

# INDEPENDENT COMPETITION AND REGULATORY COMMISSION – STATEMENT OF INTENT

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The Independent Competition and Regulatory Commission (the Commission) is a Territory Authority established under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act). The Commission is constituted under the ICRC Act by one or more standing commissioners and any associated commissioners appointed for particular purposes. Commissioners are statutory appointments. The current Commissioner is Senior Commissioner Joe Dimasi who has direct responsibility for delivery of the outcomes that are foreshadowed in this Statement of Intent.

This Statement of Intent for 2019-20 has been prepared in accordance with Section 61 of the *Financial Management Act 1996* (FMA).

The responsible Minister, Mr Andrew Barr MLA, was consulted during the preparation of the Statement of Intent.

The Statement of Intent, which focuses on the 2019-20 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the Independent Competition and Regulatory Commission's strategic and business planning processes.

The Independent Competition and Regulatory Commission 2019-20 Statement of Intent has been agreed between:



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**Joe Dimasi**

**Senior Commissioner**



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**Andrew Barr MLA**

**Treasurer**

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# INDEPENDENT COMPETITION AND REGULATORY COMMISSION

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## Purpose

The Commission has responsibilities for a broad range of competition, regulation and consumer protection matters. The Commission is responsible under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act) for:

- regulating and advising government about pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries;
- providing advice on competitive neutrality complaints and government-regulated activities, and on other industry-related matters referred to the Commission; and
- arbitrating infrastructure access disputes under the ICRC Act.

The Commission's objectives are set out in sections 7 and 19L of the ICRC Act and Section 3 of the *Utilities Act 2000* (Utilities Act). Those objectives are:

- promoting effective competition in the interests of consumers;
- facilitating an appropriate balance between efficiency, environmental and social considerations;
- ensuring non-discriminatory access to monopoly and near-monopoly infrastructure; and
- when making a price direction in a regulated industry, promoting the efficient investment in, and efficient operation and use of regulated services for the long term interests of consumers in relation to price, quality, safety, reliability and security of the service.

The Utilities Act provides for the licensing of electricity, natural gas, water and sewerage utility services. In meeting its responsibilities under this legislation, the Commission's objectives are to:

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

## **Nature and scope of activities**

### **General activities**

#### **Water and sewerage services pricing arrangements**

As a regulated industry under the ICRC Act, prices for water and sewerage services in the ACT are determined by the Commission, or if reviewed and determined by an Industry Panel, are implemented by the Commission.

On 1 May 2018, the Commission released its final decision on the amount of revenue Icon Water can earn, and the prices it can charge, for regulated water and sewerage services over the period 1 July 2018 to 30 June 2023, subject to annual adjustments in accordance with the price direction including for specified pass-through events.

The Commission will make a decision in late May 2019 on adjusting the 2019-20 regulated water and sewerage services prices and in late May 2020 on adjusting the 2020-21 prices.

Before the next water and sewerage services price investigation, the Commission will review aspects of its pricing methodology to ensure it remains current and appropriate and provides incentives for Icon Water to operate efficiently.

#### **Retail electricity pricing arrangements**

From 1 July 2012, some responsibilities for regulating retail electricity were transferred to the Australian Energy Regulator (AER), but responsibility for technical regulation, complaints handling and retail electricity pricing remained with state and territory governments. The Commission will, pursuant to ACT government policy, continue to determine retail prices for the supply of electricity to small customers on standard retail contracts who consume less than 100MWh of electricity over any period of 12 consecutive months.

On 7 June 2017, the Commission released its final decision on the average annual increase in retail prices of electricity supplied to small customers on standard retail contracts for the period 1 July 2017 to 30 June 2020. These annual increases are subject to an annual adjustment for any pass-through events.

The Commission made a decision in June 2018 to adjust the 2018-19 average price changes for regulated retail electricity offers due to pass-through events. It will make a decision in June 2019 on adjusting the 2019-20 average price changes for these offers for pass-through events.

The Commission is currently completing its review of its retail electricity pricing model and methodology to ensure the method used in arriving at a price direction remains current, accurate and consistent with the Commission's obligations under the ICRC Act. Any changes to the model will be implemented in the regulatory period from 1 July 2020.

Over 2019-20, the Commission will respond to any terms of reference issued by the Treasurer for an investigation into setting retail prices for the supply of electricity to small customers on standard retail contracts, for the regulatory period from 1 July 2020.

## **Advice to government on industry-related matters**

The Commission provides advice to the ACT Government on matters related to an industry or to industries in general under terms of reference provided to the Commission.

In April 2018, the Minister for Transport Canberra and City Services asked the Commission to monitor and report on the impact on ACT beverage prices and competition in the beverage industry of the introduction on 30 June 2018 of the ACT Container Deposit Scheme. The Commission released a progress report in February 2019 and will provide a final report to the Minister in July 2019.

On 22 February 2019, the Treasurer gave the Commission an industry reference to undertake a factual analysis of automotive petrol prices and competition in the ACT. The Commission will release a draft decision in May and will provide a final report to the Treasurer by 28 June 2019.

## **Competition policy**

The Commission provides advice on competition policy matters to the ACT Government as required. The Commission also investigates and reports on competitive neutrality complaints as they are received, consistent with the National Competition Policy Agreements and the ACT Competitive Neutrality Statement.

In 2019-20, the Commission will continue to provide advice to meet the ACT Government's requirements and to handle any competitive neutrality complaints received.

## **Utilities regulatory regime**

The Commission has a statutory responsibility to ensure that licensed utilities authorised to provide services in the Territory comply with their obligations in and arising from licence conditions and industry and technical codes made under the Utilities Act. During 2019-20, the ACT licensing regime will continue to apply to electricity and gas distribution activities and water and sewerage services. The Commission will continue to assess licence applications, maintain the licensing regime, and monitor and report on licensed utilities' compliance with licence conditions.

On 8 December 2017, the Commission made an industry code covering capital contributions for water and sewerage infrastructure upgrades. The code took effect from 1 January 2018, with an 18 month transition period for properties purchased before that date. The charge and associated projects are subject to annual review by the Commission and the Commission approves updates to the precinct map. In June 2018, the Commission approved an update to the precinct map and decided not to change the charge. In 2019-20, the Commission will undertake the annual review of the precinct map and charge. After the transition period expires and the Code comes into full operation, the Commission intends to consider whether any operational aspects of the Code require review.

The Commission regularly reviews and updates utilities licences, codes and guidelines to ensure they remain appropriate, taking into account current and emerging consumer issues and utility industry developments. In 2018-19, the Commission continued this work, with a focus on reviewing the provisions of the consumer protection code. It will release a draft report and draft code before finalising the review and publishing a final code in 2019-20. Following the completion of the consumer protection code review and redraft, the Commission will consider whether any consequential amendments may be required to the consumer protection provisions of the Feed-in Tariff Code. The Commission will also undertake other work in 2019-20 to ensure the regulatory regime remains current and continues to meet the objectives in its enabling legislation.

## **Risks**

Effective risk management is essential to achieving the Commission's purpose. The Commission has developed an organisational risk management plan and a risk register to identify and manage risks across the organisation. The risk register is reviewed and updated regularly. In addition, project-specific plans are developed, monitored and updated during each project. There are three main areas of risk—operational, organisational and financial.

The Commission continues to implement strategies to manage the operational risks arising from the cyclical nature of the Commission's work. These include smoothing out, where possible, workload peaks and troughs to create a more stable workload and reduce pressure on staff, given the deadlines associated with the Commission's decision making responsibilities. Operational risk is also managed by appropriate training and supervision of staff and adequate internal processes and systems. External risks, such as non-performance under contracts, are managed through careful evaluation of risk factors and implementation of policies and procedures to manage those risks.

Organisational risk arises from the complexity of the Commission's work and its small and specialised staff. The Commission faces the ongoing risk of loss of organisational capacity and corporate knowledge arising from challenges in attracting and retaining staff with the required specialised skills and experience. The Commission has strategies to manage organisational risk, including training and development of staff, provision of an attractive and rewarding working environment, and effective records and knowledge management.

As a largely user-funded organisation, the Commission's financial risk mainly arises from inadequate cash reserves to meet the Commission's financial commitments.

The Commission has appropriate risk management procedures to identify and manage financial risk, including actively monitoring credit risk in areas such as cash and other receivables appropriate to its nature, scale and size.

## 2019-20 priorities and next three financial years

The Commission's strategic and operational priorities for 2019-20 include:

- approving the annual adjustment to the regulated price for water and sewerage services for 2020-21 in accordance with the price direction;
- commencing the necessary research and analysis in respect of the regulatory reset principles in relation to water demand forecasting, incentive mechanisms and the method for calculating the allowed rate of return on investments to ensure this work is completed well in advance of the next price investigation into regulated water and sewerage service prices;
- monitoring and analysing regulatory developments in other jurisdictions relating to issues arising from the Commission's review of its retail electricity pricing model and methodology and considering the implications for making a pricing determination for retail electricity supplied to small customers on standard retail contracts in the regulatory period from 1 July 2020;
- responding to any terms of reference issued by the ACT Government to undertake a pricing investigation for the determination of the price of electricity for small customers on standard retail contracts in the regulatory period from 1 July 2020;
- providing a final report to the Minister for Transport Canberra and City Services on the impact of the introduction of the ACT Container Deposit Scheme on beverage prices and competition in the ACT beverage industry and advice to the Minister on any unfair or unjustified behaviour or market outcomes and potential improvements to the Scheme;
- responding to any new terms of reference received from the ACT Government for advice on industry-related matters;
- overseeing the regulatory regime established under the Utilities Act, including licensing, completing its review and redraft of the consumer protection code, industry code development and updates, compliance monitoring, and reporting on utility compliance and performance;
- recovering annual utility licence fees and administering the annual energy industry levy; and
- responding to the Government's requirements for advice on competition policy matters and discharging the Commission's statutory role in competitive neutrality complaints handling.

The strategic and operational issues to be pursued in the following three financial years include:

- undertaking the annual adjustment to regulated water and sewerage service prices for the financial years 2021-22 and 2022-23;

- responding to any terms of reference issued by the ACT Government to undertake a pricing investigation for the determination of regulated water and sewerage service prices for the regulatory period from 1 July 2023;
- completing the necessary research and analysis in respect of the regulatory reset principles in relation to water demand forecasting, incentives mechanisms and the method for calculating the allowed rate of return on investments well in advance of the next price investigation into regulated water and sewerage service prices;
- overseeing any annual adjustments, including for pass-through events, required by a price determination for retail electricity supplied to small customers on standard retail contracts that is made in response to terms of reference issued by the Government for the regulatory period from 1 July 2020;
- responding to any terms of reference received from the ACT Government for advice on industry-related matters;
- overseeing the regulatory regime established under the Utilities Act, including licensing, amending existing licences to take account of any legislative changes, industry code development and updates, recovering annual utility licence fees, administering the energy levy, compliance monitoring, and reporting on utility compliance and performance; and
- responding to the Government’s requests for advice on competition policy matters and discharging the Commission’s statutory role in competitive neutrality complaints handling.

## Estimated employment level

**Table 1: Estimated employment level**

	<b>2017-18 Actual Outcome</b>	<b>2018-19 Budget</b>	<b>2018-19 Estimated Outcome</b>	<b>2019-20 Budget</b>
<b>Staffing (FTE)</b>	10	11 <sup>1</sup>	11	10 <sup>1</sup>

**Note(s):**

1. The variation in budgeted employment levels relates to the Commission’s fluctuating work program. The Commission manages the fluctuations in its work program by engaging staff on short-term employment contracts.

## Key performance indicators for 2019-20 to 2022-23

Table 2: Key performance indicators for 2019-20 and 2022-23

Item	Measure	
	2019-20	2020-21 to 2022-23
Water and sewerage services pricing	Reviews of matters identified as reset principles. Annual price adjustments.	Price determination for regulatory period from 1 July 2023 (subject to terms of reference from ACT Government). Reviews of matters identified as reset principles. Annual price adjustments.
Retail electricity pricing	Price determination for regulatory period from 1 July 2020 (subject to terms of reference from Government).	Any price adjustments required under a price direction for the regulatory period from 1 July 2020. Reviews of any matters identified as reset principles in a price direction for the regulatory period from 1 July 2020.
Container Deposit Scheme—price and competition monitoring	1 final report and any advice required on market outcomes or behaviour. Further monitoring if required.	Any further monitoring if required.
Advice on any additional referred matters	Subject to receipt of references.	Subject to receipt of references.
Utilities compliance and performance monitoring	1 report.	Annual reports.
Utility licence fees (water, sewerage services, and energy sector utilities not subject to energy industry levy)	Licence fees determination and collection.	Annual licence fee determinations and annual collection of licence fee.
Utility levies (energy sector)	4 determinations.	Annual levy determinations as required.
Industry Code determinations	2 determinations.	Any determinations as required.
Capital Contributions Code (water and sewerage infrastructure upgrades)	1 annual review and 1 approval of precinct map update if required.	Annual reviews and approvals of precinct map update if required.

## Assessment of performance against 2018-19 objectives

**Table 3: Comparison of estimated performance at 30 June 2019 and the Statement of Intent for 2018-19**

Item	Measure	Estimated performance
Water and sewerage services pricing.	Undertaking reviews of matters identified as reset principles. Annual price adjustment.	Completed price adjustment. Planning for reviews of matters identified as reset principles during regulatory period 2018-23.
Retail electricity pricing. Utilities compliance and performance.	Price adjustment for 2019-20. 1 report.	Completed price adjustment. Completed 1 report.
Utility licence fees (water, sewerage services, and energy sector utilities not subject to energy industry levy). Utility levies (energy sector).	Licence fees determination and collection.  3 determinations.	Completed determination and collected fees.  Completed 4 determinations.
Container Deposit Scheme—price and competition monitoring. Advice on referred matters	1 progress report.  Subject to receipt of references.	Completed progress report.  Completed draft and final reports for inquiry into petrol prices.

**Note(s):**

- In addition to the performance measures included in the Statement of Intent for 2018-19, the Commission:
  - completed an annual review of charges and associated projects and an approval of the precinct map update under the industry code covering capital contributions for water and sewerage infrastructure upgrades; and
  - undertook a review of its retail electricity pricing model and methodology in accordance with the reset principles in the price determination.

## Changes to Appropriation

**Table 4: Changes to appropriation – Controlled Recurrent Payments**

	2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>2018-19 Budget</b>	893	556	383	392	392
<b>2019-20 Budget Technical Adjustments</b>					
Better Government – Expanding Microsoft user licencing	0	1	1	1	1
<b>2019-20 Budget Technical Adjustments</b>					
Revised indexation parameters	0	0	0	0	3
Revised Superannuation Guarantee Rate	0	2	2	2	2
Revised Superannuation Parameters	-2	2	5	5	6
Shared Services – Cost Model Review	0	-14	-14	-15	-10
Workers' compensation savings	0	-2	-2	-2	-2
<b>2019-20 Budget</b>	<b>891</b>	<b>545</b>	<b>375</b>	<b>383</b>	<b>392</b>

**Note(s):**

- The decrease of \$0.346 million (39 per cent) in the 2019-20 Budget from the 2018-19 Estimated Outcome is mainly due to the smaller amount of remaining work required in 2019-20 compared to 2018-19 to complete the Commission's review of its electricity pricing model and methodology. The Commission's funding has been reduced accordingly.

**Table 5: Changes to appropriation – Capital Injections, Controlled**

	2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>2018-19 Budget</b>	1	0	0	0	0
<b>2019-20 Budget</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Monitoring and reporting**

The Commission will satisfy the requirements of the Chief Minister's Annual Reports Directions. The Commission's Annual Report will, amongst other things, report against the requirements of this Statement of Intent.

The FMA authorises the Treasurer to obtain financial and other statements from the Commission for a stated period including annual, quarterly and monthly reporting.

## **Annual reporting**

As part of preparations for end of year reporting, the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) will advise the dates when the following documents are required at the CMTEDD and at the Auditor-General's Office:

- certified financial statements;
- management discussion and analysis;
- a full and accurate set of audited financial records for the preceding financial year in the form requested; and
- consolidation packs relating to the annual financial statements, draft and final.

## Financial Statements – Controlled

**Table 6: Independent Competition and Regulatory Commission: Operating Statement**

2018-19 Budget		2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
893	Controlled Recurrent Payments	891	545	-39	375	383	392
344	Taxes, Fees and Fines	393	611	55	713	382	405
721	User Charges	1,007	1,144	14	427	718	1,463
22	Interest	25	25	-	25	25	25
0	Resources Received Free of Charge	0	11	#	11	11	11
<b>1,980</b>	<b>Total Revenue</b>	<b>2,316</b>	<b>2,336</b>	<b>1</b>	<b>1,551</b>	<b>1,519</b>	<b>2,296</b>
<b>Expenses</b>							
1,368	Employee Expenses	1,344	1,409	5	786	763	1,421
173	Superannuation Expenses	167	175	5	95	99	204
547	Supplies and Services	823	641	-22	645	632	646
64	Depreciation and Amortisation	64	50	-22	0	0	0
<b>2,152</b>	<b>Total Expenses</b>	<b>2,398</b>	<b>2,275</b>	<b>-5</b>	<b>1,526</b>	<b>1,494</b>	<b>2,271</b>
<b>-172</b>	<b>Operating Result</b>	<b>-82</b>	<b>61</b>	<b>174</b>	<b>25</b>	<b>25</b>	<b>25</b>

**Table 7: Independent Competition and Regulatory Commission: Balance Sheet**

Budget at 30/6/19 \$'000		2018-19 Estimated Outcome \$'000	Budget at 30/6/20 \$'000	Var %	Estimate at 30/6/21 \$'000	Estimate at 30/6/22 \$'000	Estimate at 30/6/23 \$'000
<b>Current Assets</b>							
1,299	Cash and Cash Equivalents	1,655	1,540	-7	1,809	1,831	1,853
229	Receivables	47	284	504	54	73	92
<b>1,528</b>	<b>Total Current Assets</b>	<b>1,702</b>	<b>1,824</b>	<b>7</b>	<b>1,863</b>	<b>1,904</b>	<b>1,945</b>
<b>Non Current Assets</b>							
50	Property, Plant and Equipment	49	0	-100	0	0	0
<b>50</b>	<b>Total Non Current Assets</b>	<b>49</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1,578</b>	<b>TOTAL ASSETS</b>	<b>1,751</b>	<b>1,824</b>	<b>4</b>	<b>1,863</b>	<b>1,904</b>	<b>1,945</b>
<b>Current Liabilities</b>							
183	Payables	68	69	1	70	71	72
68	Employee Benefits	195	200	3	207	216	225
<b>251</b>	<b>Total Current Liabilities</b>	<b>263</b>	<b>269</b>	<b>2</b>	<b>277</b>	<b>287</b>	<b>297</b>
<b>Non Current Liabilities</b>							
46	Employee Benefits	59	64	8	69	74	79
69	Other Liabilities	68	69	1	70	71	72
<b>115</b>	<b>Total Non Current Liabilities</b>	<b>127</b>	<b>133</b>	<b>5</b>	<b>139</b>	<b>145</b>	<b>151</b>
<b>366</b>	<b>TOTAL LIABILITIES</b>	<b>390</b>	<b>402</b>	<b>3</b>	<b>416</b>	<b>432</b>	<b>448</b>
<b>1,212</b>	<b>NET ASSETS</b>	<b>1,361</b>	<b>1,422</b>	<b>4</b>	<b>1,447</b>	<b>1,472</b>	<b>1,497</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
1,212	Accumulated Funds	1,361	1,422	4	1,447	1,472	1,497
<b>1,212</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>1,361</b>	<b>1,422</b>	<b>4</b>	<b>1,447</b>	<b>1,472</b>	<b>1,497</b>

**Table 8: Independent Competition and Regulatory Commission: Statement of Changes in Equity**

Budget at 30/6/19 \$'000		2018-19 Estimated Outcome \$'000	Budget at 30/6/20 \$'000	Var %	Estimate at 30/6/21 \$'000	Estimate at 30/6/22 \$'000	Estimate at 30/6/23 \$'000
	<b>Opening Equity</b>						
1,383	Opening Accumulated Funds	1,442	1,361	-6	1,422	1,447	1,472
<b>1,383</b>	<b>Balance at the Start of the Reporting Period</b>	<b>1,442</b>	<b>1,361</b>	<b>-6</b>	<b>1,422</b>	<b>1,447</b>	<b>1,472</b>
	<b>Comprehensive Income</b>						
-172	Operating Result - Including Economic Flows	-82	61	174	25	25	25
<b>-172</b>	<b>Total Comprehensive Income</b>	<b>-82</b>	<b>61</b>	<b>174</b>	<b>25</b>	<b>25</b>	<b>25</b>
1	Capital Injections	1	0	-100	0	0	0
	<b>Closing Equity</b>						
1,212	Closing Accumulated Funds	1,361	1,422	4	1,447	1,472	1,497
<b>1,212</b>	<b>Balance at the end of the Reporting Period</b>	<b>1,361</b>	<b>1,422</b>	<b>4</b>	<b>1,447</b>	<b>1,472</b>	<b>1,497</b>

**Table 9: Independent Competition and Regulatory Commission: Cash Flow Statement**

2018-19 Budget		2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
893	Controlled Recurrent Payments	891	545	-39	375	383	392
348	Taxes, Fees and Fines	397	611	54	960	382	405
1,157	User Charges	1,443	1,144	-21	427	718	1,463
22	Interest Received	25	25	-	25	25	25
48	Other	48	44	-8	45	45	45
<b>2,468</b>	<b>Operating Receipts</b>	<b>2,804</b>	<b>2,369</b>	<b>-16</b>	<b>1,832</b>	<b>1,553</b>	<b>2,330</b>
<b>Payments</b>							
1,372	Employee	1,344	1,641	22	790	767	1,425
176	Superannuation	170	180	6	99	103	208
589	Supplies and Services	865	663	-23	674	661	675
<b>2,137</b>	<b>Operating Payments</b>	<b>2,379</b>	<b>2,484</b>	<b>4</b>	<b>1,563</b>	<b>1,531</b>	<b>2,308</b>
<b>331</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>425</b>	<b>-115</b>	<b>-127</b>	<b>269</b>	<b>22</b>	<b>22</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
1	Capital Injections	1	0	-100	0	0	0
<b>1</b>	<b>Financing Receipts</b>	<b>1</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>1</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>332</b>	<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>426</b>	<b>-115</b>	<b>-127</b>	<b>269</b>	<b>22</b>	<b>22</b>
<b>967</b>	<b>CASH AT THE BEGINNING OF REPORTING PERIOD</b>	<b>1,229</b>	<b>1,655</b>	<b>35</b>	<b>1,540</b>	<b>1,809</b>	<b>1,831</b>
<b>1,299</b>	<b>CASH AT THE END OF REPORTING PERIOD</b>	<b>1,655</b>	<b>1,540</b>	<b>-7</b>	<b>1,809</b>	<b>1,831</b>	<b>1,853</b>

## Notes to the Controlled Budget Statements

Significant variations are as follows:

### *Operating Statement*

- controlled recurrent payments: the decrease of \$0.346 million (39 per cent) in the 2019-20 Budget from the 2018-19 Estimated Outcome is mainly due to the smaller amount of remaining work required in 2019-20 compared to 2018-19 to complete the Commission's review of its electricity pricing model and methodology. The Commission's funding has been reduced accordingly.
- taxes, fees and fines: the increase of \$0.218 million (55 per cent) in the 2019-20 Budget from the 2018-19 Estimated Outcome is mainly due to an increase in Utilities Licences fees to fund the Commission's review of its water pricing principles to ensure water and sewerage prices are not higher than reasonably justified.
- user charges: the increase of \$0.286 million (40 per cent) in the 2018-19 Estimated Outcome from the 2018-19 Budget is mainly due to additional funding being received for the inquiry into petrol prices.
- supplies and services:
  - the increase of \$0.276 million (50 per cent) in the 2018-19 Estimated Outcome from the 2018-19 Budget is mainly due to increased consultancy costs relating to both the inquiry into petrol prices and the Commission's review of its electricity pricing model and methodology, and the purchase of financial data required for setting water prices; and
  - the decrease of \$0.182 million (22 per cent) in the 2019-20 Budget from the 2018-19 Estimated Outcome is mainly due to the anticipated reduction in consultancy costs associated with the inquiry into petrol prices and the Commission's review of its electricity pricing model and methodology.

### ***Balance Sheet***

- cash and equivalents: the increase of \$0.356 million (27 per cent) in the 2018-19 Estimated Outcome from the 2018-19 Budget relates to the cash impact of lower receivables and a more favourable than anticipated operating result.
- receivables:
  - the decrease of \$0.182 million (79 per cent) in the 2018-19 Estimated Outcome from the 2018-19 Budget is mainly due to payments for the inquiry into beverage price impacts relating to the ACT Container Deposit Scheme being received sooner than anticipated at the time of preparing the 2018-19 Budget; and
  - the increase of \$0.237 million (504 per cent) in the 2019-20 Budget from the 2018-19 Estimated Outcome is mainly due to estimated costs of the retail electricity pricing investigation that will be recovered in 2020-21 following the expected completion in June 2020.

### ***Statement of Changes in Equity***

Variations in the Statement are explained in the notes above.

### ***Cash Flow Statement***

Variations in the Statement are explained in the notes above.

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