>1,649</b>	<b>Balance at the End of the Reporting Period</b>	<b>1,292</b>	<b>1,313</b>	<b>2</b>	<b>1,342</b>	<b>1,364</b>	<b>1,386</b>

### Notes to the Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- interest: the decrease of \$0.020 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to timing of cash reserves held in accounts expected to be reduced compared to 2009-10.
- employee expenses: the increase of \$0.057 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to anticipated wage increases and the increase from five to six staffing positions necessary to meet operational requirements.

#### *Balance Sheet*

- cash and cash equivalents: the increase of \$0.171 million in the 2009-10 estimated outcome from the original budget reflects the flow-on effect of the 2008-09 audited outcome.
- receivables: decrease of \$0.625 million in the 2009-10 estimated outcome from the original budget is due to a downwards revision to the level of anticipated receivables outstanding at the end of the year reflecting the 2008-09 audited outcome result.
- payables current: the decrease of \$0.104 million in the 2009-10 estimated outcome from the original budget is due to lower than expected amounts payable at year end.

- employee benefits current: the increase of \$0.068 million in the 2009-10 estimated outcome from the original budget is due mainly to leave entitlements previously classified as non current, expected to be payable during the next 12 months.
- employee benefits non current: the decrease of \$0.061 million in the 2009-10 estimated outcome from the original budget is due to reclassification of leave entitlements payable to current liabilities.

#### *Cash Flow Statement*

Variances in the statement are explained in the notes above.

#### *Statement of Changes in Equity*

Variances in the statement are explained in the notes above.