



**ICRC**  
independent competition and regulatory commission

# Annual Report 2021–22

**Report 5 of 2022, October 2022**



The Independent Competition and Regulatory Commission is a Territory Authority established under the *Independent Competition and Regulatory Commission Act 1997* (the ICRC Act). We are constituted under the ICRC Act by one or more standing commissioners and any associated commissioners appointed for particular purposes. Commissioners are statutory appointments. Joe Dimasi is the current Senior Commissioner who constitutes the commission and takes direct responsibility for delivery of the commission's outcomes.

We have responsibility for a broad range of regulatory and utility administrative matters. We are responsible under the ICRC Act for regulating and advising government about pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries, and providing advice on competitive neutrality complaints and government-regulated activities. We also have responsibility for arbitrating infrastructure access disputes under the ICRC Act

We are responsible for managing the utility licence framework in the ACT, established under the *Utilities Act 2000* (Utilities Act). We are responsible for the licensing determination process, monitoring licensees' compliance with their legislative and licence obligations and determination of utility industry codes.

Our objectives are set out in sections 7 and 19L of the ICRC Act and section 3 of the Utilities Act. In discharging our objectives and functions, we provide independent robust analysis and advice.

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# Table of Contents

<b>Annual Report 2021–22</b>	<b>A</b>
<b>Senior Commissioner’s overview</b>	<b>1</b>
<b>Part A. Transmittal certificate</b>	<b>4</b>
<b>Part B. Organisational overview and performance</b>	<b>6</b>
<b>B.1 Organisational overview</b>	<b>7</b>
B.1.1 Commission’s functions and mission	7
B.1.2 Operating environment, priorities and outlook	8
B.1.3 Governance arrangements	11
<b>B.2 Performance analysis</b>	<b>12</b>
B.2.1 Electricity price regulation	12
B.2.2 Water and sewerage services price regulation	12
B.2.3 Industry codes	14
B.2.4 Licensed utilities annual performance report and energy retailers’ compliance report	16
<b>B.3 Scrutiny</b>	<b>17</b>
<b>B.4 Risk management</b>	<b>17</b>
<b>B.5 Internal audit</b>	<b>17</b>
<b>B.6 Fraud prevention</b>	<b>18</b>
<b>B.7 Freedom of Information</b>	<b>19</b>
<b>B.8 Community engagement and support</b>	<b>19</b>
<b>B.9 Aboriginal and Torres Strait islander reporting</b>	<b>20</b>
<b>B.10 Work health and safety</b>	<b>21</b>
<b>B.11 Human resources management</b>	<b>22</b>
<b>B.12 Ecologically sustainable development</b>	<b>24</b>
<b>Part C. Financial Management Reporting</b>	<b>27</b>
<b>C.1 Financial management analysis</b>	<b>28</b>
C.1.1 General overview	28
C.1.2 Total expenditure	28
C.1.3 Total income	30
C.1.4 Total assets	31
C.1.5 Total liabilities	33
<b>C.2 Financial statements</b>	<b>33</b>
<b>C.3 Capital works</b>	<b>34</b>

<b>C.4 Asset management</b>	<b>34</b>
<b>C.5 Government contracting</b>	<b>34</b>
<b>Appendixes</b>	<b>36</b>
<b>Appendix 1 Financial statements and audit report</b>	<b>37</b>
<b>Appendix 2 Statement of performance and Independent limited assurance report</b>	<b>73</b>
<b>Appendix 3 Section 9 reporting requirements</b>	<b>80</b>
Investigations	80
Final reports and special reports	80
Price directions	81
Access agreements	81
Arbitration of disputes	81
Notices issued under section 41 and general use of information obtained	81
Other functions exercised by the commission	81
<b>Appendix 4 APPENDIX 4 ANNUAL REPORTS (GOVERNMENT AGENCIES) DIRECTIONS 2022 (NI2022-308) COMPLIANCE STATEMENT</b>	<b>83</b>
Part 1 Directions overview	83
Part 2 Annual report requirements	83
Part 3 Reporting by exception	83
Part 4 Annual report requirements for specific reporting entities	83
Part 5 Whole of government annual reporting	83
<b>Appendix 5 Commission’s publications 2021–22</b>	<b>85</b>
<b>Abbreviations</b>	<b>86</b>
<b>Alphabetical index</b>	<b>87</b>

# Senior Commissioner's overview

In 2021-22, the commission delivered on our core pricing and regulatory functions, started a major price investigation to set regulated prices for water and sewerage services for the 2023-2028 regulatory period, and implemented a new industry code to help consumers choose an electricity plan that would save them money.

Operating conditions remained challenging during the year due to the continuing uncertainty and risks created by the COVID-19 pandemic, the tight labour market, and the perennial challenges inherent in being a small agency with a heavy and diverse workload.

We successfully managed these challenges, due to substantial investments over recent years in building organisational capacity and resilience and strengthening our risk management and business continuity strategies. During 2021-22, we embedded more flexible working arrangements, including 'hybrid' working arrangements that allow our staff to work from home for part of the week and remote working arrangements to retain highly skilled and experienced employees. We also recruited new employees to replace employees who took up other opportunities in 2020-21.

Our regulatory activities during 2021-22 contributed to ensuring that: residential and small business consumers could obtain electricity, water and sewerage services at regulated prices that reflect the efficient and prudent costs of providing those services; important consumer protections were available; and the utilities operating in the Territory had incentives to deliver services at a standard expected by Territory households and businesses.

We also completed a series of reviews of the methods we use in estimating the regulated prices for water and sewerage services in preparation for starting the price investigation to set prices to apply from 1 July 2023.

## Activities during 2021-22

In undertaking our core pricing functions, we:

- set maximum prices for regulated water and sewerage services for 2022-23 in accordance with our 2018 price direction for the five-year regulatory period from 1 July 2018
- set the maximum allowed increase in average retail electricity prices for 2022-23 in accordance with our 2020 price direction for the four-year regulatory period from 1 July 2020
- completed our review and update of the methods we use to forecast the demand for water and sewerage services in preparation for the 2023-28 price investigation
- approved Icon Water's standard customer contract for water and sewerage services

- approved an update to the precinct map and set the precinct charge for 2021–22 under the industry code on capital contributions for water and sewerage infrastructure upgrades.

In relation to our regulatory and compliance functions, we implemented the new ACT Retail Electricity (Transparency and Comparability) Code, which started on 1 October 2021. As part of the implementation of the Code, we published a guideline to help electricity retailers understand and comply with their obligations under the Code and a consumer fact sheet to inform consumers about what assistance they should expect from retailers. In June 2022, we varied the Code after the Australian Energy Regulator (AER) published its Better Bills Guideline. The variation was needed to avoid duplication between the AER guideline and our Code and ensure retailers did not incur unnecessary administrative costs that would be passed on to consumers. We updated our guideline for retailers to reflect the Code variation. We are undertaking regular checking to ensure retailers are complying with the Code.

We met our ongoing responsibility for ensuring that utilities providing services in the Territory comply with legislative requirements, licence conditions, and industry and technical codes by:

- determining the 2021–22 utility licence fees and the 2021–22 energy industry levy amounts
- monitoring compliance with the 2020 consumer protection code
- monitoring and reporting on licenced utilities' performance and compliance with their licence conditions in 2020-21.

In 2021-22, we published a new report on the electricity retailers' compliance with obligations that were introduced in the 2020 consumer protection code.

We updated our guidance for utilities to help them meet their annual reporting obligations and developed guidance for electricity retailers to help them meet their annual reporting obligations to us.

## Looking forward

A major focus for our work in 2022-23 will be the price investigation to determine the regulated prices for water and sewerage services that will apply from 1 July 2023. And we will continue to undertake other core pricing, regulatory and compliance functions and provide advice to the Government as requested.

For our core pricing work, we will set the maximum allowable average change in retail electricity prices for 2022-23 in accordance with our 2020 price determination for the regulatory period 1 July 2020 to 30 June 2024.

We will continue to undertake our annual regulatory and compliance functions, including monitoring and reporting on utility performance and licence compliance, monitoring and reporting on electricity retailers' compliance with industry codes, and setting utility licence fees and energy industry levies. In addition, we will continue to monitor developments in energy markets and assess the implications for ACT economic regulation of the industry to ensure our regulatory and consumer protection framework remains up-to-date and appropriate.

And we look forward to assisting the Government during 2022–23 with advice on industry-related or other matters as required.

## The commission's approach

In undertaking our pricing, regulatory and compliance functions and providing advice and analysis to the Government, we balance economic, social and environmental considerations, as required by the objectives set out in our enabling legislation. In doing this, we place a high priority on ensuring our decisions, findings and recommendations are based on reliable evidence and have been informed by broad consultation with interested parties, including consumers and regulated industries. Engaging with other regulators is also important for sharing information, promoting appropriate consistency, and reducing regulatory costs.

We understand that Territory households and businesses are experiencing significant cost of living pressures. We will continue to work to ensure that regulated prices for electricity, water and sewerage services reflect only efficient and prudent costs, including a reasonable return on the investments needed to provide services into the future. We will continue to monitor consumer protections, including the utilities' hardship policies, to ensure they remain appropriate and adequate. The ACT Retail Electricity (Transparency and Comparability) Code, which took effect in 2021, is an important additional protection for electricity consumers to help them choose a plan that is right for them and will save them money.

One of our strategic priorities has been, and still is, to make it easier for consumers, regulated businesses and other interested parties to be informed about, and participate in, our decision-making processes. During 2021-22, we continued to use online platforms for meetings to make it easier for our stakeholders to participate. We will continue to use online platform and will, subject to protecting the health of our staff and stakeholders, offer a choice of in-person attendance and online attendance to meet our stakeholders' needs.

Another of our ongoing strategic priorities is to build and maintain organisational capacity and the resilience and flexibility to continue to deliver on a heavy and diverse workload with a small team of employees. In 2021-22, we recruited several highly qualified, experienced staff to rebuild our capacity to continue providing robust factual analysis to inform our regulatory decisions and our advice to the Government. Our reputation for producing high-quality decisions and advice and undertaking a diverse range of regulatory activities that protect Territory consumers, coupled with the collaborative and supportive working environment at the commission, allowed us to attract new employees despite the tight labour market.

I would like to express my thanks and appreciation to staff for their hard work and commitment to delivering outcomes that contribute to the wellbeing of the Territory community.

Joe Dimasi  
Senior Commissioner



**Part A.  
Transmittal certificate**

PART  
A





**ICRC**  
independent competition and regulatory commission

Mr Andrew Barr MLA  
Treasurer  
ACT Legislative Assembly  
Canberra ACT 2601

Dear Treasurer,

We are pleased to present to you the Independent Competition and Regulatory Commission's Annual Report for 2021–22.

This report has been prepared in accordance with section 7(2) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements under the Annual Reports (Government Agencies) Directions.

It has been prepared in conformity with other legislation applicable to the preparation of the annual report by the Independent Competition and Regulatory Commission.

We certify that the information in the attached report, and information provided for whole of government reporting, is an honest and accurate account and that all material information on the operations of the Independent Competition and Regulatory Commission has been included for the period 1 July 2021 to 30 June 2022.

We hereby certify that fraud prevention has been managed in accordance with the *Public Sector Management Standards 2006 (repealed)*, Part 2.3 (see section 113, Public Sector Management Standards 2016).

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you present the report to the Legislative Assembly within 15 weeks after the end of the reporting year.

Yours sincerely,

Mr Joe Dimasi  
Senior Commissioner

28 September 2022

Dr Annette Weier  
Chief Executive Officer

28 September 2022



**Part B.  
Organisational overview  
and performance**

PART  
B

## B.1 ORGANISATIONAL OVERVIEW

### B.1.1 Commission's functions and mission

The Independent Competition and Regulatory Commission (commission) was established under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act),<sup>1</sup> originally as the Independent Pricing and Regulatory Commission.

Under the ICRC Act, the commission has a range of regulatory and advisory functions, covering: making price directions and recommendations about price regulation; advising the minister about proposed access arrangements and arbitration of access disputes; investigating and reporting on competitive neutrality complaints and on government-related activities; and investigating and reporting on matters referred by the minister and other referring authorities.

While the focus of the commission's operations has changed over time,<sup>2</sup> its fundamental mission, as set out the objectives in the ICRC Act, has remained constant: to promote effective competition in the interests of consumers while facilitating an appropriate balance between economic efficiency, environmental and social considerations.

When making price directions, the commission is also required to consider the interests of consumers in promoting efficient investment in, and operation of, regulated services into the future. These objectives, as well as the more detailed requirements of section 20 of the ICRC Act, guide the commission's decision making.

In short, the commission must balance the interests of consumers who want reliable services at the lowest price, with the need to ensure that the regulated service provider earns enough revenue to cover its efficient costs as well as provide an appropriate return on investment. In doing this, the commission considers environmental and social factors as well as any service quality, reliability and safety standards. The commission's regulatory approach aims to deliver both viable utility services and reasonable prices.

The commission has additional regulatory functions under the *Utilities Act 2000* (Utilities Act). Its objectives under section 3 of the Utilities Act align with its overall mission. In summary, they are to promote competition, protect the interests of consumers, promote ecologically sustainable development in the provision of utility services, and encourage the provision of safe, reliable, efficient, and high-quality utility services at reasonable prices.

Under the Utilities Act, the commission is responsible for managing the licensing framework for non-National Energy Retail Law (NERL) utility service providers in the Territory, including issuing licences and monitoring licence compliance. The commission also has responsibility for industry codes (which may apply to NERL retailers), approving standard customer contracts, and determining fees and levies paid by utilities operating within the Territory to recover the costs of the regulatory functions undertaken by the commission and other Territory bodies such as the Technical Regulator and the ACT Civil and Administrative Tribunal (ACAT).

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<sup>1</sup> <https://www.legislation.act.gov.au/a/1997-77/default.asp>

<sup>2</sup> Reflecting the move to national energy regulation, introduction of National Competition Policy, and the changing needs of the Government and Territory community.

In providing advice to the Government and other referring authorities, the commission's vision is to deliver high-quality, evidence-based findings, and (if required) recommendations, that are timely, satisfy the terms of reference, and contribute to improving the wellbeing of the Territory community.

## **B.1.2 Operating environment, priorities and outlook**

The commission's operating environment remained challenging in 2021-22, due to continuing impacts from the COVID-19 pandemic on the Territory community.

After the Territory lockdown in the second half of 2021, commission employees returned to 'hybrid' working arrangements, which combine working from home for part of the week with working in the office for the rest of the week. These flexible arrangements allowed the commission to meet its obligations, while protecting the health of employees and making it easier for them to meet their work, family and personal obligations. The return to the office for part of the week improved team cohesion, collaboration opportunities and interpersonal connections, while retaining the benefits of flexibility.

We continued to manage the inherent and persistent operational challenges from being a small agency with a heavy and diverse workload. The cyclical nature of our core regulatory workload increases these challenges—both for managing pressures on staff in meeting the deadlines associated with the commission's decision-making responsibilities and the ongoing risks for attracting and retaining suitably qualified staff.

In December 2021, we received terms of reference from the Treasurer to commence a price investigation to determine regulated prices for water and sewerage services for the 2023-2028 regulatory period. The price investigation represents a cyclical peak in our workload and will be a major focus for our work until June 2023. Over the past 2 years, we smoothed out some of the workload peak by completing 3 reviews of the methods and models we will use in the price investigation—reviews of incentive mechanisms, rate of return, and demand forecasting approaches. We intend to apply the decisions from these reviews in the price investigation.

As well as reducing the peak workload for us, competing these reviews before starting the price investigation reduces the workload for our stakeholders during the price investigation because consultation on these issues has already occurred. It also gives our stakeholders, including Icon Water, greater certainty about the approaches we will apply during the price investigation.

Another significant operational challenge comes from the rapid pace of change in the regulated industries. Energy markets continue to feature significant change, risk and uncertainty due to the transition to renewable energy generation, extreme weather events (both in Australia and overseas), and international economic and political events. These developments have caused sharp increases in wholesale energy prices, which have increased affordability concerns for households and businesses.

For Territory electricity consumers, there was some relief from the upward trend in electricity prices with the commission's announcement of a 1.25% fall in standing offer prices from 1 July 2022. However, the commission recognises that electricity prices remain high, which leads to affordability pressures, and high wholesale gas prices will place upward pressure on retail gas prices (which are not regulated by the commission).

To help Territory electricity consumers find a better electricity plan that saves them money, we made the ACT Electricity (Transparency and Comparability) Code, which came into effect on 1 October 2021. The Code places obligations on retailers to help consumers understand market and

standing offer electricity plans and choose a plan that will best suit their individual circumstances. We will continue to monitor retailers' compliance with the Code and seek consumer feedback.

Changes in the climate and weather patterns, national and Territory water and environmental policies, changes in supply costs and water use practices, and population growth are all impacting on the demand for, and supply of, water and sewerage services. We will investigate the impact of these events on Icon Water's operating and capital expenditures, and demand for water and sewerage services, during the price investigation.

For our regulatory functions, we will continue to review our industry codes, licence conditions and guidance material on a regular basis to ensure the consumer protection framework continues to meet the community's needs, and our regulatory and compliance activities continue to achieve our legislative objectives.

In all our work, we place a high priority on encouraging consumers, regulated businesses and other interested parties to participate in our decision-making processes, and be informed about our decisions, consumer protections, and regulatory obligations. It remains a priority for us to continue to improve the presentation and readability of our reports and ensure the guidance material for utilities and the public on our website is clear and meets our stakeholders' needs. We continue to use digital technologies to make it easier for stakeholders to participate in our consultation processes.

Finally, the tight labour market and high demand for employees with regulatory expertise create an operational challenge in attracting and retaining suitably qualified employees. In 2021-22, we were successful in recruiting several new employees to replace staff who took up other opportunities in 2020-21. We will continue to offer flexible working arrangements, a supportive and collaborative working environment, good training opportunities, and interesting, meaningful work to maintain our ability to attract and retain staff, despite the challenges.

Our ongoing efforts to maintain a deep pool of expertise allows us to meet our core pricing and regulatory functions and improves our responsiveness to ministers' requests for advice on a variety of matters. Such requests for advice allow us to use our expertise to deliver high-quality analysis, findings and recommendations that contribute to improving the wellbeing of the Territory community. They also give staff a more stable career path and opportunities to broaden their experience, which improves staff retention and the ability to attract highly skilled and experienced staff.

## Performance during 2021–22

During 2021-22, our regulatory pricing activities contributed to ensuring that residential and small business consumers could obtain electricity, water and sewerage services at regulated prices that reflect the efficient and prudent costs of providing those services. In undertaking our core pricing functions, we:

- set the maximum allowed increase in average retail electricity prices for 2022-23 in accordance with our 2020 price direction for the four-year regulatory period from 1 July 2020<sup>3</sup>
- set maximum prices for regulated water and sewerage services for 2022–23 in accordance with our 2018 price direction for the five-year regulatory period from 1 July 2018<sup>4</sup>

<sup>3</sup> <https://www.icrc.act.gov.au/energy/electricity/retail-electricity-prices-2020-24>

<sup>4</sup> <https://www.icrc.act.gov.au/water-and-sewerage/regulated-water-and-sewerage-services-prices-201823>

- approved Icon Water’s standard customer contract for water and sewerage services
- approved an update to the precinct map and set the precinct charge for 2022–23 under the industry code on capital contributions for water and sewerage infrastructure upgrades<sup>5</sup>
- completed our review and update of the methods we use to forecast demand for water and sewerage services in the ACT. We decided to review the demand forecasting methods in our 2018 price investigation as part of our practice of regularly reviewing our modelling approaches.<sup>6</sup>

During 2021–22, we met our ongoing responsibility for ensuring that important consumer protections are available and that the utilities operating in the Territory have incentives to deliver services at a standard expected by Territory households and businesses and comply with legislative requirements, licence conditions, and industry and technical codes. In undertaking our regulatory and compliance functions, we:

- determined the 2021–22 utility licence fees and the 2021–22 energy industry levy amounts<sup>7</sup>
- monitored compliance with the 2020 consumer protection code<sup>8</sup> by licensed utilities and electricity retailers
- monitored and reported on licenced utilities’ performance and compliance with their licence conditions in 2020–21 and electricity retailers’ compliance with their obligations in the consumer protection code<sup>9</sup>
- varied the ACT Electricity (Transparency and Comparability) Code to avoid unnecessary regulatory compliance costs from duplication with the Australian Energy Regulator’s Better Bills Guideline that was published on 31 March 2022<sup>10</sup>
- monitored electricity retailers’ compliance with the ACT Electricity (Transparency and Comparability) Code.

These outcomes were all achieved within the required timelines and consistent with the commission’s performance measures for 2021–22, as reported in the Statement of Performance (Appendix 2 of this report).

The commission has a statutory role in handling competitive neutrality complaints. No complaints were received in 2021–22.

## Outlook for 2022-23 and beyond

Our workload for 2022–23 and future years will continue to be diverse, covering our core pricing, regulatory and compliance functions and advice to the Government.

For our core pricing work, we complete our price investigation and make a new price determination for the maximum prices for regulated water and sewerage services to apply for the 5-year regulatory period starting on 1 July 2023.

<sup>5</sup> <https://www.icrc.act.gov.au/water-and-sewerage/water-and-sewerage-capital-contribution-code>;  
<https://www.icrc.act.gov.au/water-and-sewerage/regulated-water-and-sewerage-services-prices-201823>

<sup>6</sup> <https://www.icrc.act.gov.au/water-and-sewerage/review-of-water-and-sewerage-services-demand-forecasting-methods>

<sup>7</sup> <https://www.icrc.act.gov.au/utilities-licensing/licence-fees-and-the-energy-industry-levy>

<sup>8</sup> <https://www.icrc.act.gov.au/utilities-licensing/consumer-protection-code-review>

<sup>9</sup> <https://www.icrc.act.gov.au/utilities-licensing/utility-licence-annual-reports>

<sup>10</sup> <https://www.icrc.act.gov.au/energy/act-retail-electricity-transparency-and-comparability-code>

We will set the maximum allowable average change in retail electricity prices for 2023-24 in accordance with our 2020 price determination for the regulatory period 1 July 2020 to 30 June 2024. Subject to receiving terms of reference from the Government, we will start a price investigation to set the maximum allowable average change in retail standing offer electricity prices to apply from 1 July 2024.

For our regulatory and compliance functions, we will continue to monitor compliance with the consumer protection code and the ACT Retail Electricity (Transparency and Comparability) Code. We will monitor and report annually on utility performance and licence compliance and the electricity retailers' compliance with their obligations under the consumer protection code. We will also set the annual utility licence fees and energy industry levy, regularly review our industry codes to ensure they remain up-to-date and appropriate, and monitor developments in energy and water markets to ensure our regulatory frameworks remain up-to-date and appropriate.

We will assist the Government with advice on industry-related or other matters as required. And we will fulfil our statutory role in handling competitive neutrality complaints, subject to receiving any complaints.

## B.1.3 Governance arrangements

### Commission executive



The commission is constituted by Senior Commissioner Joe Dimasi.

Mr Dimasi was appointed Senior Commissioner from 1 June 2016 for a term of 5 years and was reappointed for a further 4 years from 1 June 2021.

Mr Dimasi is an applied economist with more than 25 years' experience in competition and regulation matters, particularly the regulation and reform of utilities. He was involved in establishing the Australian Energy Regulator and is a former Commissioner of the Australian Competition and Consumer Commission.

Mr Dimasi is the Tasmanian Economic Regulator and a former Professorial Fellow at the Monash Business School.

The commission's CEO is Dr Annette Weier. Under section 10B of the ICRC Act, the CEO is responsible for ensuring the commission's Statement of Intent is implemented effectively and efficiently, managing the day-to-day operations of the commission's secretariat, and regularly advising the commission about the commission's operations and financial performance.

Dr Weier has more than 25 years' experience in economic policy and research, competition and regulatory matters, and financial market analysis. She has been a senior executive of the (then) Australian Department of Industry, Innovation and Science and of the Australian Competition and Consumer Commission. Before that, she undertook environmental policy analysis at the Productivity Commission and water regulation at the Victorian Essential Services Commission. Dr Weier has postgraduate tertiary qualifications in economics, is a graduate of the Australian Institute of Company Directors and is an experienced non-executive director of not-for-profit boards. Dr Weier is a member of the Territory Records Advisory Council.

## Executive remuneration

The ACT Remuneration Tribunal determines the remuneration of the Senior Commissioner and the CEO.

## Significant committees

Due to its small size, the commission does not have any significant committees. The commission is not a member of any significant committees of an ACT directorate or public sector body.

# B.2 PERFORMANCE ANALYSIS

The commission undertakes a diverse range of activities and functions to protect the interests of Territory consumers and businesses over the medium to longer term through our regulatory decisions and advice to the Government. This section describes the main activities we undertook in 2021-22 to meet our legislative objectives.

## B.2.1 Electricity price regulation

### *Annual price reset*

In June 2022, we released our annual update of regulated retail electricity prices to apply from 1 July 2022.<sup>11</sup> The price adjustment was made in accordance with our *Price Direction for Standing Offer Prices for the Supply of Electricity to Small Customers 1 July 2020 to 30 June 2024*.<sup>12</sup>

The price adjustment requires a minimum average decrease of 1.25% in ActewAGL's basket of standing offer tariffs for 2022-23. This is equivalent to a real decrease of 4.93% after excluding inflation.

The price decrease is driven by a 20.07% decline in the ACT Government scheme costs, which more than offset a 13.65% increase in wholesale electricity costs. ACT Government green scheme costs fell because of lower large-scale feed-in-tariff (FiT) support payments. These payments cover the difference between the contract prices paid to renewable generators and the prevailing wholesale electricity prices. Higher wholesale electricity prices resulted in lower contract-for-difference payments to generators in 2022-23 than in 2021-22.

## B.2.2 Water and sewerage services price regulation

### *Annual price reset*

In June 2022, we released our annual update of the maximum prices for regulated water and sewerage services to apply from 1 July 2022.<sup>13</sup> The adjustment to maximum prices was made in

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<sup>11</sup> [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0004/2013781/Report-retail-electricity-price-recalibration-2022-23.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0004/2013781/Report-retail-electricity-price-recalibration-2022-23.pdf)

<sup>12</sup> [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0011/1556183/Electricity-Price-Direction-2020-24.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0011/1556183/Electricity-Price-Direction-2020-24.pdf)

<sup>13</sup> [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0006/2018436/Report-4-of-2022-Regulated-water-and-sewerage-services\\_-2022-23-price-adjustment.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0006/2018436/Report-4-of-2022-Regulated-water-and-sewerage-services_-2022-23-price-adjustment.pdf)



accordance with the *Price Direction: Regulated Water and Sewerage Services 2018–2023*.<sup>14</sup> The adjustment reflected changes in the consumer price index, the cost of debt and pass-through events that are provided for in the price direction.

Maximum water and sewerage charges for 2022-23 will decline for both residential and non-residential customers. An average residential customer consuming 200kL per annum will see a saving of \$26 per annum (a 2.2% decrease) in their combined water and sewerage bill. A mid-level non-residential customer consuming 5,000kL per annum with 50 flushable fixtures will see a saving of \$2,186 in their annual bill (a reduction of 4.5%). The decrease reflects a lower cost of debt due to lower interest rates, lower than forecast water abstraction charge due to wet weather conditions, and an adjustment to account for an over-recovery of the 2019–20 water abstraction charge. Combined, these more than offset inflation.

As part of the annual price reset, we approve the precinct charge that developers pay to Icon Water to fund infrastructure upgrades. The 2022-23 precinct charge will be \$1,094 per equivalent population, down from \$1,200 in 2021-22. The decrease reflects Icon Water's update to its equivalent population projection to capture the COVID-19 pandemic impact and to reflect the higher level of infill proposed in the 2018 ACT Planning Strategy, which is expected to deliver up to 70% of new housing within existing urban development (up from 50% in the previous planning strategy).

## *Review of water and sewerage services demand forecasting methods*

In December 2021, we completed our review of the methods we use to forecast demand for water and sewerage services in the ACT. We did the review under the reset principles in our 2018-23 price direction.<sup>15</sup> All 3 reviews required by the reset principles have now been completed.

In May 2021, we released an issues paper on the demand forecasting methods review.<sup>16</sup> We held a workshop on 28 June 2021 with Icon Water and consumer groups, and received 2 submissions, which we considered in developing our draft report.

In September 2021, we released our draft report for stakeholder consultation. We held a second workshop with Icon Water and consumer groups in October 2021 to provide an opportunity to hear views on our draft decision and we received a further written submission.

We released our final decision on 9 December 2021. Our final decision largely maintained our previous forecasting approach but we decided to improve the data inputs we use to forecast dam abstractions, develop future climate scenarios, and forecast connection numbers and billable fixtures. We are updating the datasets used in the model to include the latest available data. We also developed principles for when we will adjust the output of the model for major 'step change' events that would not otherwise be accounted for in our model.

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<sup>14</sup> [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf)

<sup>15</sup> [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf)

<sup>16</sup> <https://www.icrc.act.gov.au/water-and-sewerage/review-of-water-and-sewerage-services-demand-forecasting-methods>

## Water and sewerage services price investigation

On 10 December 2021, we received terms of reference from the ACT Government to start an investigation into setting prices for regulated water and sewerage services for the next regulatory period.<sup>17</sup> We will determine the amount of revenue Icon Water can earn and the prices it can charge over the period 1 July 2023 to 30 June 2028.

Icon Water is the monopoly provider of water and sewerage services in the Territory. Through this investigation, we will continue to ensure that regulated prices reflect only the efficient and prudent costs of providing water and sewerage services and making the investments needed to provide those services safely and at the level of quality preferred by Territory customers.

The investigation process will give Icon Water, customers and other interested stakeholders opportunities to consider the evidence and arguments put in submissions and the public forum and to give us their feedback and views. Broad consultation will ensure that our price determination supports delivery of the services that Territory customers and the community want at reasonable prices while making sure Icon Water has enough revenue to continue providing those services into the future.

In March 2022, we released an issues paper that explained our investigation process and asked water and sewerage customers and the community to tell us their views, concerns and preferences.<sup>18</sup> We received 9 submissions to the issues paper.

On 30 June 2022, we received Icon Water's regulatory proposal. The proposal sets out how much revenue Icon Water considers it will need to earn to cover the costs of providing water and sewerage services over the period 1 July 2023 to 30 June 2028. We will carefully assess Icon Water's proposal to ensure all planned expenditures are prudent and efficient so that customers pay no more than they need to for safe and reliable water and sewerage services.

Icon Water's regulatory proposal and submissions to the issues paper will inform the development of our draft report, which we plan to release in October 2022. We will undertake further public consultation on the draft report. We will publish our final report and price determination by 1 May 2023.

Information about the investigation, including Icon Water's regulatory proposal and submissions to the issues paper, is available on our website.<sup>19</sup>

### B.2.3 Industry codes

Under the Utilities Act, we can make industry codes that set out practices, standards and other matters about the provision of a utility service, including the protection of customers of utility service providers and consumers of utility services.

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<sup>17</sup> [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0006/1917690/Regulated-Water-and-Sewerage-Services-Prices-2023-28-Industry-reference-and-terms-of-reference.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0006/1917690/Regulated-Water-and-Sewerage-Services-Prices-2023-28-Industry-reference-and-terms-of-reference.pdf)

<sup>18</sup> [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0004/1957720/Report-1-2022-Issues-Paper-Regulated-water-and-sewerage-services-prices-2023-2028.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0004/1957720/Report-1-2022-Issues-Paper-Regulated-water-and-sewerage-services-prices-2023-2028.pdf)

<sup>19</sup> <https://www.icrc.act.gov.au/water-and-sewerage/regulated-water-and-sewerage-services-prices-202328>

## ACT electricity (transparency and comparability) code

Paying electricity bills is a major concern for many households and small businesses in the Territory. Many consumers could make worthwhile savings by switching to a cheaper electricity offer that better suits their circumstances. In July 2021, we made a new code to make it easier for consumers to understand and compare electricity offers—the ACT Retail Electricity (Transparency and Comparability) Code.<sup>20</sup> The code requires electricity retailers to:

- compare the annual price of their electricity plans to a common benchmark (a reference price) in advertising and other communications to make it simpler and faster for customers to compare prices
- tell customers on their bills if they have an electricity plan that might save the customer money and how the customer can contact the retailer for more information. Retailers must also tell customers about the Australian Government’s Energy Made Easy price comparison website where they can compare plans from different retailers
- give clear, timely and reliable advice to their customers to help them choose the best electricity plan for their circumstances.

The ACT Code commenced on 1 October 2021, with transitional arrangements for retailers to implement the better offer obligation by 30 June 2022.

On 22 June 2022, we varied the ACT Code to remove the better offer obligation after the Australian Energy Regulator published its Better Bills Guideline, which was similar to the better offer obligation. The variation to our code reduces administrative burden on retailers and the potential for confusion between the AER Guideline and our code. To ensure that consumers in the ACT continue to obtain the benefits of the better offer obligation until the AER Guideline is fully operational, we extended the current transitional arrangements in our code to 31 March 2023.

We are monitoring compliance with the code regularly and encouraging consumers to report any concerns to us. We investigated a retailer’s compliance with the code after receiving a complaint and found the retailer was complying with its obligations.

## Consumer protection code

The Consumer Protection Code, which came into effect on 1 July 2020, strengthened consumer protections, including automatic payment of rebates when guaranteed service levels are not met, and increased the incentives for utilities to provide high-quality, reliable and safe utility services.<sup>21</sup>

Utilities reported on the first year of compliance with the Consumer Code in their 2020-21 annual reports. We published our report on the utilities’ performance on 5 May 2022.<sup>22</sup>

The 2020 Consumer Protection Code also introduced a requirement for National Energy Retail Law (NERL) retailers to pay rebates automatically when they did not meet new guaranteed service levels. The retailers reported on their compliance in 2020-21 and we published details in our first annual report on the retailers’ compliance with their obligations under the 2020 Consumer Protection Code (see section B.2.4).

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<sup>20</sup> <https://www.icrc.act.gov.au/energy/act-retail-electricity-transparency-and-comparability-code>

<sup>21</sup> [Utilities \(Consumer Protection Code\) Determination 2020 | Disallowable instruments \(act.gov.au\)](#)

<sup>22</sup> [Utility Licence Annual Reports - Independent Competition and Regulatory Commission \(act.gov.au\)](#)

## Other industry codes

In June 2022, we approved an update to the precinct map and set the precinct charge for 2022–23 under the industry code on capital contributions for water and sewerage infrastructure upgrades.<sup>23</sup>

### B.2.4 Licensed utilities annual performance report and energy retailers' compliance report

Each year we report on the performance of utilities licensed in the Territory and their compliance with licence conditions and industry codes. In 2020-21, we also reported for the first time on the National Energy Retail Law (NERL) retailers' compliance with the 2020 Consumer Protection Code (see section B.2.3).

Utilities licensed in the Territory must report to us annually on their performance in carrying out their functions under the Utilities Act and on their compliance with licence conditions and industry codes. Each year we assess the licensed utilities' annual reports and publish a performance and compliance monitoring report to inform Territory utility customers and other interested people about how well the licensed utilities performed in delivering services and meeting their obligations.

This reporting framework aims to encourage the licensed utilities to provide safe, reliable, efficient, and high-quality utility services by increasing their accountability for the quality of services provided to the Territory community. We measure performance by the reliability of services, the number of customer complaints, compliance with consumer protections, and whether each utility has met its licence and reporting obligations.

In May 2022, we published our performance and compliance monitoring report for 2021-22.<sup>24</sup> Despite the challenges brought by the COVID-19 pandemic and extreme weather events, utilities generally performed well against their licence conditions and the service levels guaranteed by the 2020 Consumer Protection Code.

The 2020 Consumer Protection Code introduced automatic payment of rebates to customers who had received poorer than expected service levels. Previously, customers had to apply for the rebate and very few rebates were claimed. Automatic payment of rebates has led to a significant increase in rebates paid to consumers by the utilities, from a total of \$1,200 in 2019-20 to a total of \$147,030 in 2020-21.

Customer complaints about water, sewerage and electricity services all declined in 2020-21. However, there were more complaints about gas services, many of which were due to Evoenergy's inability to access customers' gas meters in apartment buildings. Evoenergy's use of estimated bills where it could not read the meter led to billing disputes.

A change in the weather pattern, from droughts in previous years to wetter weather, led to fewer sewer breaks and chokes because there were fewer tree root intrusions into sewers. This reduced Icon Water's unplanned interruptions and customer complaints about sewerage reliability.

Evoenergy reported delays in meeting customer requests for new electricity connections and alterations in 2020-21 because of two significant events—the January 2020 hailstorm and the COVID-19 pandemic. These events resulted in a backlog of work and led to connection delays beyond the

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<sup>23</sup> [Water and Sewerage Capital Contribution Code - Independent Competition and Regulatory Commission \(act.gov.au\)](#)

<sup>24</sup> [Utility Licence Annual Reports - Independent Competition and Regulatory Commission \(act.gov.au\)](#)

guaranteed timeframes. Evoenergy applied to be exempted from paying rebates for late connections due to these events occurring outside of its control and demonstrated that it had made extensive efforts and incurred significant costs to clear the backlog of connection requests. After careful consideration, we granted the exemption.

In May 2022, we also published our first annual report on energy retailers' compliance with their obligations under the 2020 Consumer Protection Code.<sup>25</sup> Retailers reported that they had paid a total of \$9,870 in rebates to customers who had received poorer than expected service levels.

## B.3 SCRUTINY

No recommendations were made in relation to the commission in reports produced in 2021–22 by entities charged with responsibility for scrutiny.

## B.4 RISK MANAGEMENT

Risk assessment and management are integral to the commission's governance and decision-making processes. Our framework and processes for assessing and managing risks are consistent with the ACT Government Risk Management Policy 2019. The framework includes a risk management policy and guidelines, business continuity policy and plan, and fraud and corruption prevention plan.

We manage identified risks through active regular review of our risk register. The register is based on the ACT Government Insurance Authority's risk register format. It sets out risk management actions for all identified risks, identifies who is accountable for those risk management actions, and specifies how often each risk should be monitored and reviewed and by whom.

To cultivate a positive risk culture, all staff are consulted in updating the identified risks and treatment strategies included in the risk register each year. Risk identification and management are shared responsibilities in the commission and all staff contribute to our risk management activities. These activities are embedded into operational processes, which are communicated to all staff.

We also undertake risk management assessments for all major projects and contracts. These assessments are used to develop risk management activities which are aligned with our strategic objectives. The risk management activities are then built into project plans and contract monitoring plans.

The Senior Commissioner and CEO have broad responsibility for overseeing risk management in the commission and for ensuring that effective risk assessment and management are integrated into our decision-making. Commission staff report regularly to the commission, including at the monthly commission meetings, on current and emerging risks and the risk management activities we are undertaking.

## B.5 INTERNAL AUDIT

In accordance with the ACT Government Internal Audit Framework, the commission regularly considers the need for an internal audit committee, taking into consideration our small size, overall

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<sup>25</sup> [Utility Licence Annual Reports - Independent Competition and Regulatory Commission \(act.gov.au\)](https://www.act.gov.au/utility-licences) The report on energy retailers' compliance is published together with the report on the licensed utilities' performance.

risk profile, history of past issues and incidents, and relative lack of organisational complexity. The commission has concluded that it is not practicable or cost-effective to establish an internal audit committee.

We have established alternative mechanisms for ensuring the Senior Commissioner and CEO have support in fulfilling their governance roles and discharging their responsibilities, including for the design and operation of risk management and internal control frameworks. As discussed in section B.4, we have established a framework and processes for assessing and managing risks and take active steps to develop a risk management culture within the organisation.

In 2018–19, we appointed an in-house finance manager to undertake day-to-day accounting and finance functions, including implementing the commission’s internal controls in conjunction with the CEO and senior managers. Accounts are reconciled monthly, and a finance report is prepared for, and discussed at, each monthly commission meeting.

Since 1 July 2021, we have engaged Shared Services Finance in the Chief Minister, Treasury and Economic Development Directorate under contract to provide oversight and assurance and to fill the Chief Finance Officer role. This ensures there is a high level of external oversight and assurance over our financial accounts and internal controls.

## B.6 FRAUD PREVENTION

In September 2021, we completed the 2-yearly review and update of our fraud and corruption prevention plan, which sets out detailed descriptions of the control measures in place to prevent fraud and corruption occurring within the commission. The plan sets out the actions that will be taken to ensure any allegations of fraud and corruption are appropriately managed.

In accordance with the ACTPS Integrity Policy, the commission has a senior executive responsible for business integrity risk (SERBIR). The CEO is our SERBIR and is responsible for reporting to the Senior Commissioner on compliance with the ACTPS Integrity Policy. A risk report is a standing item in the CEO’s report for commission meetings, which are attended by our designated disclosure officer. The SERBIR is responsible for taking direct reports of allegations of potential fraud and corruption from staff. The SERBIR and our designated disclosure officer both have responsibility for dealing with reports under the public interest disclosure process.<sup>26</sup>

Our fraud and corruption prevention plan was presented to, and discussed with, all staff in September 2021. Our office and induction manual, which is made available to all staff, draws the attention of staff to the plan.

In terms of our operations, the risks of fraud or mishandling funds are actively managed through the separation of roles between initiator and authoriser of payments. Authority limits appropriate to our operations, scale and size are in effect. Financial accounts are reconciled monthly by our finance manager, reviewed by Shared Services Finance and the CEO, and discussed at commission meetings. Most revenue transactions are by direct credit to our bank account. There are no cash payments for services supplied and there is an appropriate checks-and-balances authorisation and payment process.

No reports or allegations of fraud or corruption were received in 2021–22.

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<sup>26</sup> <https://www.icrc.act.gov.au/about-us/public-interest-disclosures>

## B.7 FREEDOM OF INFORMATION

The ACT *Freedom of Information Act 2016* (FOI Act) gives individuals the right to:

- access government information, unless access to the information would, on balance, be contrary to the public interest
- ask for personal information to be changed if it is incomplete, out-of-date, incorrect or misleading
- appeal a decision about access to a document or a decision in relation to a request to amend or annotate a personal record.

Under the FOI Act, we make available a range of documents through the ACT Government's Open Access information portal<sup>27</sup> and our website,<sup>28</sup> including:

- functional information
- information about the work of the commission tabled in the Legislative Assembly
- our reports
- budget statements.

The commission is responsible for responding to freedom of information (FOI) requests and has an FOI Officer who can assist with FOI related questions and requests. The process for lodging FOI requests, along with contact information and links to the FOI Request Form and Disclosure Log, are set out on our website.<sup>29</sup>

We received one FOI request in 2021-22 for which we were not the primary holder of the requested information. We forwarded the request to the appropriate area for action in accordance with the FOI Act.

## B.8 COMMUNITY ENGAGEMENT AND SUPPORT

Community consultation is a vital part of our regulatory decision-making processes and the development of analysis and advice for Government.

In our price investigations and other reviews, we seek feedback and information from consumers and consumer groups to help meet our objectives of ensuring that regulated prices promote efficient investment in and operation of regulated services in the long-term interests of consumers and that consumer protections are adequate. The views and information provided by other community groups, including environmental and social groups, also help us to appropriately balance economic efficiency, environmental and social considerations. Community consultation is essential for informing us about the views of parties other than the regulated business.

In undertaking analysis and developing advice requested by the Government, community consultation helps us identify the important issues, consider the relevant information, and test our

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<sup>27</sup> <https://www.act.gov.au/open-access>

<sup>28</sup> <https://www.icrc.act.gov.au/>

<sup>29</sup> <https://www.icrc.act.gov.au/about-us/freedom-of-information>

preliminary analysis and findings. This contributes to ensuring our analysis and advice are robust, well-informed and based on sound evidence.

We undertook extensive community consultation during 2021–22, using a variety of methods to make it easier for interested parties to give us their views and evidence.

During the year we finalised our review into the methods we use to forecast demand for water and sewerage services. We sought public submissions on an issues paper and a draft report and held a workshop to discuss the issues with stakeholders. Our draft and final reports explain how we took into account the feedback and information received in submissions and the workshop.

We released an issues paper for our water and sewerage services price investigation in May 2022 and called for submissions from the community and other interested stakeholders. Our draft report (to be published in October 2022) will explain how we took into account the feedback and information received in submissions to the issues paper.

As part of our administration of the ACT Retail Electricity (Transparency and Comparability) Code, we invited public feedback on its effectiveness through an ACT Government YourSay survey conducted in May 2022. We received more than 1,500 consumer responses. Many consumers were aware of the new requirements on retailers and found clearer information about electricity offers made it easier for them to understand and compare offers and find an offer better suited to their circumstances. However, the results also indicated a need to raise awareness of the code more broadly within the Territory community and to improve the clarity of electricity retailers' communications with consumers. We will encourage electricity retailers to improve their communications with customers and make it easier for Territory consumers to find an electricity offer that could save them money off their bill.

We responded to direct community questions and feedback throughout the year, which peaked in June 2022 after the annual retail electricity price reset and the annual water and sewerage services price reset.

The Consumer Consultative Committee (CCC), which we established in 2018-19, continued to meet regularly to share information on consumer issues and allow us to keep members informed about issues and decisions that affect consumers.<sup>30</sup> CCC members are drawn from peak bodies representing a wide range of consumer interests, including the business sector, consumer groups representing general as well as vulnerable consumers, and social and environmental groups. The ACT Civil and Administrative Tribunal (ACAT) is also a member of the CCC.

In 2021-22, we held two CCC meetings—in October 2021 and March 2022. Both meetings were held by videoconference to make it easier for members to attend.

## B.9 ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

As described in section B.1, the commission has a range of regulatory and advisory functions under the ICRC Act and the Utilities Act. In summary, these functions together aim to: promote effective competition in the interests of consumers; encourage the provision of safe, reliable, efficient, and high quality utility services at reasonable prices; balance economic efficiency, environmental and

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<sup>30</sup> <https://www.icrc.act.gov.au/about-us/consumer-consultative-committee>



social considerations; and contribute to improving the wellbeing of the Territory community through advice and analysis requested by the Government.

Our work is not directed at one group of consumers, residents or businesses operating in the Territory. So, we do not have specific programs or initiatives directed at Aboriginal and Torres Strait Islander peoples.

Much of our work affects most Territory residents and businesses operating in the Territory, including Aboriginal and Torres Strait Islander residents and business operators. For example, our price directions for regulated water and sewerage services and for electricity services provided to small customers on standard contracts, as well as the consumer protections set out in the Consumer Protection Code, are relevant to all Territory residents and small businesses using utility services. The 2021 ACT Retail Electricity (Transparency and Comparability) Code will help all Territory households and small businesses find a better electricity offer that helps them save money on their bills.

Our work to promote effective competition that benefits consumers and to encourage the provision of safe, reliable, efficient, and high-quality utility services at reasonable prices helps Aboriginal and Torres Strait Islander peoples participate in the Territory economy and society.

In undertaking our work, we consult widely and value the views of all Territory consumers, businesses, and other interested parties. We work to consider the needs and interests of all stakeholders in making regulatory decisions and developing advice for the Government.

## B.10 WORK HEALTH AND SAFETY

We see workplace health and safety as a shared responsibility between staff, the CEO and the Senior Commissioner. Ensuring a working environment that is healthy and safe for all commission staff is a high priority. Monthly commission meetings have a standing agenda item on work health and safety risks and reports of any incidents.

Staff are consulted on and invited to raise any workplace health and safety concerns at the weekly staff meetings, bi-monthly all-staff meetings, and regular operational team meetings. Each year staff are consulted on the annual update of our risk register, which includes a work health and safety category. The top 3 work health and safety risks identified in our 2021-22 risk register, and the agreed actions to address them, are:

- failure of office workstations to meet the required occupational health and safety standards—(i) all staff have fully adjustable desks, chairs and computer monitors, (ii) ergonomic assessments are offered to all new staff and on request
- unsafe working from home arrangements—(i) all staff must undertake and document working from home assessments and take any required actions, (ii) managers are responsible for monitoring staff wellbeing while working from home, (iii) staff receive advice on taking regular breaks and where to get help and support if needed, including for any mental health issues
- inadequate training in safe work practices—(i) staff induction covers work health and safety information, (ii) dissemination of ACT Government Health and Wellbeing information; (iii) regular discussions at staff meetings, (iv) our health and safety representative monitors risks and reports to the CEO so action can be taken.

During 2021-22, the ongoing COVID-19 pandemic required a continuing strong focus on workplace health and safety. Staff were given regular advice and updates on protecting their health and safety, including mental health. Hand sanitiser continued to be provided, physical distancing measures

were encouraged, and office cleaning was more frequent, including sanitising of high-touch areas during the day.

Staff were encouraged to raise any concerns about work health and safety associated with the pandemic. Staff were reminded about the Employee Assistance Program and other resources to help them cope with stress and anxiety resulting from the pandemic and associated public health restrictions.

From early 2021, staff returned to the office a few days a week, while continuing to work from home for the rest of the week, except during the 2021 lockdown period. The 'hybrid' working arrangement has been popular with commission staff as it combines flexibility with greater team cohesion, collaboration opportunities and interpersonal connections. It has also made it easier for staff to obtain support when needed.

In 2021–22, we again coordinated and funded an annual influenza vaccination program for staff.

The commission had one elected health and safety representative and 2 staff with first aid and fire warden responsibilities.

No notices were issued to the commission under Part 10 of the *Work Health and Safety Act 2011* in 2021–22. There were no enforceable undertakings under Part 11 nor any findings of a failure to comply with a safety duty under Part 2 Division 2.2, 2.3 or 2.4 of the Act. There were no instances of serious injury or illness or of dangerous incidents that required notification to the regulator in accordance with part 3 section 38 of the Act.

## B.11 HUMAN RESOURCES MANAGEMENT

As noted in previous annual reports, and discussed in section B.1 of this report, the commission's small size and the cyclical nature of its core regulatory functions create ongoing risks in attracting and retaining expert staff. In 2021–22, we maintained our focus on addressing these challenges by implementing three priority strategies:

- recruiting qualified and experienced staff to replace staff who left to take up other opportunities
- effectively managing our cyclical work program to avoid placing undue pressure on staff in meeting the deadlines associated with our decision-making responsibilities under our core regulatory functions
- building and maintaining a deep pool of expertise that is available to respond to Government requests for advice.

These 3 strategies have improved our capacity to attract and retain the specialised, highly qualified staff needed to undertake our regulatory and advisory functions. During 2021-22, we recruited new employees to replace employees who took up other opportunities in 2020-21. We also embedded more flexible working arrangements, including 'hybrid' working arrangements that allow our staff to work from home for part of the week and remote working arrangements. Greater flexibility in working arrangements are valued by our staff and help us retain highly skilled and experienced employees.

We have been successful in smoothing out many of the peaks and troughs in our work, which provides a more stable workload and career path for staff. An organisational restructure in 2021 gave staff more opportunities to broaden their experience, work with staff across the commission, and

apply their skills in different contexts, which improve both staff retention and the ability to attract highly skilled and experienced staff.

Our work is highly technical, requiring a good understanding of regulatory economics, financial and economic modelling, regulatory law, and regulatory policy. Our staff have expertise covering these key skill areas, with several staff having postgraduate qualifications in economics, as well as experience in regulation and economic policy. Reflecting the high level of training and expertise of our staff, learning and development plans are individually tailored to meet the development needs of each staff member and to broaden and deepen their existing skills and expertise.

During 2021–22, our people continued to participate in training courses despite the limitations imposed by COVID-19 restrictions. Six staff participated in a regulator training program developed by Australian and New Zealand regulators to share the accumulated industry and technical knowledge of experienced regulatory staff and to help new staff build networks to support their development.

While we undertake workforce planning to ensure our staff have the capacity and capabilities needed to achieve our objectives, we also recognise the importance of flexibility. Given our small size, we need flexibility to be able to respond in a timely way to requests for advice from the Government, to any unanticipated issues raised by stakeholders during our investigations and other regulatory work, and to developments in the operating environment. At times, we supplement our permanent staff with short-term engagements of specialist consultants or with qualified temporary staff to contribute to specific projects.

In 2021–22, our workforce profile changed due to the departure of some staff and the recruitment of new staff. The following table shows the workforce profile for 2021–22.

**Table 1: 2021–22 workforce profile**

	Male	Female	Total
<b>Commission staff</b>			
FTE	7.0	3.0	10.0
Headcount	7	4	11
<b>Classification (by headcount)</b>			
Administrative officers	3	1	4
Senior officers	4	2	6
Executive officers	0	1	1
<b>Employment category (by headcount)</b>			
Casual	0	0	0
Permanent full-time	7	1	8
Permanent part-time	0	2	2
Temporary full time	0	1	1
Temporary part time	0	0	0

Apart from the CEO, who is on a temporary executive contract, all commission staff are permanent employees. More than one-third of staff identified as being from culturally or linguistically diverse backgrounds. We do not publish information on matters such as length of service, age, and other reportable data. As a small agency, publishing such information may identify individual staff, making it difficult to protect staff privacy. Also due to our small number of staff, recruitment and separation rates can be highly volatile and are therefore not meaningful; we do not publish these rates.

Because of our small size and the highly specialised nature of our work, we cannot implement specific employment strategies, such as for people with disability, apprenticeships or traineeships. We participated in the ACTPS Graduate Program in 2019-20 but, as a small agency, we cannot employ a graduate every year and did not participate in the program in 2021-22.

## B.12 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

In exercising our functions under the ICRC Act, our objective is to promote effective competition in the interests of consumers while facilitating an appropriate balance between economic efficiency, environmental and social considerations. Our consultation processes invite stakeholder comments on environmental matters as well as on economic efficiency and social issues and any service quality, safety, reliability, and security standards comments. We also consider relevant ACT Government legislative and policy requirements, including requirements in environmental legislation and policies. In this way, the ACT Government’s ecologically sustainable development principles are integrated into our decision-making processes.

We also consider the ecologically sustainable development principles and relevant legislative requirements in our operational processes. Consistent with the ACT Government Carbon Neutral

Framework, we make careful use of our resources and work to reduce our resource consumption where possible.

Table 2 shows our sustainable development performance for 2021-22 and how it compares to our 2020-21 performance.

Our estimated electricity use fell by 31% in 2021-22, following an 18% fall in 2020-21 (reported in last year's annual report). In 2021-22, our estimated gas usage increased by 53%. Both usage figures are estimated based on our share of floor space in the building because our electricity and gas usage are not separately metered.

For the first 7 months of the financial year, our office was in temporary accommodation while Nara House was renovated as part of the ACT Government's consolidation of office accommodation in Canberra's CBD. Since February 2022, we have leased office space in Nara House, which occupies less floor space than our previous long-term tenancy.

The reduction in estimated electricity usage and increase in estimated gas usage reflects the use of natural gas for heating in Nara House.

We maintained our low use of paper in 2021-22, following much lower paper consumption in both 2020-21 and 2019-20 (as reported in previous annual reports) due to the replacement of desktop computers with laptops. After purchasing no paper in 2020-21, we purchased 5 reams of paper in 2021-22. All paper purchased was recycled. The figures for reams of paper purchased are obtained from our stationery purchase records.

No data for the amounts of paper and cardboard, co-mingled material and organic material that were recycled are available. Collection of these materials is consolidated for the building and the amounts of these materials collected from our tenancy are not separately measured.

We did not receive any requests during 2021-22 for staff to assist in the preparation of the State of the Environment Report. The Commissioner for Sustainability and the Environment did not investigate any of our activities.

**Table 2: Sustainable development performance, 2021–22 and 2020-21**

Indicator as at 30 June	Unit	2021-22	2020–21	Percentage change (%)
<b>Stationary energy usage</b>				
Electricity use	Kilowatt hours	9,835	14,333	-30.82
Natural gas use (non-transport)	Megajoules	16,550	10,803	53.19
Diesel (non-transport)	Kilolitres	0	0	0
<b>Transport fuel usage</b>				
Electric vehicles	Number	0	0	0
Hybrid vehicles	Number	0	0	0
Hydrogen vehicles	Number	0	0	0
Total number of vehicles	Number	0	0	0
Fuel use – Petrol	Kilolitres	0	0	0
Fuel use – Diesel	Kilolitres	0	0	0
Fuel use – Liquid petroleum gas (LPG)	Kilolitres	0	0	0
Fuel use – Compressed natural gas (CNG)	Gigajoules	0	0	0
<b>Water usage</b>				
Water use	Kilolitres	Data not available as tenancy is leased		n/a
<b>Resource efficiency and waste</b>				
Reams of paper purchased	Reams	5	0	-
Recycled content of paper purchased	Percentage	100	-	-
Waste to landfill	Litres	Data not captured		n/a
Co-mingled material recycled	Litres	Data not available		n/a
Paper and cardboard recycled (incl. secure paper)	Litres	Data not available		n/a
Organic material recycled	Litres	0	0	0
<b>Greenhouse gas emissions</b>				
Emissions from natural gas use (non-transport)	Tonnes CO <sub>2</sub> -e	0.85	0.56	53.18
Emissions from diesel use (non-transport)	Tonnes CO <sub>2</sub> -e	0	0	0
Emissions from transport fuel use	Tonnes CO <sub>2</sub> -e	0	0	0
Total emissions	Tonnes CO <sub>2</sub> -e	0.85	0.56	53.18



# Part C. Financial Management Reporting

PART  
C

# C.1 FINANCIAL MANAGEMENT ANALYSIS

## C.1.1 General overview

### Objectives

The Independent Competition and Regulatory 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 on pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries, and providing advice on competitive neutrality complaints and government-regulated activities. The commission is responsible for arbitrating infrastructure access disputes under the ICRC Act.

Under the *Utilities Act 2000* (Utilities Act), the commission is responsible for managing the licensing framework for non-National Energy Retail Law (NERL) utility service providers in the ACT, including issuing licences and monitoring licence compliance.

The commission is also responsible for making industry codes and approving some standard customer contracts. The commission's objectives and functions are set out in sections 7 and 19L of the ICRC Act and section 3 of the Utilities Act. The commission principally operates on a reasonable cost recovery basis.

### Financial performance

The following financial information is based on audited financial statements for 2020-21 and 2021-22 and the forward estimates for 2022-23. The 2021-22 Financial Statements and Management Discussion and Analysis (MD&A) use the original budget published in 2021-22 Budget Statements for comparative purposes. The commission has not experienced any significant financial impacts resulting from the COVID-19 health emergency.

## C.1.2 Total expenditure

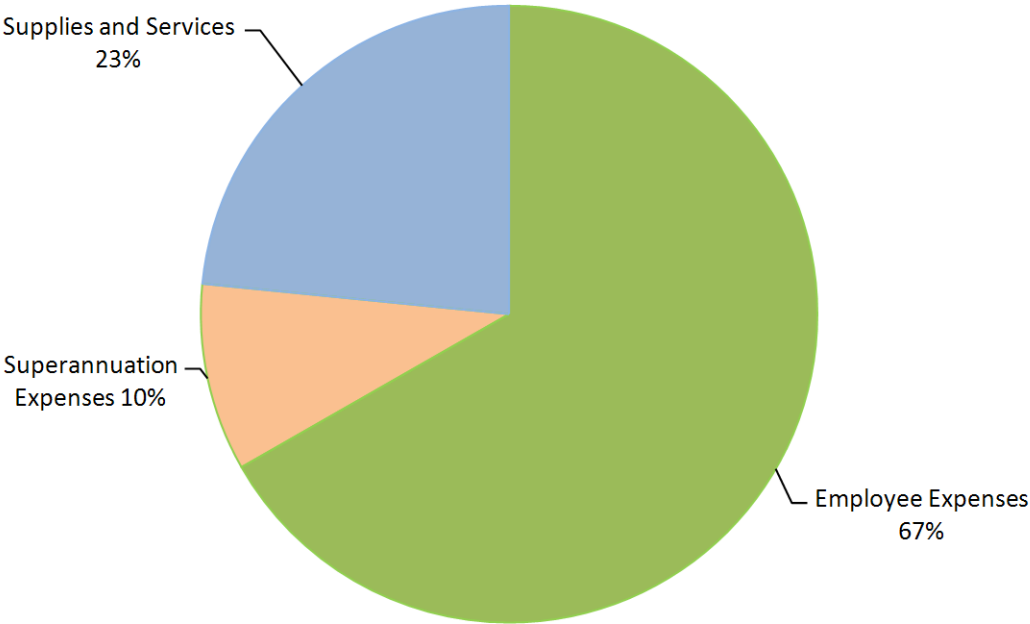
### Components of expenditure

Figure 1 shows the components of the commission's expenditure for 2021-22. The main components of ordinary expenditure were:

- Employee Expenses of **\$1.572 million** (76 percent)
- Supplies and Services of **\$0.483 million** (23 percent)



**Figure 1: Total of Expenditure 2021-22**



### Comparison to Budget

Total expenditure was **\$2.055 million**, which was largely consistent with the budget of \$1.989 million.

### Comparison to 2020-21 actual expenditure

Total expenditure was **\$2.055 million** and was \$0.090 million (4 percent) lower than the 2020 21 actual result of \$2.145 million. The decrease in expenditure relates to movements in annual leave and long service leave liability association with new staff members.

### Future trends

For 2022-23, expenditure is expected to increase to **\$2.226 million** due to the commission’s work on:

- the price investigation to determine regulated water and sewerage service prices from 1 July 2023
- the annual price adjustment for regulated electricity services
- ongoing monitoring of compliance with the ACT Retail Electricity (Transparency and Comparability) Code, Consumer Protection Code, licences, and other obligations on the regulated energy and water businesses.

More generally, expenses may vary over the forward estimates for activities that are not performed on an annual basis, including major price investigations and unanticipated references or other requests for commission services from government and non-government sources.

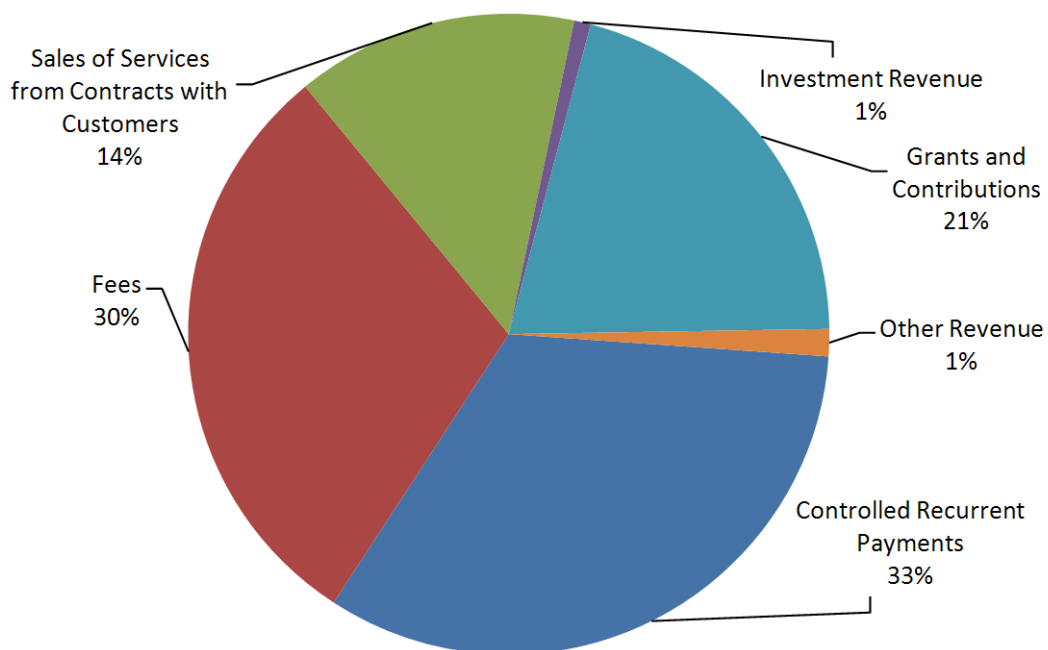
## C.1.3 Total income

### Components of income

Figure 2 shows the components of the commission's income for 2021-22. The main components of income were:

- Controlled Recurrent Payments of **\$0.749 million** (33 percent) for the commission's energy industry regulatory activities
- Fees of **\$0.676 million** (30 percent) for water, sewerage, electricity transmission and gas transmission regulatory activities under the Utilities Act
- Grants and Contributions of **\$0.467 million** (21 percent) which the major component consists of the service level agreement with the Chief Minister, Treasury and Economic Development Directorate for services under the ICRC Act
- Sales of Services from Contracts with Customers of **\$0.322 million** (14 percent) which relates to the pricing investigation to determine regulated water and sewerage service prices.

**Figure 2: Total Income 2021-22**



### Comparison to Budget

Income for the year was **\$2.264 million** and this was above budget of \$2.133 million by \$0.131 million (6 percent). This mainly relates to the higher than expected income from sales of contracts with customers relating to the pricing investigation to determine the regulated prices of water and sewerage services.

### Comparison to 2020-21 actual income

Total income in 2021-22 was **\$2.264 million**, an increase of \$0.062 million (3 percent) from the 2020-21 actual result of \$2.202 million. The results are broadly consistent across the two financial years,

although the sources of income have changed. The commission's income from 6 workstreams fell with the completion of 6 major workstreams in 2020-21:

- reviewing two aspects of its pricing methodology for water and sewerage services to ensure the methods used remain current and appropriate and give Icon Water incentives to operate efficiently
- developing policy advice for the Government on the costs of supplying recycled water to high-intensity club users
- making a new industry code to improve the transparency and comparability of retail electricity offers (the ACT Retail Electricity (Transparency and Comparability) Code)
- reviewing the commission's price control approach for regulating retail electricity prices
- providing policy advice to the Government to ensure the new crematorium facility to be built and operated by the ACT Public Cemeteries Authority (Canberra Cemeteries) operates in a manner consistent with competitive neutrality
- updating and streamlining the licences for utilities licensed to operate in the ACT.

Lower income from these workstreams was offset by increased income in 2021-22 from 3 new workstreams:

- reviewing the commission's water demand forecasting model and methods
- developing guidelines to help retailers implement the ACT Retail Electricity (Transparency and Comparability) Code effectively and monitoring compliance with the Code, including the transitional arrangements for the better offer obligation
- starting a price investigation to determine regulated water and sewerage service prices from 1 July 2023, following the receipt of terms of reference from the Government.

## Future trends

For 2022-23, income is expected to increase to **\$2.359 million**, mainly reflecting:

- an increase in sale of services from contracts with customers due to the commission's price investigation to determine the regulated prices of water and sewerage services in the regulatory period from 1 July 2023
- reduced fees due to completion of the commission's reviews of its water pricing methodology
- lower revenue from the energy industry levy due to completion of the Guidelines and other compliance material for the ACT Retail Electricity (Transparency and Comparability) Code.

More generally, income may vary over the forward estimates due to activities that are not performed on an annual basis, including major price investigations and receipt of unanticipated references or other requests for commission services from government and non-government sources.

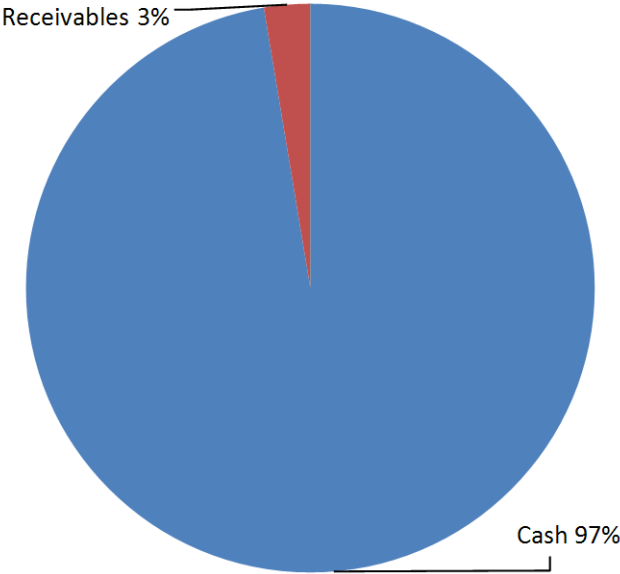
## C.1.4 Total assets

### Components of total assets

Figure 3 shows the components of the commission's Total Assets at 30 June 2022. The components were:

- Cash of **\$2.118 million** (97 percent)
- Receivables of **\$0.057 million** (3 percent)

**Figure 3: Total Assets at 30 June 2022**



### Comparison to Budget

At 30 June 2022, Total Assets were **\$2.177 million** and this was above the budget of \$2.034 million by \$0.143 million (7 percent). This mainly relates to the higher than expected cash held due to some expenditure savings on supplies and services.

### Comparison to 2020-21 actuals

At 30 June 2022, Total Assets were **\$2.177 million** and this was higher than the 2020-21 actual of \$1.872 million by \$0.305 million (16 percent). The commission has reduced its receivables by recovering costs on a more regular basis.

### Liquidity

A common indicator used to measure liquidity is the current ratio, which measures the ability to fund short-term liabilities from short-term cashable assets. A ratio of less than 1:1 may indicate a reliance on future revenue streams to meet short-term debts.

At 30 June 2022, the commission’s current ratio was 3.7:1 indicating a strong financial position. It is necessary for the commission to maintain a high level of liquidity due to the cost recovery model it principally operates under, where significant expenditure can be required to perform an activity and those costs may not be recovered for an extended period of time.

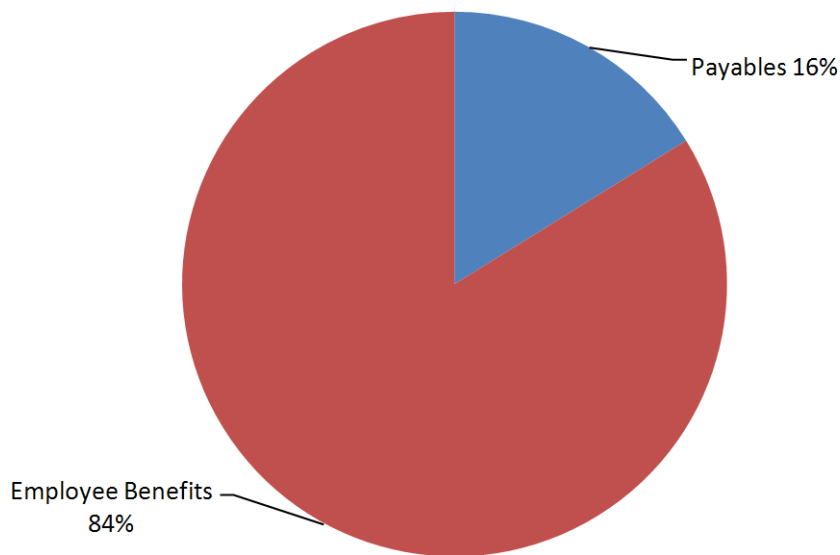
## C.1.5 Total liabilities

### Components of total liabilities

Figure 4 shows the components of the commission's Total Liabilities at 30 June 2022. The components were:

- Employee Benefits of **\$0.503 million** (84 percent)
- Payables of **\$0.097 million** (16 percent).

**Figure 4: Total Liabilities at 30 June 2022**



### Comparison to Budget

At 30 June 2022, Total Liabilities were **\$0.600 million** and this was \$0.080 million (15 percent) higher than budget of \$0.520 million. The difference is mainly due to an increase in employee benefits for employees who were appointed to the commission during 2021-22 with accumulated leave benefits.

### Comparison to 2020-21 actuals

At 30 June 2022, Total Liabilities were **\$0.600 million**, which is an increase on the 2020-21 actual of \$0.504 million by \$0.096 million (19 percent). The increase mainly relates to the increase in employee benefits for employees who were appointed to the commission during 2021-22 with accumulated leave benefits.

## C.2 FINANCIAL STATEMENTS

The commission has prepared financial statements for 2021-22 in accordance with the relevant accounting standards. The statements were independently audited as required by the *Financial Management Act 1996*, ACT Accounting Standards, and the 2022 Annual Report Directions. The audit opinion, financial statements and accompanying notes to the statements are set out in appendix 1.

## C.3 CAPITAL WORKS

We do not have a capital works program.

## C.4 ASSET MANAGEMENT

For the financial year ended 30 June 2022, the commission's asset base consists of a relatively small footprint of office furniture and equipment.

We lease most of our ICT office equipment through ACT Government Shared Services. Leasing these assets ensures we continue to conduct our business and achieve our outcomes while ensuring value for money. We regularly reassess our asset requirements and ensure assets are replaced at the end of their useful life.

At 30 June 2022, the commission's total value of plant and equipment was zero.

We lease office accommodation in Canberra's CBD where it occupies less than half of a floor. This accommodated the commission secretariat of 11 staff (headcount as at 30 June 2022) and provided an office for the Senior Commissioner.

## C.5 GOVERNMENT CONTRACTING

The online ACT Government Contracts Register records contracts with suppliers of goods, services and works, with a value of \$25,000 or more.

A full search of Independent Competition and Regulatory Commission contracts notified with an execution date from 1 July 2021 to 30 June 2022 can be made at <https://www.tenders.act.gov.au/contract/search>.

There were no exemptions in 2021-22 from the secure local job code requirements under the *Government Procurement Act 2001*.

### **Aboriginal and Torres Strait Islander procurement**

For 2021-22, the commission's performance against the Aboriginal and Torres Strait Islander Procurement Policy (ATSIPP) performance measures is shown in Table 3.

**Table 3: Aboriginal and Torres Strait Islander Procurement Policy (ATSIPP) performance measures in 2020-21**

No.	ATSIPP performance measure	Result
1	The number of unique Aboriginal and Torres Strait Islander Enterprises that responded to Territory tender and quotation opportunities issued from the Approved Systems.	0
2	The number of unique Aboriginal and Torres Strait Islander Enterprises attributed a value of Addressable Spend in the financial year.	1
3	Percentage of the financial year's Addressable Spend of \$148,157 that was spent with Aboriginal and Torres Strait Islander Enterprises – target 1.5%.	0.035%

## Creative Services Panel procurement

The Creative Services Panel is a whole of government arrangement for the purchase of creative services, including:

- Advertising
- Marketing
- Communications and engagement
- Digital
- Graphic design
- Photography and video
- Media buying.

During 2021-22, we did not undertake any expenditure through the panel.

Major purchases through this panel are published online on the ACT Government Contracts Register.

# Appendixes

APX



# APPENDIX 1 FINANCIAL STATEMENTS AND AUDIT REPORT

- Independent Auditor's report
- Statement of responsibility – Chief Executive Officer
- Statement by the Chief Financial Officer
- Independent Competition and Regulatory Commission Operating Statement for the year ended 30 June 2022
- Independent Competition and Regulatory Commission Balance Sheet as at 30 June 2022
- Independent Competition and Regulatory Commission Statement of Changes in Equity for the year ended 30 June 2022
- Independent Competition and Regulatory Commission Cash Flow Statement for the year ended 30 June 2022
- Independent Competition and Regulatory Commission Statement of Appropriation for the year ended 30 June 2022
- Independent Competition and Regulatory Commission Notes to and forming part of the financial statements for the year ended 30 June 2022

# **Financial Statements**

## **Independent Competition and Regulatory Commission**

**For the Year Ended**

**30 June 2022**

## INDEPENDENT AUDITOR'S REPORT

### To the Members of the ACT Legislative Assembly

#### Opinion

I have audited the financial statements of the Independent Competition and Regulatory Commission (Commission) for the year ended 30 June 2022 which comprise the operating statement, balance sheet, statement of changes in equity, statement of cash flows, statement of appropriation and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Commission's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

#### Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the Commission for the financial statements

The Chief Executive Officer is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Commission to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

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## **Auditor's responsibilities for the audit of the financial statements**

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Commission.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Commission's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission;
- conclude on the appropriateness of the Commission's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Commission to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

Ajay Sharma  
Assistant Auditor-General, Financial Audit  
24 August 2022

**Independent Competition and Regulatory Commission**  
**Financial Statements**  
**For the Year Ended 30 June 2022**

**Statement of Responsibility**

In my opinion, the Independent Competition and Regulatory Commission's (the commission's) financial statements fairly reflect the financial operations for the year ended 30 June 2022 and its financial position on that date.

Dr Annette Weier  
Chief Executive Officer  
Independent Competition and Regulatory Commission  
23 August 2022

**Independent Competition and Regulatory Commission**  
**Financial Statements**  
**For the Year Ended 30 June 2022**

**Statement by the Chief Finance Officer**

In my opinion, the commission's financial statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2022 and the financial position on that date.

Calvin Robinson  
Chief Finance Officer  
Independent Competition and Regulatory Commission  
23 August 2022

# Independent Competition and Regulatory Commission

## Content of the Financial Statements

### For the Year Ended 30 June 2022

#### Financial Statements

Operating Statement  
Balance Sheet  
Statement of Changes in Equity  
Statement of Cash Flows  
Statement of Appropriation

#### Overview Notes

Note 1 Objectives of the Independent Competition and Regulatory Commission  
Note 2 Basis of Preparation of the Financial Statements  
Note 3 Impact of Accounting Standards Issued But Yet to be Applied

#### Income Notes

Note 4 Fees  
Note 5 Sales of Services from Contracts with Customers  
Note 6 Grants and Contributions Revenue

#### Expense Notes

Note 7 Employee and Superannuation Expenses  
Note 8 Supplies and Services

#### Asset Notes

Note 9 Cash and Cash Equivalents  
Note 10 Receivables

#### Liability Notes

Note 11 Payables  
Note 12 Employee Benefits

#### Other Notes

Note 13 Financial Instruments  
Note 14 Capital and Other Expenditure Commitments  
Note 15 Third Party Monies  
Note 16 Budgetary Reporting  
Note 17 Related Party Disclosures

**Independent Competition and Regulatory Commission  
Operating Statement  
For the Year Ended 30 June 2022**

	Note No.	Actual 2022 \$'000	Original Budget 2022 \$'000	Actual 2021 \$'000
<b>Income</b>				
Controlled Recurrent Payments	#	749	749	656
Fees	4	676	641	875
Sales of Services from Contracts with Customers	5	322	283	140
Grants and Contributions Revenue	6	467	445	446
Investment Revenue		19	15	17
Other Revenue		31	-	68
<b>Total Income</b>		<b>2,264</b>	<b>2,133</b>	<b>2,202</b>
<b>Expenses</b>				
Employee Expenses	7	1,370	1,359	1,449
Superannuation Expenses	7	202	189	196
Supplies and Services	8	483	441	500
<b>Total Expenses</b>		<b>2,055</b>	<b>1,989</b>	<b>2,145</b>
<b>Operating Result</b>		<b>209</b>	<b>144</b>	<b>57</b>
<b>Total Comprehensive Income</b>		<b>209</b>	<b>144</b>	<b>57</b>

The above Operating Statement should be read in conjunction with the accompanying notes.

# Refer to the Statement of Appropriation



**Independent Competition and Regulatory Commission**  
**Balance Sheet**  
**As at 30 June 2022**

	Note No.	Actual 2022 \$'000	Original Budget 2022 \$'000	Actual 2021 \$'000
<b>Current Assets</b>				
Cash	9	2,118	1,853	1,712
Receivables	10	57	181	160
Other Assets		2	-	-
<b>Total Current Assets</b>		<b>2,177</b>	<b>2,034</b>	<b>1,872</b>
<b>Total Assets</b>		<b>2,177</b>	<b>2,034</b>	<b>1,872</b>
<b>Current Liabilities</b>				
Payables	11	97	98	97
Employee Benefits	12	495	409	399
<b>Total Current Liabilities</b>		<b>592</b>	<b>507</b>	<b>496</b>
<b>Non-Current Liabilities</b>				
Employee Benefits	12	8	13	8
<b>Total Non-Current Liabilities</b>		<b>8</b>	<b>13</b>	<b>8</b>
<b>Total Liabilities</b>		<b>600</b>	<b>520</b>	<b>504</b>
<b>Net Assets</b>		<b>1,577</b>	<b>1,514</b>	<b>1,368</b>
<b>Equity</b>				
Accumulated Funds		1,577	1,514	1,368
<b>Total Equity</b>		<b>1,577</b>	<b>1,514</b>	<b>1,368</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

**Independent Competition and Regulatory Commission**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2022**

	Accumulated Funds Actual 2022 \$'000	Total Equity Actual 2022 \$'000	Total Original Budget 2022 \$'000
<b>Balance at 1 July 2021</b>	<b>1,368</b>	<b>1,368</b>	<b>1,369</b>
<b>Comprehensive Income</b>			
Operating Result	209	209	144
<b>Total Comprehensive Income</b>	<b>209</b>	<b>209</b>	<b>144</b>
<b>Balance at 30 June 2022</b>	<b>1,577</b>	<b>1,577</b>	<b>1,513</b>

	Accumulated Funds Actual 2021 \$'000	Total Equity Actual 2021 \$'000
<b>Balance at 1 July 2020</b>	<b>1,311</b>	<b>1,311</b>
<b>Comprehensive Income</b>		
Operating Result	57	57
<b>Total Comprehensive Income</b>	<b>57</b>	<b>57</b>
<b>Balance at 30 June 2021</b>	<b>1,368</b>	<b>1,368</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Independent Competition and Regulatory Commission**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2022**

	Note No.	Actual 2022 \$'000	Original Budget <sup>1</sup> 2022 \$'000	Actual 2021 \$'000
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Controlled Recurrent Payments		749	749	656
Fees		695	641	636
Sales of Services from Contracts with Customers		405	283	387
Grants and Contributions Receipts		437	477	430
Investment Receipts		19	15	17
Goods and Services Tax Collected from Customers and Refunded by the Australian Taxation Office		127	-	79
Other		31	-	-
<b>Total Receipts from Operating Activities</b>		<b>2,463</b>	<b>2,165</b>	<b>2,205</b>
<b>Payments</b>				
Employee		1,275	1,363	1,391
Superannuation		203	193	196
Supplies and Services		459	468	456
Goods and Services Tax Paid to Suppliers and Remitted to Australian Taxation Office		120	-	88
<b>Total Payments from Operating Activities</b>		<b>2,057</b>	<b>2,024</b>	<b>2,131</b>
<b>Net Cash Inflows from Operating Activities</b>	9	<b>406</b>	<b>141</b>	<b>74</b>
<b>Net Increase in Cash</b>		<b>406</b>	<b>141</b>	<b>74</b>
Cash at the Beginning of the Reporting Period		1,712	1,712	1,638
<b>Cash at the End of the Reporting Period</b>	9	<b>2,118</b>	<b>1,853</b>	<b>1,712</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

<sup>1</sup> Figures in this column are the actual budgeted cash flow for the year ended 30 June 2022. These were incorrectly presented as the 2020-21 Budget figures in the Statement of Cash Flows table in the Statement of Intent due to a presentation error in the table column headings.

# Independent Competition and Regulatory Commission

## Statement of Appropriation

### For the Year Ended 30 June 2022

#### Description and Material Accounting Policies relating to Controlled Recurrent Payments

Controlled Recurrent Payments (CRP) are revenue received from the ACT Government to fund the costs of delivering outputs.

CRP are recognised when the commission gains control over the funding which is normally obtained upon the receipt of cash, given they do not contain enforceable and sufficiently specific performance obligations as defined by AASB 15 Revenue from Contracts with Customers.

#### Column Heading Explanation

The *Original Budget* column shows the amount that appears in the Statement of Cash Flows in the Statement of Intent. This amount also appears in the Statement of Cash Flows.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the commission during the year. This amount appears in the Statement of Cash Flows.

	Original Budget 2022 \$'000	Total Appropriated 2022 \$'000	Appropriation Drawn 2022 \$'000	Appropriation Drawn 2021 \$'000
<b>Appropriation</b>				
Controlled Recurrent Payments	749	749	749	656
<b>Total Appropriation</b>	<b>749</b>	<b>749</b>	<b>749</b>	<b>656</b>

The above Statement of Appropriation should be read in conjunction with the accompanying notes.

#### Variances between '2021-22 Controlled Recurrent Payments Appropriation Drawn' and '2020-21 Controlled Recurrent Payments Appropriation Drawn'

The increase in CRP reflects the following work;

- to develop guidelines to help retailers implement the ACT Retail Electricity (Transparency and Comparability) Code effectively;
- to monitor compliance with the Code;
- to monitor the Consumer Protection Code and licences
- to monitor developments in energy markets and ensure the regulatory framework remains appropriate and effective; and
- to process an application for a new electricity transmission licence.

# Independent Competition and Regulatory Commission Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2022

## NOTE 1 OBJECTIVES OF THE INDEPENDENT COMPETITION AND REGULATORY COMMISSION

### Operations and Principal Activities

The Independent Competition and Regulatory Commission (the commission) has statutory and regulatory, rather than commercial, objectives and functions. The commission's primary roles and responsibilities are established under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act) and the *Utilities Act 2000* (Utilities Act). Together, the Acts set out the functions of the commission as:

- making price directions
- providing recommendations about price regulation
- providing advice to the Minister about proposed access regimes
- arbitrating disputes about access to services under access regimes
- maintaining a register of access agreements
- investigating and reporting on matters referred by the Minister and other referring authorities
- investigating and reporting on competitive neutrality complaints
- investigating and reporting on government-regulated activities
- issuing licences for the provision of certain types of utility services
- determining licence conditions
- monitoring compliance with the licence conditions
- approving and reviewing standard customer contracts and industry codes for certain types of utility services.

The commission also has a statutory role under the *Electricity Feed-In (Renewable Energy Premium) Act 2008* in providing advice to the Minister relevant to the determination of the premium rate payable by National Energy Retail Law (NERL) retailers supplying electricity to renewable energy generators, and in monitoring compliance with the Electricity Feed-In Scheme through the Electricity Feed-In Code 2015 for NERL retailers.

The commission's objectives are outlined in the ICRC Act and the Utilities Act. The objectives set out in section 7 and 19L of the ICRC Act are to:

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

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 1 OBJECTIVES OF THE INDEPENDENT COMPETITION AND  
REGULATORY COMMISSION - CONTINUED**

Section 3 of the Utilities Act provides the commission with additional functions in accordance with the following objectives:

- encourage the provision of safe, reliable, efficient and high-quality utility services at reasonable prices
- minimise the potential for misuse of monopoly power in the provision of utility services
- promote competition in the provision of utility services
- encourage long-term investment, growth and employment in utility services
- promote ecologically sustainable development in the provision of utility services
- protect the interests of consumers
- ensure that advice given to the commission by the ACT Civil and Administrative Tribunal (ACAT) is properly considered
- ensure that the Government's programs concerning the provision of utility services are properly addressed
- give effect to directions of the Minister under section 19 of the Utilities Act.

# Independent Competition and Regulatory Commission Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2022

## NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### LEGISLATIVE REQUIREMENT

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government Agencies. The FMA and the *Financial Management Guidelines* issued under the FMA, requires the commission's financial statements to include:

- an Operating Statement for the reporting period;
- a Balance Sheet at the end of the reporting period;
- a Statement of Changes in Equity for the reporting period;
- a Statement of Cash Flows for the reporting period;
- a Statement of Appropriation for the reporting period;
- the material accounting policies adopted for the reporting period;
- other statements as necessary to fairly reflect the financial operations of the commission during the reporting period and its financial position at the end of the reporting period.

These general-purpose financial statements have been prepared in accordance with:

- Australian Accounting Standards (as required by the FMA);
- ACT Accounting and Disclosure Policies.

### ACCRUAL ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The financial statements are prepared according to the historical cost convention.

### CURRENCY

These financial statements are presented in Australian dollars, which is the commission's functional currency.

### INDIVIDUAL REPORTING ENTITY

The commission is a not-for-profit reporting entity.

### REPORTING PERIOD

These financial statements state the financial performance, changes in equity and cash flows of the commission for the year ended 30 June 2022 together with the financial position of the commission as at 30 June 2022.

**Independent Competition and Regulatory Commission**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2022**

**NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS -  
CONTINUED**

**COMPARATIVE FIGURES**

*Budget Figures*

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2021-22 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Statement of Intent.

*Prior Year Comparatives*

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed. Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

*Rounding*

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of "-" represents zero amounts or amounts rounded down to zero.

**GOING CONCERN**

The commission's 2021-22 financial statements have been prepared on a going concern basis as the ongoing functions, activities and funding of the commission is provided for under section 7 of the Financial Management Act 1996.

**NOTE 3 IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE  
APPLIED**

All Australian Accounting Standards and Interpretations issued but yet to be applied are either not relevant to the commission or have been assessed as having an immaterial financial impact on the commission.

These standards and interpretations are applicable to future reporting periods. The commission does not intend to adopt these standards and interpretations early, with the exception of the change to AASB 101 resulting from AASB 2021/2 Amendments to Australian Accounting Standards – Disclosure to Accounting Policies and Definitions of Accounting Policies and Definition of Accounting Estimates. This change requires the commission to disclose its material accounting policy information rather than its significant accounting policies. For all other Australian Accounting Standards issued by yet to be applied, they will be adopted from their application date.



# Independent Competition and Regulatory Commission

## Notes to and Forming Part of the Financial Statements

### For the Year Ended 30 June 2022

## INCOME NOTES

### MATERIAL ACCOUNTING POLICIES – INCOME

#### REVENUE RECOGNITION

Revenue is recognised in accordance with AASB 15 Revenue from Contracts with Customers where the contract is enforceable and contains sufficiently specific performance obligations, otherwise revenue is in the scope of AASB 1058 Income of Not-for-Profit Entities.

#### *AASB 15 Revenue from Contracts with Customers*

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. identify the contract with the customer;
2. identify the performance obligations;
3. determine the transaction price;
4. allocate the transaction price; and
5. recognise revenue as or when control of the performance obligation is transferred to the customer.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the commission have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

#### *AASB 1058 Income of Not-for-Profit Entities*

Where revenue streams are in the scope of AASB 1058, the commission recognises the asset received (generally cash or other financial asset) at fair value, recognises any related amount (e.g. liability or equity) in accordance with an accounting standard and recognises revenue as the residual between the fair value of the asset and the related amount on receipt of the asset.

# Independent Competition and Regulatory Commission

## Notes to and Forming Part of the Financial Statements

### For the Year Ended 30 June 2022

#### NOTE 4 FEES

##### Description and Material Accounting Policies relating to Fees

###### *Utility Licence Fees*

Utility Licence Fees are recorded under AASB 15 Revenue from Contracts with Customers as it constitutes a contract with a customer, constitute goods and services, and is an output of the commission's ordinary activities. The basis of the recognition is from the guidance as provided in AASB 2018-4 Amendments to Australia Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors.

Utility licence fees are collected from utilities providing water and wastewater services, electricity transmission and gas transmission services to recover the reasonable costs incurred by the commission, the Technical Regulator and the ACT Civil and Administrative Tribunal (ACAT) in discharging their performance obligations being their respective regulatory responsibilities over time. These fees are collected under the *Utilities Act 2000*. The fees are based on the estimated cost of regulatory activities for the financial year, which are adjusted based on revised end of year estimates and any over or under collection of fees identified in the current financial year. It is the commission's practice to adjust the fees in the following year if the actual costs incurred at the end of the financial year vary from the original estimate. The commission only records fee income relating to its own activities in its operating statement. Fees received by the commission and ultimately transferred to the Technical Regulator and ACAT are not recorded as income (or expenses) by the commission, as the commission does not control the future economic benefits embodied in the fees. Information on utility licence fees collected and paid to the Technical Regulator and ACAT is included in Note 16 Third Party Monies.

###### *Material Accounting Judgements and Estimates - Fees*

The commission has made material estimates regarding the amount of revenue to be recognised as utility licence fees using an activity-based costing model. The commission's model is used to determine the amount of revenue to be recognised for an activity based on the amount of time commission staff spend on the activity, direct costs associated with the activity and proportional allocation of indirect costs. The commission reviews this model on an ongoing basis and revises the model as appropriate.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from Regulatory Activities</b>		
Utility Licence Fees <sup>a)</sup>	676	875
<b>Total Fees</b>	<b>676</b>	<b>875</b>

a) In 2021-22, the Utility Licence Fees decrease reflects the reduced fees due to the completion of two commission reviews of its water pricing methodology in 2020-21.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 5 SALES OF SERVICES FROM CONTRACTS WITH CUSTOMERS**

**Description and Material Accounting Policies relating to the Sale of Services**

The commission earns revenue from user charge services. User charges revenue is derived by providing services to other ACT Government entities and to the public. User charges revenue is legally retained by the agency and driven by consumer demand. During 2021-22, the commission recognised user charges revenue in relation to work undertaken on the pricing investigation to determine the regulated prices of water and sewerage.

Revenue is recognised when the commission satisfies the performance obligations which is over time (across the duration of a contract).

*Material Accounting Judgements and Estimates – Revenue from Contracts with Customers*

The commission has made material judgements and estimates regarding the amount of revenue to be recognised as User Charges under the Sales of Services from Contracts with Customers. The commission has reviewed each contract or agreement in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations.

Revenue has been recognised when the commission is satisfied that its performance obligations for each contract have been met over time in accordance with the requirements of AASB 15.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>ACT Government Customers</b>		
Service Revenue - ACT Government <sup>a)</sup>	322	140
<b>Total Sales of Services from ACT Government Customers</b>	<b>322</b>	<b>140</b>
<b>Total Sales of Services from Contracts with Customers</b>	<b>322</b>	<b>140</b>

User Charges revenue is derived by providing services to other ACT Government agencies. User Charges revenue is legally retained by the commission and driven by customer demand.

a) The revenue in 2021-22 of \$322,000 relates to the commencement of a pricing investigation to determine the regulated prices of water and sewerage services.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 6. GRANTS AND CONTRIBUTIONS REVENUE**

**Description and Material Accounting Policies Relating to Grants and Contributions Revenue**

*Other Grants and Contributions*

The commission has determined that the Service Level Agreement with the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) relating to 'Other Grants and Contributions' do not contain sufficiently specific performance obligations for recognising revenue from contracts with customers under AASB 15. The purpose of the Service Level Agreement between the CMTEDD and the commission is to provide a mechanism by which the Government provides funding for the operation of the commission for a nominated period which is consistent with the appropriation received by CMTEDD for this purpose. The agreement only broadly specifies performance obligations and as such, AASB 1058 has been applied for recognising this revenue. This revenue is recognised upon receipt of funds.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Resources Received Free of Charge from ACT Government Entities</b>		
Legal Services	17	3
Shared Services - Fixed Costs	13	13
<b>Total Resources Received Free of Charge</b>	<b>30</b>	<b>16</b>
<b>Other Grants and Contributions</b>		
Service Level Agreement with the Chief Minister, Treasury and Economic Development Directorate	437	430
<b>Total Other Grants and Contributions</b>	<b>437</b>	<b>430</b>
<b>Total Grants and Contributions</b>	<b>467</b>	<b>446</b>

# Independent Competition and Regulatory Commission Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2022

## EXPENSE NOTES

### NOTE 7 EMPLOYEE AND SUPERANNUATION EXPENSES

#### Description and Material Accounting Policies Relating to Employee and Superannuation Expenses

##### *Employee Expenses*

Employee benefits include:

- short-term employee benefits such as wages and salaries, annual leave loading, and applicable on-cost if expected to be settled wholly before twelve months (see Note 12 Employee benefits if longer than 12 months) after the end of the annual reporting period in which the employees render the related services;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave.

(See Note 12 Employee Benefits for accrued wages and salaries, and annual and long service leave).

##### *Superannuation Expenses*

Employees of the commission will have different superannuation arrangements due to the type of superannuation scheme available at the time of commencing employment, including both defined benefit and defined contribution superannuation scheme arrangements.

For employees who are members of the defined benefit Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS), the commission makes employer superannuation contribution payments to the Territory Banking Account at a rate determined by the Chief Minister, Treasury and Economic Development Directorate. The commission also makes productivity superannuation contribution payments on behalf of these employees to the Commonwealth Superannuation Corporation, which is responsible for administration of the schemes.

For employees who are members of defined contribution superannuation schemes (the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice), the commission makes employer superannuation contribution payments directly to the employees' relevant superannuation fund.

All defined benefit employer superannuation contributions are recognised as expenses on the same basis as the employer superannuation contributions made to defined contribution schemes. The accruing superannuation liability obligations are expensed as they are incurred and extinguished as they are paid.

##### *Superannuation Liability Recognition*

For commission employees who are members of the defined benefit CSS or PSS, the employer superannuation liabilities for superannuation benefits payable upon retirement are recognised in the financial statements of the Superannuation Provision Account.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 7 EMPLOYEE AND SUPERANNUATION EXPENSES – CONTINUED**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and Wages	1,385	1,381
Annual Leave Expense	(20)	20
Long Service Leave Expense	(6)	38
Workers' Compensation Insurance Premium	11	10
Superannuation Contributions to the Territory Banking Account	70	69
Productivity Benefit	5	6
Superannuation to External Providers	127	121
<b>Total Employee and Superannuation Expenses</b>	<b>1,572</b>	<b>1,645</b>
<b>Split of Employee and Superannuation Expenses</b>		
Total Employee Expenses	1,370	1,449
Total Superannuation Expenses	202	196
<b>Total Employee and Superannuation Expenses</b>	<b>1,572</b>	<b>1,645</b>

# Independent Competition and Regulatory Commission Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2022

## NOTE 8 SUPPLIES AND SERVICES

### Description and Material Accounting Policies Relating to Supplies and Services

#### *General – Supplies and Services*

Purchases of Supplies and Services generally represent the day-to-day running costs incurred in normal operations, recognised in the reporting period in which these expenses are incurred.

#### *Office Rental Expenses*

This covers payments for short-term leases (12 month term or less) and low-value leases (individual asset less than \$10,000) and standard non-specialised accommodation leases with the ACT Property Group.

#### *Professional Services*

This covers payments made to consultants and contractors to assist with specialised or additional temporary work required by the commission.

#### *Auditor Fees*

Auditor fees consists of financial audit services provided to the commission by the ACT Audit Office. No other services were provided by the ACT Audit Office.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditor Fees	40	34
Information Communication Technology <sup>a)</sup>	50	64
Office Rental and Operating Costs <sup>b)</sup>	127	183
Professional Services <sup>c)</sup>	153	124
Recruitment Costs <sup>d)</sup>	30	2
Subscriptions, Memberships and Conferences	52	46
Other	31	47
<b>Total Supplies and Services</b>	<b>483</b>	<b>500</b>

a) Information Communication Technology (ICT) services saw a decrease in expenditure in 2021-22 due to the additional costs in 2020-21 of moving to an Electronic Document and Records Management System (EDRMS).

b) Office Rental and Operating Costs reduced mainly due to a decrease in rental expense from the new office location.

c) Professional Services saw an increase in expenditure, as a result of an increase in services from external contractors and consultants engaged by the commission.

d) Recruitment Costs increased primarily due to higher recruitment activity for new employees.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**ASSET NOTES**

**MATERIAL ACCOUNTING POLICIES - ASSETS**

**ASSETS – CURRENT AND NON-CURRENT**

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets which do not fall within the current classification are classified as non-current.

**NOTE 9 CASH**

**Description and Material Accounting Policies Relating to Cash**

The commission managed two bank accounts in 2021-22 with Westpac Banking Corporation. The first account was the commission's operating account, and the second bank account was for Third Party Monies. Details of transactions relating to Third Party Monies are provided in Note 15.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Cash Balances</b>		
Cash at Bank <sup>a)</sup>	2,118	1,712
<b>Total Cash</b>	<b>2,118</b>	<b>1,712</b>
<b>(b) Reconciliation of Cash at the End of the Reporting Period in the Statement of Cash Flows to the Equivalent Items in the Balance Sheet.</b>		
Cash at Bank	2,118	1,712
<b>Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows</b>	<b>2,118</b>	<b>1,712</b>
<b>(c) Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities</b>		
Operating Result	209	57
<b>Add/(Less) Non-Cash Items</b>		
(Write Back) of Make Good Provision	-	(68)
<b>Cash Before Changes in Operating Assets and Liabilities</b>	<b>209</b>	<b>(11)</b>
<b>Changes in Operating Assets and Liabilities</b>		
Decrease in Receivables	103	192
(Increase) in Other Assets	(2)	-
Increase in Payables	-	19
(Decrease) in Other Liabilities	-	(184)
Increase in Employee Benefits	96	58
<b>Net Changes in Operating Assets and Liabilities</b>	<b>197</b>	<b>85</b>
<b>Net Cash Inflows from Operating Activities</b>	<b>406</b>	<b>74</b>

a) The increase is mainly due to the decrease in receivables and an increase in annual and long service leave liabilities.



**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 10 RECEIVABLES**

**Description and Material Accounting Policies relating to Receivables**

*Accounts Receivable*

Accounts receivable (including trade receivables and accrued revenue) are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

*Accrued Revenue*

Accrued Revenue is revenue relating to fees and sales of services from contracts with customers that is owed to the commission but has not been invoiced at the reporting date.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Receivables</b>		
Trade Receivables <sup>a)</sup>	-	105
Accrued Revenue	57	55
<b>Total Current Receivables</b>	<b>57</b>	<b>160</b>
<b>Total Receivables</b>	<b>57</b>	<b>160</b>

No receivables are past due or impaired.

a) The decrease in trade receivables is due to not having any invoices outstanding as at 30 June 2022.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**LIABILITY NOTES**

**MATERIAL ACCOUNTING POLICIES - LIABILITIES**

**LIABILITIES – CURRENT AND NON-CURRENT**

Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities which do not fall within the current classification are classified as non-current.

**NOTE 11 PAYABLES**

**Description and Material Accounting Policies relating to Payables**

Payables are initially recognised at fair value based on the transaction cost and, subsequent to initial recognition, at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 14 days after the invoice date.

Payables include Trade Payables, Accrued Expenses and GST Payables.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Payables</b>		
Trade Payables	36	13
Accrued Expenses	30	58
GST Payable	31	26
<b>Total Current Payables</b>	<b>97</b>	<b>97</b>
<b>Total Payables</b>	<b>97</b>	<b>97</b>
<b>Payables are aged as follows:</b>		
Not Overdue	97	97
<b>Total Payables</b>	<b>97</b>	<b>97</b>

# Independent Competition and Regulatory Commission

## Notes to and Forming Part of the Financial Statements

### For the Year Ended 30 June 2022

#### NOTE 12 EMPLOYEE BENEFITS

##### Description and Material Accounting Policies relating to Employee Benefits

###### *Accrued Wages and Salaries*

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

###### *Annual and Long Service Leave*

Annual and long service leave including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual leave and long service leave payments are estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. This financial year the rate used to estimate the present value of future:

- annual leave payments is 101.8% (100.2% in the previous financial year)
- payments for long service leave is 95.3% (108.7% in the previous financial year).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

###### *Material Judgements and Estimates – Employee Benefits*

Material judgements have been applied in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires a consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in December 2021. The next actuarial review is expected to be undertaken by early 2025.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 12. EMPLOYEE BENEFITS – CONTINUED**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Employee Benefits</b>		
Annual Leave	170	115
Long Service Leave	274	189
Accrued Salaries	51	95
<b>Total Current Employee Benefits</b>	<b>495</b>	<b>399</b>
<b>Non-Current Employee Benefits</b>		
Long Service Leave	8	8
<b>Total Non-Current Employee Benefits</b>	<b>8</b>	<b>8</b>
<b>Total Employee Benefits</b>	<b>503</b>	<b>407</b>
<b>Estimate of when Leave is Payable</b>		
<b>Estimated Amount Payable within 12 months</b>		
Annual Leave	112	91
Accrued Salaries	51	95
<b>Total Employee Benefits Payable within 12 months</b>	<b>163</b>	<b>186</b>
<b>Estimated Amount Payable after 12 months</b>		
Annual Leave	58	24
Long Service Leave	282	197
<b>Total Employee Benefits Payable after 12 months</b>	<b>340</b>	<b>221</b>
<b>Total Employee Benefits <sup>a)</sup></b>	<b>503</b>	<b>407</b>

a) The increase of \$96,000 in Employee Benefits mainly relates to the increase in Annual and Long Service liabilities, partially offset by a decrease in Accrued Salaries. The increase in Annual and Long Service Leave liabilities is the result of the recruitment of new staff members that transferred leave balances from their previous employers, partially offset by a change in the present value factor for Long Services Leave.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 13 FINANCIAL INSTRUMENTS**

**Material Accounting Policies Relating to Financial Instruments**

Details of the material policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in each respective note. In addition to these policies, the following are also accounting policies relating to financial assets and liabilities.

Financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial assets.

The following are the classification of commission's financial assets under AASB 9:

Items	Business Model	Solely for payment of Principal and Interest SPPI	Classification
	Held to collect principal and interest/sell	Test (basic lending characteristics)	
Cash	Held to collect	Yes	Amortised cost
Receivables	Held to collect	Yes	Amortised cost

Financial Liabilities are measured at amortised cost.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A greater proportion of financial assets are held in floating interest rate arrangements, compared to financial liabilities that are subject to floating interest rates. This means that the commission is not significantly exposed to movements in interest payable; however, it is exposed to movements in interest receivable. Interest rates have been stable during the year ended 30 June 2022 and, as such, have resulted in no increase in the amount of interest received.

**Sensitivity Analysis**

A sensitivity analysis has not been undertaken for the interest rate risk of the Agency as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 13. FINANCIAL INSTRUMENTS - CONTINUED**

***Credit Risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The commission's credit risk is limited to the amount of the financial assets it holds net of any provision for impairment. Credit risk is managed by investing surplus funds with a high credit quality financial institution (Westpac Banking Corporation).

The majority of receivables consist of fees charged to ACT Government entities or entities where the ACT Government has entered into a joint venture agreement with a third party. These entities are required by legislation to pay the fees charged by the commission.

Credit risk is therefore considered to be low with no significant concentrations of credit risk.

***Liquidity Risk***

Liquidity risk is the risk that the commission will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the commission ensures that at any particular point in time it has a sufficient amount of funds in its bank account to meet its current financial liabilities. This is achieved by constantly monitoring receivables and payables levels and ensuring ongoing cash flows are sufficient to meet the commission's obligations as they fall due.

The commission's exposure to liquidity risk is low and the management of this risk has not changed since the previous reporting period.

**Fair Value of Financial Assets and Liabilities**

The carrying amount and fair values of financial assets and liabilities at the end of the reporting period are:

	<b>Note No.</b>	<b>Carrying Amount 2022 \$'000</b>	<b>Fair Value 2022 \$'000</b>	<b>Carrying Amount 2021 \$'000</b>	<b>Fair Value 2021 \$'000</b>
<b>Financial Assets</b>					
Cash	9	2,118	2,118	1,712	1,712
Receivables	10	57	57	160	160
<b>Total Financial Assets</b>		<b>2,175</b>	<b>2,175</b>	<b>1,872</b>	<b>1,872</b>
<b>Financial Liabilities</b>					
Payables	11	97	97	97	97
<b>Total Financial Liabilities</b>		<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 14 OTHER COMMITMENTS**

**Other Commitments**

Other Commitments contracted at reporting date but not recognised as liabilities, are payable as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Within One Year	229	33
<b>Total Other Commitments</b>	<b>229</b>	<b>33</b>

The commission's Other Commitments for 2021-22 relate to professional services relating to the commencement of a pricing investigation to determine the regulated prices of water and sewerage services and outsourced strategic accounting services that are performed by Shared Services.

**Non-Cancellable Low Value Commitments**

Non-Cancellable Low Value Commitments are payable as follows:

Within One Year	10	11
Later than One Year but not later than Five Years	9	17
Later than Five Years	3	1
<b>Total Non-Cancellable Low Value Commitments</b>	<b>22</b>	<b>29</b>

The non-cancellable low value commitments that have not been recorded as lease liabilities under AASB 16 relate to the provision of ICT equipment with Digital Data & Technology Solutions.

All amounts shown in the commitment note are inclusive of GST.

# Independent Competition and Regulatory Commission

## Notes to and Forming Part of the Financial Statements

### For the Year Ended 30 June 2022

#### NOTE 15 THIRD PARTY MONIES

##### Description and Material Accounting Policies Relating to Third Party Monies

Utility Licence Fees are collected and administered by the commission under the *Utilities Act 2000*. The annual licence fee for a particular utility is the amount considered by the commission to be a reasonable contribution towards the costs incurred, or expected to be incurred:

(a) by the following entities in the exercise of functions, in the ACT or elsewhere, in relation to utility services:

(i) Independent Competition and Regulatory Commission (commission)

(ii) the Technical Regulator on behalf of the Territory

(b) by ACAT in hearing and deciding matters to which a utility is a party.

As the administrator, fees collected by the commission and subsequently transferred to the Technical Regulator and ACAT are not controlled by the commission. Further the commission does not obtain any benefit from those fees.

On the basis that the commission does not control the component of the fees relating to the Technical Regulator or ACAT, it follows that the commission does not control the cash or receivables relating to those fees and therefore it does not recognise them as assets. The associated amounts payable to the Technical Regulator and ACAT are also excluded from the commission's liabilities.

The commission holds the following third party monies:

	2022	2021
	\$'000	\$'000
<b>Utility Licence Fees</b>		
<b>Balance at the Beginning of the Reporting Period</b>	-	-
Cash Receipts		
- East Australian Pipeline Limited	66	97
- Icon Water Limited	1,287	1,050
- TransGrid (NSW Electricity Networks Operations Pty Ltd)	115	117
- Interest Received	1	1
Cash Payments		
- Independent Competition and Regulatory Commission	(695)	(636)
- ACT Civil and Administrative Tribunal (ACAT)	(86)	(96)
- Access Canberra (technical regulation)	(688)	(533)
<b>Balance at the End of the Reporting Period</b>	-	-



# Independent Competition and Regulatory Commission

## Notes to and Forming Part of the Financial Statements

### For the Year Ended 30 June 2022

#### NOTE 16 BUDGETARY REPORTING

##### Significant Accounting Judgements and Estimates – Budgetary Reporting

Significant judgements have been applied in determining what variances are considered ‘major variances’. Variances are considered major if both of the following criteria are met:

- The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% and \$30,000 of the budget for the financial statement line item.

Operating Statement Line Items	Actual 2022 \$'000	Original Budget 2022 \$'000	Variance \$'000	Variance %
Sales of Services from Contracts with Customers <sup>a)</sup>	322	283	39	13.8
Supplies and Services <sup>b)</sup>	483	441	42	9.5

##### Variance Explanations

a) The budget variance of \$39,000 is mainly due to additional user charges required to recover the costs of the pricing investigation to determine the regulated prices of water and sewerage services.

b) The budget variance of \$42,000 mainly relates to professional services for work relating to the pricing investigation to determine the regulated prices of water and sewerage services.

Balance Sheet Line Items	Actual 2022 \$'000	Original Budget 2022 \$'000	Variance \$'000	Variance %
Cash <sup>c)</sup>	2,118	1,853	265	14.3
Employee Benefits - Current <sup>d)</sup>	495	409	86	21.0

##### Variance Explanations

c) The budget variance of \$265,000 mainly relates to higher than expected cash held due to some expenditure savings on supplies and services and collection of receivables at 30 June 2022.

d) The total budget variance of \$86,000 in current employee benefits mainly relates to the increase in annual and long service liabilities as a result of the recruitment of new staff members that transferred leave balances from their previous employers.

**Independent Competition and Regulatory Commission  
Notes to and Forming Part of the Financial Statements  
For the Year Ended 30 June 2022**

**NOTE 16. BUDGETARY REPORTING – CONTINUED**

Statement of Cash Flows Line Items	Actual 2022 \$'000	Original Budget 2022 \$'000	Variance \$'000	Variance %
Sales of Services from Contracts with Customers <sup>e)</sup>	405	283	122	43

**Variance Explanations**

e) The budget variance of \$122,000 is mainly due to additional user charges required to recover the costs of the pricing investigation to determine the regulated prices of water and sewerage services.

# Independent Competition and Regulatory Commission

## Notes to and Forming Part of the Financial Statements

### For the Year Ended 30 June 2022

#### NOTE 17 RELATED PARTY DISCLOSURES

##### Description and Material Accounting Policies Relating to Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing, and controlling the activities of the commission, directly or indirectly.

KMP of the commission are the Commissioner and Chief Executive Officer.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the Commission.

This note does not include typical citizen transactions between the KMP and the commission that occur on terms and conditions no different to those applying to the general public.

##### (A) CONTROLLING ENTITY

The commission is an ACT Government controlled entity.

##### (B) KEY MANAGEMENT PERSONNEL

###### B.1 Compensation of Key Management Personnel

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2022.

Compensation of the Head of Service is included in the note on related party disclosures included in the Chief Minister, Treasury and Economic Development Directorate's (CMTEDD) financial statements for the year ended 30 June 2022.

Compensation by the commission to KMP is set out below.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	387	358
Post-employment benefits	88	75
Other long-term benefits	9	8
<b>Total Compensation by the commission to KMP</b>	<b>484</b>	<b>441</b>

###### B.2 Transactions with Key Management Personnel

There were no transactions with KMP that were material to the financial statements of the commission.

###### B.3 Transactions with parties related to Key Management Personnel

There were no transactions with KMP that were material to the financial statements of the commission.

**Independent Competition and Regulatory Commission**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2022**

**NOTE 17 RELATED PARTY DISCLOSURES - CONTINUED**

**(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES**

The commission has entered into transactions with other ACT Government entities in 2021-22 and 2020-21 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government Entities. Below is a summary of the material transactions with other ACT Government Entities.

*Revenue*

- i. Appropriation (Statement of Appropriation) – the commission receives ongoing funding in the form of Controlled Recurrent Payment appropriation from the ACT Government through the Territory Banking Account.
- ii. Fees (Note 4) – the commission received approximately \$592,000 of Utility Licence Fees revenue from Icon Water.
- iii. Sales of Services from Contracts with Customers (Note 5) – The commission received \$322,000 in 2021-22 for revenue from Icon Water for the pricing investigation to determine the regulated prices of water and sewerage.
- iv. Grants and Contributions Revenue (Note 6) – the commission received \$437,000 from the Chief Minister, Treasury and Economic Development Directorate for its funding operation as part of the Service Level Agreement.

*Expenses*

- Supplies and Services (Note 8) – the commission had a total of \$226,000 of expenses in 2021-22 with various ACT Government Entities. These entities include the ACT Property Group for office rent and operating expenses, the ACT Audit Office for audit services, insurance premiums paid to the ACT Insurance Authority, Information Communication Technology expenses with Digital Data & Technology Solutions and Financial Services expenses with Shared Services.

*Assets*

- Receivables (Note 10) – the commission had \$57,000 in accrued revenue with Icon Water at the end of 2021-22.

*Liabilities*

- Payables (Note 11) – the commission had \$64,000 in trade payables and accrued expenses with the ACT Audit Office for audit services, the ACT Property Group for office rent and operating expenses, Digital Data & Technology Solutions for Information Communication Technology expenses, and Shared Services for Financial Services expenses at the end of 2021-22.

# APPENDIX 2 STATEMENT OF PERFORMANCE AND INDEPENDENT LIMITED ASSURANCE REPORT

- Statement of Responsibility – Chief Executive Officer
- Statement of Performance for the year ended 30 June 2022
- Independent Limited Assurance Report

## **INDEPENDENT COMPETITION AND REGULATORY COMMISSION**

### **Statement of Performance for the Year Ended 30 June 2022**

#### **Statement of Responsibility**

In my opinion, the Statement of Performance is in agreement with the Independent Competition and Regulatory Commission's records and fairly reflects the service performance of the Independent Competition and Regulatory Commission for the financial year ended 30 June 2022 and also fairly reflects the judgements exercised in preparing the Statement of Performance for the financial year ended 30 June 2022.

Yours sincerely,

Dr Annette Weier  
Chief Executive Officer  
Independent Competition and Regulatory Commission

24 August 2022

**Table 2: Statement of performance for the year ended 30 June 2022**

Statement of intent accountability indicators	Original target 2021-22	Actual result 2021-22	Variance from original target	Explanation of material variances	Notes
Water and sewerage services pricing	Annual price adjustment	Annual price adjustment	-		1
	Completion of review of water demand forecasting model and methods	Completion of review of water demand forecasting model and methods			
Retail electricity pricing	Annual price adjustment	Annual price adjustment	-		2
	Guidelines for ACT Retail Electricity (Transparency and Comparability) Code	Guidelines for ACT Retail Electricity (Transparency and Comparability) Code			
Utilities compliance and performance monitoring	1 report	1 report	-		3
Utility licence fees (water, sewerage services and certain energy sector utilities not subject to energy industry levy)	Licence fees determination and collection	Licence fees determination and collection	-		4
Utility levies (energy sector)	4 determinations	5 determinations	+1		5
Industry Code determinations	Determinations as required	No determinations required	na		
Capital Contributions Code (water and sewerage infrastructure upgrades)	1 annual review and 1 approval of precinct map update if required	1 annual review and 1 approval of precinct map update	-		6
Advice on industry-related matters or competition policy issues	Subject to receipt of references	No references received	na		

Note to table: na = not applicable

The above accountability indicators were reviewed by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

## Explanation of accountability indicators for the year ended 30 June 2022

The Statement of Performance is to be read in conjunction with the following information:

### Notes

1. In June 2018, we committed to reviewing aspects of our pricing methodology for water and sewerage services pricing before the next water and sewerage services price investigation, to ensure our methodology remains current and appropriate and provides incentives for Icon Water to operate efficiently. The exact timing of when the reviews would be completed during the five-year regulatory period from 1 July 2018 was subject to our workload over the period.

The reviews were conducted in accordance with regulatory reset principles set out in the price direction for 1 July 2018 to 30 June 2023. The price direction is available on our website: *Report 2 of 2018—Price Direction: Regulated Water and Sewerage Services 2018–23*.<sup>31</sup>

All three reviews of our pricing methodology have now been completed. The review of incentive mechanisms was completed in August 2020 and the review of the regulated rate of return methodology was completed in April 2021; both reports are available on our website.<sup>32</sup>

The final review considered the water demand forecasting model and methods used in estimating prices for water and sewerage services. We completed the review and published our final report on 9 December 2021. The report is available on our website: *Report 18 of 2021—Review of water and sewerage services demand forecasting methods*.<sup>33</sup>

We adjusted the prices Icon Water can charge for regulated water and sewerage services for 2022–23 in accordance with the price direction for 1 July 2018 to 30 June 2023. The report is available on our website: *Report 4 of 2022—Regulated water and sewerage services: 2022–23 price adjustment*.<sup>34</sup>

2. Each year, we are required to update the maximum average percentage change by which ActewAGL can increase its regulated retail tariffs under our price direction for standing offer electricity prices for small customers from 1 July 2020 to 30 June 2024. The price direction is available on our website: *Report 10 of 2020—Price Direction: Standing Offer Prices for the Supply of Electricity to Small Customers*.<sup>35</sup>

We updated the maximum average percentage change for the 12 months from 1 July 2021 in accordance with the price direction. The report is available on our website: *Report 3 of 2022—Retail electricity price recalibration 2022–23: standing offer prices for the supply of electricity to small customers*.<sup>36</sup>

On 3 September 2021, we published a guideline to help electricity retailers understand and comply with their obligations under the ACT Retail Electricity (Transparency and Comparability) Code.<sup>37</sup>

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<sup>31</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf)

<sup>32</sup> <https://www.icrc.act.gov.au/projects/completed-projects/incentive-mechanisms;>  
<https://www.icrc.act.gov.au/projects/completed-projects/wacc-methodology-review>

<sup>33</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0007/1914262/Final-report-Water-and-sewerage-services-demand-forecasting-methods.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0007/1914262/Final-report-Water-and-sewerage-services-demand-forecasting-methods.pdf)

<sup>34</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0006/2018436/Report-4-of-2022-Regulated-water-and-sewerage-services-2022-23-price-adjustment.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0006/2018436/Report-4-of-2022-Regulated-water-and-sewerage-services-2022-23-price-adjustment.pdf)

<sup>35</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0011/1556183/Electricity-Price-Direction-2020-24.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0011/1556183/Electricity-Price-Direction-2020-24.pdf)

<sup>36</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0004/2013781/Report-retail-electricity-price-recalibration-2022-23.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0004/2013781/Report-retail-electricity-price-recalibration-2022-23.pdf)

<sup>37</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0008/1790423/ACT-Retail-Electricity-Transparency-and-Comparability-Code.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0008/1790423/ACT-Retail-Electricity-Transparency-and-Comparability-Code.pdf)



We made the Code in June 2021 in response to a direction from the Minister for Water, Energy and Emissions Reduction and reported on it in our Statement of Performance for 2020-21. We published the Code and final report on our website on 2 July 2021.<sup>38</sup>

On 21 June 2022, we varied the ACT Code to remove the better offer obligation following the Australian Energy Regulator's publication of its Better Bills Guideline which contained similar provisions to the better offer obligation in the ACT Code. We made corresponding variations to our guideline on 21 June 2021. The updated guideline is available on our website: *Report 15 of 2021: ACT Retail Electricity (Transparency and Comparability) Code Guideline*.<sup>39</sup>

3. Licensed utilities providing certain infrastructure services must submit a Utility Licence Annual Report that details how they met their non-technical licence conditions, relevant laws, industry codes, and other relevant regulatory obligations in the relevant year. On 5 May 2022, we published a monitoring report on the utilities' performance in 2020–2021. The report is available on our website: *Report 2 of 2022—Utility Licence Annual Report (ULAR) and National Energy Retail Law (NERL) Retailer Compliance Report 2020-21*.<sup>40</sup> The report also includes a report on the compliance of electricity retailers with their obligations under the Consumer Protection Code.
4. We determined the annual licence fees payable by certain licenced utilities under the *Utilities Act 2000* for the year ending 30 June 2022 and collected those fees accordingly. The determination can be accessed on the ACT Legislation Register<sup>41</sup> or through our website.<sup>42</sup>
5. As the Levy Administrator, the commission's Chief Executive Officer made 5 determinations under Part 3A of the *Utilities Act 2000* for the year ending 30 June 2022. These determinations are used to impose a levy on energy utilities to recover the ACT's national and local regulatory costs of regulating the energy industry sectors. After making the 4 required determinations, the Levy Administrator received additional information and consequently made a new determination (NI2021-603) that repealed the previous determination (NI2021-577). The determinations can be accessed on the ACT Legislation Register<sup>43</sup> or through our website.<sup>44</sup>
6. We approved the updated precinct map for 2022–23 submitted by Icon Water and set the 2022-23 capital contributions charge for water and sewerage infrastructure upgrades under the Water and Sewerage Capital Contribution Code<sup>45</sup> made under section 58 of the *Utilities Act 2000*. The updated precinct map for 2022–23 is available on our website.<sup>46</sup> A summary of our review of the precinct map and capital contributions charge is included in our report on the annual adjustment of the prices Icon Water can charge for regulated water and sewerage services for 2022–23, which is available on our website: *Report 4 of 2022—Regulated Water and Sewerage Services: 2022–23 Price Adjustment*.<sup>47</sup>

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<sup>38</sup> <https://www.icrc.act.gov.au/energy/act-retail-electricity-transparency-and-comparability-code>

<sup>39</sup> <https://www.icrc.act.gov.au/energy/act-retail-electricity-transparency-and-comparability-code>

<sup>40</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0008/1998206/ULAR-Monitoring-Report.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0008/1998206/ULAR-Monitoring-Report.pdf)

<sup>41</sup> <https://www.legislation.act.gov.au/ni/2021-602/>

<sup>42</sup> <https://www.icrc.act.gov.au/utilities-licensing/licence-fees-and-the-energy-industry-levy>

<sup>43</sup> <https://www.legislation.act.gov.au/ni/2021-578/>; <https://www.legislation.act.gov.au/ni/2021-524/>; <https://www.legislation.act.gov.au/ni/2021-577/> (repealed); <https://www.legislation.act.gov.au/ni/2021-579/>; <https://www.legislation.act.gov.au/ni/2021-603/>

<sup>44</sup> <https://www.icrc.act.gov.au/utilities-licensing/licence-fees-and-the-energy-industry-levy>

<sup>45</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0008/1250279/Report-10-Final-Determination-CCC.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0008/1250279/Report-10-Final-Determination-CCC.pdf)

<sup>46</sup> <https://www.icrc.act.gov.au/water-and-sewerage/water-and-sewerage-capital-contribution-code>

<sup>47</sup> [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0006/2018436/Report-4-of-2022-Regulated-water-and-sewerage-services-2022-23-price-adjustment.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0006/2018436/Report-4-of-2022-Regulated-water-and-sewerage-services-2022-23-price-adjustment.pdf)

## INDEPENDENT LIMITED ASSURANCE REPORT

### To the Members of the ACT Legislative Assembly

#### Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Independent Competition and Regulatory Commission (Commission) for the year ended 30 June 2022.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2022 are not in agreement with the Commission's records or do not fairly reflect, in all material respects, the performance of the Commission, in accordance with the *Financial Management Act 1996*.

#### Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

#### Commission's responsibilities for the statement of performance

The Chief Executive Officer is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

#### Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Commission.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Commission's records or do not fairly reflect, in all material respects, the performance of the Commission, in accordance with the *Financial Management Act 1996*.

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In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Commission, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

#### **Limitations on the scope**

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Commission.

Ajay Sharma  
Assistant Auditor-General, Financial Audit  
30 August 2022

# APPENDIX 3 SECTION 9 REPORTING REQUIREMENTS

Section 9 of the ICRC Act sets out specific reporting requirements the commission must address in its annual report:

- investigations
- final reports and special reports
- price directions
- advice about proposed access agreements
- the number of access agreements notified
- arbitration disputes
- determinations of arbitration disputes
- number of notices issued under section 41
- general use by the commission of information and documents obtained as a result of notices issued under section 41
- any other functions exercised by the commission.

## Investigations

On 15 December 2021, the Treasurer gave the commission terms of reference to undertake an investigation into, and make a price direction for, the prices Icon Water Limited can charge for regulated water and sewerage services.<sup>48</sup> The price direction will be for the period from 1 July 2023 to 30 June 2028.

The final report for the price investigation will be published between 1 March 2023 and 1 May 2023.

## Final reports and special reports

### *ACT Retail Electricity (Transparency and Comparability) Code*

On 2 July 2021, we published our final report on improving the transparency and comparability of retail electricity offers.<sup>49</sup>

### *Water and sewerage services demand forecasting*

On 9 December 2021, we published our final report on the demand forecasting methods we will use in the pricing investigation for regulated water and sewerage services.<sup>50</sup>

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<sup>48</sup> *Independent Competition and Regulatory Commission (Regulated Water and Sewerage Services) Terms of Reference Determination 2021 DI2021-278*

<sup>49</sup> [Improving the transparency and comparability of retail electricity offers \(act.gov.au\)](#)

<sup>50</sup> [Review of water and sewerage services demand forecasting methods \(act.gov.au\)](#)

## *Issues paper – Regulated water and sewerage services prices 2023-2028*

On 15 December 2021, we were given the terms of reference for the investigation into regulated water and sewerage prices 2023-28. On 1 March 2022, we published our issues paper commencing the investigation.<sup>51</sup>

## *Retail electricity price reset 2022-23*

On 6 June 2022, we released the final report on the maximum increase allowed in average prices for the supply of electricity to small customers on ActewAGL's regulated tariffs from 1 July 2022.<sup>52</sup>

## *Regulated water and sewerage services price reset 2022-23*

On 15 June 2022, we released the final report for the annual update of maximum water and sewerage services prices to apply from 1 July 2022.<sup>53</sup>

## **Price directions**

We did not make any price directions in 2021-22.

## **Access agreements**

Our responsibilities for access agreements, in relation to infrastructure facilities, are set out in Part 5 of the ICRC Act. We did not receive any notifications under Part 5 in 2021-22.

## **Arbitration of disputes**

Part 6 of the ICRC Act provides for disputes about an access regime to be referred to the commission for arbitration. No disputes were referred to us in 2021-22.

## **Notices issued under section 41 and general use of information obtained**

Section 41 of the ICRC Act provides that we can, by written notice, require a person to give us information or a document that may assist us in exercising our functions. We did not issue any notices to provide information under section 41 of the ICRC Act in 2021-22.

## **Other functions exercised by the commission**

Section 8(1)(g) and section 8(2) of the ICRC Act set out other functions of the commission. We exercised the following functions under the Utilities Act in 2021-22:<sup>54</sup>

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<sup>51</sup> [Issues Paper-water and sewerage services price investigation \(act.gov.au\)](#)

<sup>52</sup> [Retail electricity price recalibration 2022-23: standing offer prices for the supply of electricity to small customers \(act.gov.au\)](#)

<sup>53</sup> [Regulated water and sewerage services: 2022-23 price adjustment \(act.gov.au\)](#)

<sup>54</sup> Notifiable (NI) and disallowable (DI) instruments are available on the ACT Legislation Register website at <http://www.legislation.act.gov.au/>

- disclosure guidelines under section 46 ICRC Act (DI2021-238)
- ACT retail electricity (transparency and comparability) code industry code determination under section 59 Utilities Act (DI2021-182)
- application of the ACT retail electricity (transparency and comparability) code to NERL Retailers under section 56A Utilities Act (DI2021-228)
- variation of the ACT retail electricity (transparency and comparability) code under section 61 Utilities Act (NI2022-39)
- determination of the energy industry levy under sections 54E, 54F, 54GA and 54H Utilities Act (NI2021-524, NI2021-578, NI2021-577, NI2021-579 and NI2021-603)
- determination of the annual licence fee under section 52 Utilities Act (NI2021-602)
- utility licence annual reporting under section 25(2)(d) of the Utilities Act.

# APPENDIX 4 APPENDIX 4 ANNUAL REPORTS (GOVERNMENT AGENCIES) DIRECTIONS 2022 (NI2022-308) COMPLIANCE STATEMENT

The commission must comply with the 2022 Annual Report Directions. The Directions are on the ACT Legislation Register: [www.legislation.act.gov.au](http://www.legislation.act.gov.au).

This Compliance Statement indicates the subsections under Parts 1 to 5 of the Directions that are applicable to the commission and the location of information that satisfies these requirements.

## Part 1 Directions overview

The requirements under Part 1 of the Directions relate to the purpose, timing and distribution, and record keeping of annual reports. The commission has complied with all subsections of Part 1 of the Directions.

To meet section 15: Feedback in Part 1 of the Directions, our contact details are included in this Annual Report to help readers provide feedback.

## Part 2 Annual report requirements

The information that satisfies the requirements of Part 2 is in this Annual Report as follows:

- A. Transmittal Certificate
- B. Organisational Overview and Performance, inclusive of all subsections
- C. Financial Management Reporting, inclusive of all subsections

## Part 3 Reporting by exception

We have no information to report by exception under Part 3 of the Directions for 2021-22.

## Part 4 Annual report requirements for specific reporting entities

Part 4 sets out the reporting requirements on subjects that only apply to the annual reports of specific reporting entities. The following subsection of Part 4 of the 2022 Directions is applicable to the commission and is included in this Annual Report:

Section 9 reporting requirements—Appendix 3.

## Part 5 Whole of government annual reporting

All subsections of Part 5 of the Directions apply to the commission. Consistent with the Directions, the information satisfying these requirements is reported in one place for all ACT Public Service directorates and agencies, as follows:

- Bushfire Risk Management—Justice and Community Safety Directorate annual report
- Human Rights—Justice and Community Safety Directorate annual report
- Legal Services Directions—Justice and Community Safety Directorate annual report
- Public Sector Standards and Workforce Profile—annual State of the Service Report
- Territory Records—Chief Minister, Treasury and Economic, Development Directorate annual report

ACT Public Service Directorate annual reports are available at [http://www.cmd.act.gov.au/open\\_government/report/annual\\_reports](http://www.cmd.act.gov.au/open_government/report/annual_reports).

Under Attachment A Table A1 2022 Directions the commission is required to provide a standalone report.



# APPENDIX 5 COMMISSION'S PUBLICATIONS 2021–22

Report Number	Report Title
Report 13 of 2021	ACT retail electricity (transparency and comparability) code (July 2021)
Report 14 of 2021	Consultation draft - ACT retail electricity (transparency and comparability) code guideline (July 2021)
Report 15 of 2021	Missed number
Report 16 of 2021	Review of water and sewerage services demand forecasting methods (September 2021)
Report 17 of 2021	Annual Report 2020-21 (December 2021)
Report 18 of 2021	Demand forecasting (December 2021)
Report 1 of 2022	Issues paper - Regulated water and sewerage prices 2023-2028 (March 2022)
Report 2 of 2022	2020-21 Utility Licence Annual Reports (May 2022)
Report 3 of 2022	Retail Electricity price recalibration 2022-23 (June 2022)
Report 4 of 2022	2022 Water Price Reset (June 2022)

# ABBREVIATIONS

Term	Definition
ABN	Australian Business Number
ACAT	ACT Civil Administrative Tribunal
ACT	Australian Capital Territory
ACTPS	ACT Public Service
CCC	Consumer Consultative Committee
CEO	Chief Executive Officer
CNG	compressed natural gas
CRP	controlled recurrent payments
DI	disallowable instrument
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1989</i>
FTE	full-time equivalent
GPO	general payment for outputs
Human Rights Act	<i>Human Rights Act 2004</i>
ICRC Act	<i>Independent Competition and Regulatory Commission Act 1997</i>
LPG	liquid petroleum gas
MLA	Member of the Legislative Assembly
NERL	National Energy Retail Law
NSW	New South Wales
NI	notifiable instrument
Utilities Act	<i>Utilities Act 2000</i>
WH&S Act	<i>Work Health and Safety Act 2011</i>

# ALPHABETICAL INDEX

- Aboriginal and Torres Strait Islander, 20-21, 34-35
- Access agreements, 79, 80
- ACT Electricity (Comparability and Transparency)
  - Code, 8, 10, 15
- Arbitration of disputes, 80
- Assets, 31-32, 34
- Asset management, 34
- Audit, 17-18, 28, 33, 37-40, 59, 74
- Balance Sheet, 45
- Capital works, 34
- Cash flows, 47
- Chief Executive Officer, CEO, 5, 10, 11, 12, 17, 18, 21, 24, 76
- Commission's publications, 84
- Community engagement and support, 19-20
- Competitive neutrality, 7, 10, 11, 28, 31
- Consultation, 3, 8, 9, 13, 14, 19, 20, 24
- Consumer protection code, 2, 10, 11, 15, 16-17, 21, 29, 76
- Crematorium, 31
- Ecologically sustainable development, 7, 24-26
- Electricity, 1-3, 8-11, 12, 15, 16, 20, 21, 25-26, 29, 30, 31, 74, 75, 76, 79, 80, 81
- Equity, 46
- Financial management, 27-33, 74, 83
- Financial statements, 28, 33, 37-72
- Fraud prevention, 5, 18
- Freedom of information, FOI, 19
- Government contracting, 34-35
- Human resources management, 22-24
- ICRC Act, 7, 11, 20, 24, 28, 30, 79-80
- Internal audit, 17-18
- Liabilities, 32-33
- Notices issued under section 41, 79
- Operating Statement, 44
- Procurement, 34-35
- Recycled water, 31
- Risk management, 1, 17-18, 83
- Scrutiny, 17
- Section 9 reporting requirements, 79, 82
- Senior Commissioner, 1-3, 5, 11, 12, 17, 18, 21, 34
- Statement of appropriation, 48
- Statement of performance, 10, 73-76
- Statement of responsibility, 41wat
- Water, 1-3, 8-11, 12-14, 16-20, 21, 26, 29-31, 74-76, 79-80



# ICRC

independent competition and regulatory commission

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