

# **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 provides for the functions of the Commission in relation to ministerially declared regulated industries. These cover matters such as pricing regulation, access arrangements, utilities regulation, and competitive neutrality complaints. The ICRC Act sets out the Commission's objectives as:

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

The Utilities Act 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* 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* 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.

## 2009-10 Priorities

The strategic and operational issues to be pursued in 2009-10 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 2009;
- providing advice to the Minister for Energy on the determination of the premium rate under the *Electricity Feed-in (Renewable Energy Premium) Act* for electricity fed into the network;
- working cooperatively with the Australian Energy Market Commission on the review scheduled for 2010 on the effectiveness of retail competition in ACT electricity and gas retail markets, and on the wider review of the impact of carbon trading initiatives on energy markets;
- overseeing the utilities regulatory regime established under the Utilities Act, including licensing, compliance monitoring and reporting on utility compliance and performance;
- overseeing the regulation of the Greenhouse Gas Abatement Scheme established under the *Electricity (Greenhouse Gas Emissions) Act* including reporting on compliance, and assisting with the orderly transition of the Scheme in line with changes to the co-administered NSW Scheme and the introduction of the Commonwealth Carbon Pollution Reduction Scheme; and
- working cooperatively with the national regulatory body, the Australian Energy Regulator, to put in place orderly arrangements for the 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 Budget	2008-09 Est. Outcome	2009-10 Budget
5 Staffing (FTE)	6	5

## Changes to Appropriation

<b>Changes to Appropriation - Departmental</b>					
<b>Government Payment for Outputs</b>	<b>2008-09 Est. Out. \$'000</b>	<b>2009-10 Budget \$'000</b>	<b>2010-11 Estimate \$'000</b>	<b>2011-12 Estimate \$'000</b>	<b>2012-13 Estimate \$'000</b>
<b>2008-09 Budget</b>	<b>471</b>	<b>485</b>	<b>499</b>	<b>514</b>	<b>514</b>
<b>2009-10 Budget Policy Adjustment</b>					
Efficiency Dividend	-	-	(2)	(3)	(3)
<b>2009-10 Budget Technical Adjustment</b>					
Revised Indexation Parameters	-	-	-	-	11
<b>2009-10 Budget</b>	<b>471</b>	<b>485</b>	<b>497</b>	<b>511</b>	<b>522</b>

## Independent Competition and Regulatory Commission Operating Statement

2008-09 Budget \$'000		2008-09 Est.Outcome \$'000	2009-10 Budget \$'000	Var %	2010-11 Estimate \$'000	2011-12 Estimate \$'000	2012-13 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
471	Government Payment for Outputs	471	485	3	497	511	522
516	Taxes Fees and Fines	599	531	-11	547	563	585
844	User Charges - ACT Government	376	873	132	875	902	934
47	Interest	67	47	-30	27	27	27
<b>1,878</b>	<b>Total Revenue</b>	<b>1,513</b>	<b>1,936</b>	<b>28</b>	<b>1,946</b>	<b>2,003</b>	<b>2,068</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>1,878</b>	<b>Total Income</b>	<b>1,513</b>	<b>1,936</b>	<b>28</b>	<b>1,946</b>	<b>2,003</b>	<b>2,068</b>
<b>Expenses</b>							
511	Employee Expenses	580	522	-10	573	580	588
75	Superannuation Expenses	77	78	1	79	80	81
1,255	Supplies and Services	819	1,286	57	1,245	1,300	1,363
13	Depreciation and Amortisation	13	13	-	13	0	0
14	Other Expenses	14	14	-	14	14	14
<b>1,868</b>	<b>Total Ordinary Expenses</b>	<b>1,503</b>	<b>1,913</b>	<b>27</b>	<b>1,924</b>	<b>1,974</b>	<b>2,046</b>
<b>10</b>	<b>Operating Result</b>	<b>10</b>	<b>23</b>	<b>130</b>	<b>22</b>	<b>29</b>	<b>22</b>

## Independent Competition and Regulatory Commission Balance Sheet

Budget as at 30/6/09 \$'000		Est.Outcome as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Var %	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000
<b>Current Assets</b>							
1,653	Cash and Cash Equivalents	1,596	1,639	3	1,681	1,717	1,746
48	Receivables	659	659	-	659	659	659
<b>1,701</b>	<b>Total Current Assets</b>	<b>2,255</b>	<b>2,298</b>	<b>2</b>	<b>2,340</b>	<b>2,376</b>	<b>2,405</b>
<b>Non Current Assets</b>							
26	Property, Plant and Equipment	26	13	-50	0	0	0
<b>26</b>	<b>Total Non Current Assets</b>	<b>26</b>	<b>13</b>	<b>-50</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1,727</b>	<b>TOTAL ASSETS</b>	<b>2,281</b>	<b>2,311</b>	<b>1</b>	<b>2,340</b>	<b>2,376</b>	<b>2,405</b>
<b>Current Liabilities</b>							
572	Payables	512	512	-	512	512	512
102	Employee Benefits	75	76	1	76	76	76
<b>674</b>	<b>Total Current Liabilities</b>	<b>587</b>	<b>588</b>	<b>..</b>	<b>588</b>	<b>588</b>	<b>588</b>
<b>Non Current Liabilities</b>							
14	Employee Benefits	68	74	9	81	88	95
<b>14</b>	<b>Total Non Current Liabilities</b>	<b>68</b>	<b>74</b>	<b>9</b>	<b>81</b>	<b>88</b>	<b>95</b>
<b>688</b>	<b>TOTAL LIABILITIES</b>	<b>655</b>	<b>662</b>	<b>1</b>	<b>669</b>	<b>676</b>	<b>683</b>
<b>1,039</b>	<b>NET ASSETS</b>	<b>1,626</b>	<b>1,649</b>	<b>1</b>	<b>1,671</b>	<b>1,700</b>	<b>1,722</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
1,039	Accumulated Funds	1,626	1,649	1	1,671	1,700	1,722
<b>1,039</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>1,626</b>	<b>1,649</b>	<b>1</b>	<b>1,671</b>	<b>1,700</b>	<b>1,722</b>

## Independent Competition and Regulatory Commission Cash Flow Statement

2008-09 Budget \$'000		2008-09 Est.Outcome \$'000	2009-10 Budget \$'000	Var %	2010-11 Estimate \$'000	2011-12 Estimate \$'000	2012-13 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
471	Cash from Government for Outputs	471	485	3	497	511	522
516	Taxes, Fees and Fines	599	531	-11	547	563	585
844	User Charges	376	873	132	875	902	934
47	Interest Received	67	47	-30	27	27	27
83	Other Revenue	83	86	4	86	86	86
<b>1,961</b>	<b>Operating Receipts</b>	<b>1,596</b>	<b>2,022</b>	<b>27</b>	<b>2,032</b>	<b>2,089</b>	<b>2,154</b>
<b>Payments</b>							
500	Related to Employees	569	515	-9	566	573	581
75	Related to Superannuation	77	78	1	79	80	81
1,254	Related to Supplies and Services	818	1,285	57	1,244	1,299	1,362
98	Other	98	101	3	101	101	101
<b>1,927</b>	<b>Operating Payments</b>	<b>1,562</b>	<b>1,979</b>	<b>27</b>	<b>1,990</b>	<b>2,053</b>	<b>2,125</b>
<b>34</b>	<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>34</b>	<b>43</b>	<b>26</b>	<b>42</b>	<b>36</b>	<b>29</b>
<b>34</b>	<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>34</b>	<b>43</b>	<b>26</b>	<b>42</b>	<b>36</b>	<b>29</b>
<b>1,619</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>1,562</b>	<b>1,596</b>	<b>2</b>	<b>1,639</b>	<b>1,681</b>	<b>1,717</b>
<b>1,653</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>1,596</b>	<b>1,639</b>	<b>3</b>	<b>1,681</b>	<b>1,717</b>	<b>1,746</b>

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

Budget as at 30/6/09 \$'000		Est.Outcome as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Var %	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000
1,029	<b>Opening Balance</b>	1,616	1,626	1	1,649	1,671	1,700
	<b>Accumulated Funds</b>						
10	Operating Result for the Period	10	23	130	22	29	22
	<b>Reserves</b>						
10	<b>Total Income And Expense For The Period</b>	10	23	130	22	29	22
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
1,039	<b>Closing Balance</b>	1,626	1,649	1	1,671	1,700	1,722

### Notes to the financial statements

Significant variations are as follows:

#### *Operating Statement*

- taxes, fees and fines: the increase of \$0.083 million in the 2008-09 estimated outcome from the original budget and the decrease of \$0.068 million in the 2009-10 Budget from the 2008-09 estimated outcome relates to the collection of licence fees in 2008-09 which were not budgeted.
- user charges — ACT Government:
  - the decrease of \$0.468 million in the 2008-09 estimated outcome from the original budget is attributable to the reduction of revenue for the conduct of reviews during 2008-09; and
  - the increase of \$0.497 million in the 2009-10 Budget from the 2008-09 estimated outcome is attributable to the return to a more usual level of review activity.
- interest:
  - the increase of \$0.020 million in the 2008-09 estimated outcome from the original budget is attributable to a higher than budgeted interest returns on cash reserves; and
  - the decrease of \$0.020 million in the 2009-10 Budget from the 2008-09 estimated outcome is attributable to reduced expectations for interest returns on cash reserves.

- employee expenses:
  - the increase of \$0.069 million in the 2008-09 estimated outcome from the original budget is attributable to the requirement for additional temporary staffing resources; and
  - the decrease of \$0.058 million in the 2009-10 Budget from the 2008-09 estimated outcome is attributable to the return to normal staffing levels.
- supplies and services:
  - the decrease of \$0.436 million in the 2008-09 estimated outcome from the original budget is largely attributable to a decrease in the use of consultants associated with a reduced level of review activity during 2008-09; and
  - the increase of \$0.467 million in the 2009-10 Budget from the 2008-09 estimated outcome reflects a return to normal levels of activity.

#### *Balance Sheet*

- cash and cash equivalents: the decrease of \$0.057 million in the 2008-09 estimated outcome from the original budget is mainly due to the refund of unspent licence fees collected in 2007-08 for energy sector utilities.
- receivables current: the increase of \$0.611 million in the 2008-09 estimated outcome from the original budget is attributable to a higher level of collections from debtors.
- payables current: the decrease of \$0.060 million in 2008-09 estimated outcome from the original budget is due to the reduced use of consultants.
- employee benefits current: the decrease of \$0.027 million in the 2008-09 estimated outcome from the original budget is due to the use of leave entitlements by employees during the financial year.
- employee benefits non current: the increase of \$0.054 million in the 2008-09 estimated outcome from the original budget is due to the transfer of liabilities associated with employee movements and the normal accrual of leave entitlements.

#### *Cash Flow Statement*

Variances in the statement are explained in the notes above.