



ICRC

independent competition and regulatory commission

Annual Report

2018-19

Report 13 of 2019, 25 September 2019

The Independent Competition and Regulatory Commission (Commission)¹ is a Territory Authority established under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act). The Commission is constituted under the ICRC Act by one or more standing commissioners and any associated commissioners appointed for particular purposes. Commissioners are statutory appointments. Joe Dimasi is the current Senior Commissioner who constitutes the Commission and takes direct responsibility for delivery of the outcomes of the Commission.

The Commission has responsibilities for a broad range of regulatory and utility administrative matters. The Commission has responsibility 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. The Commission also has responsibility for arbitrating infrastructure access disputes under the ICRC Act. In discharging its objectives and functions, the Commission provides independent robust analysis and advice.

The Commission's objectives are set out in section 7 of the ICRC Act and section 3 of the *Utilities Act 2000* (Utilities Act).

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Correspondence or other inquiries may be directed to:

Independent Competition and Regulatory Commission

PO BOX 161

CIVIC SQUARE ACT 2608

Telephone: 02 6205 0799

Fax: 02 6207 5887

Email: icrc@act.gov.au

Website: www.icrc.act.gov.au

This report is also available online at www.icrc.act.gov.au

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¹ In this report, a reference to 'Independent Competition and Regulatory Commission', 'ICRC', or 'Commission' is to the Independent Competition and Regulatory Commission ABN 88 647 913 351.

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SENIOR COMMISSIONER'S OVERVIEW

The Commission experienced another busy year in 2018–19, with two requests for advice from the Government adding to a substantial workload on its core pricing and regulatory functions. The Commission's ongoing investments in building capacity through its highly skilled and experienced staff, and in smoothing out its cyclical core workload, allowed it to successfully deliver on the heavy and more diverse workload in 2018–19.

The Commission welcomed the opportunity to use its expertise to advise the Government on complex and contentious issues in the Territory's petrol and beverage industries. These requests for advice allowed the Commission to contribute more broadly to meeting the needs of the Territory community.

In addition, the Commission's regulatory 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; important consumer protections were available; and the performance of utilities providing services in the Territory was monitored.

Activities during 2018–19

During 2018–19, the Commission completed a major review of its retail electricity pricing model and methodology and delivered an in-depth factual analysis of automotive petrol prices and competition in the Territory to the Government. The Commission also:

- set maximum standing offer prices for the electricity services provided to small residential and business customers for 2019–20 in accordance with the Commission's 2017 price determination for the regulatory period 1 July 2017 to 30 June 2020;
- set maximum prices for regulated water and sewerage services for 2019–20 in accordance with the Commission's 2018 price determination for the period 1 July 2018 to 30 June 2023;
- approved Icon Water's standard customer contract for water and sewerage services; and
- approved an update to the precinct map and reviewed Icon Water's proposed charge for 2019–20 under the industry code covering capital contributions for water and sewerage infrastructure upgrades.

In addition, the Commission continued its analysis of, and released a progress report on, the impact of the introduction of the Container Deposit Scheme on beverage prices and competition in the industry. It continued to review the Consumer Protection Code with the aim of ensuring consumer protections are adequate and appropriate, taking into account regulatory and market developments.

The Commission also undertook activities to meet its ongoing responsibility for ensuring that utilities providing services within the Territory comply with legislative requirements, licence conditions and industry and technical codes. These included:

- determining the 2018–19 utility licence fees and the 2018–19 energy industry levy; and
- monitoring and reporting on licenced utilities' compliance with their licence conditions in 2016–17.

Looking forward

The current financial year promises to be as busy as 2018–19, with a similarly diverse workload.

The Commission has received terms of reference from the Government for a pricing investigation to determine the price of electricity provided to small customers on standard retail contracts in the regulatory period 1 July 2020 to 30 June 2024. The Government has also asked the Commission to consider options for promoting greater transparency and comparability of electricity price offers for Territory consumers. In undertaking the pricing investigation, the Commission will update its pricing model to implement the improvements identified in last year's review of its model and methodology.

In 2019–20, the Commission intends to complete its review of the Consumer Protection Code and implement an updated and streamlined Code.

In addition, the Commission will set maximum prices for regulated water and sewerage services for 2020–21 in accordance with the Commission's 2018 price determination for the regulatory period 1 July 2018 to 30 June 2023. It will review aspects of its pricing methodology for water and sewerage services before the next price investigation and has commenced planning for this work. It will also continue to fulfil its functions relating to competitive neutrality and the annual programs for the utility licence fee, energy industry levy and Utility Licence Annual Report monitoring.

The Commission completed its analysis of the impact of the introduction of the Territory Container Deposit Scheme on beverage prices and competition and delivered its report to the Government in early 2019–20. The Commission looks forward to further assisting the Government during 2019–20 with advice on industry-related or other matters as required.

The Commission's approach

In undertaking its regulatory functions and providing advice and analysis to the Government, the Commission balances economic, social and environmental considerations, as required by the objectives set out in its enabling legislation. In doing this, the Commission places a high priority on ensuring its 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.

The Commission understands the cost of living pressures that Territory consumers are experiencing. It 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. As and when requested, it will provide robust factual analysis and advice to the Territory Government to help inform the development of policies and programs that contribute to the well-being of the community.

I would like to express my thanks and appreciation to the staff of the Commission for their commitment and hard work.

Joe Dimasi

Senior Commissioner

PART A
TRANSMITTAL
CERTIFICATE

PART
A



Mr Andrew Barr MLA
Treasurer
ACT Legislative Assembly
Canberra ACT 2601

Dear Treasurer,

The Independent Competition and Regulatory Commission's Annual Report for 2018–19 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 Report 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 Annual 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 2018 to 30 June 2019.

We also 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 of the end of the reporting year.

Yours sincerely,

Mr Joe Dimasi
Senior Commissioner

25 September 2019

Dr Annette Weier
Chief Executive Officer

25 September 2019

The cover features a light gray background. A dark gray triangle is positioned in the top right corner, pointing towards the top right. A blue triangle is positioned in the bottom left corner, pointing towards the bottom left. The text 'PART B' is located in the top left, and 'ORGANISATIONAL OVERVIEW AND PERFORMANCE' is below it. On the right side, 'PART' is above 'B'.

PART B
**ORGANISATIONAL OVERVIEW
AND PERFORMANCE**

PART
B

B.1 Organisational overview

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),² 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,³ its fundamental mission, as set out in the objectives in the ICRC Act, has remained constant: to promote effective competition in the interests of consumers while facilitating an appropriate balance between efficiency, environmental and social considerations.

When making pricing 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 decision making of the Commission.

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, 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).

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,

² <https://www.legislation.act.gov.au/a/1997-77/default.asp>

³ Reflecting the move to national energy regulation, introduction of National Competition Policy, and the changing needs of the Government and Territory community.

satisfy the terms of reference, and contribute to improving the well-being of the Territory community.

Operating environment, priorities and outlook

As noted in previous annual reports, the Commission's main operational challenges arise from its small size and the cyclical nature of its core regulatory functions. In turn, these challenges have created ongoing risks in attracting and retaining expert staff.

In 2018–19, the Commission maintained its focus on addressing these operational challenges. The Commission implemented three priority strategies to manage these challenges.

First, the Commission has recruited qualified and experienced staff to replace staff who left to take up other opportunities. The demand for qualified and experienced regulatory staff has grown in recent years, with an increase in the workloads of other regulators, particularly at the federal level, and a trend towards more regulatory action to address government and consumer concerns about market outcomes, notably in the electricity industry. Supplementing its recruitment activities, the Commission has employed qualified temporary staff, mainly on secondment from other areas of the Territory public service, to assist with specific projects.

Second, the Commission has more effectively managed its cyclical work program to avoid placing undue pressure on staff in meeting the deadlines associated with the Commission's decision-making responsibilities under its core regulatory functions. For example, the Commission's decision to review its retail electricity pricing model and methodology in 2018–19, in advance of the next pricing investigation, has smoothed out some of the workload associated with making a price determination for the regulatory period 1 July 2020 to 30 June 2024. The revised methodology will be implemented during the pricing investigation. This approach allows the focus of the pricing investigation to be on determining the appropriate inputs to the model, as the methodology to be applied in the investigation is now largely settled.

The Commission decided in its 2018 water and sewerage services pricing investigation to adopt a similar approach to reviewing aspects of its pricing methodology to ensure it remains current and appropriate and provides incentives for Icon Water to operate efficiently. The reviews will be completed before the next water and sewerage services price investigation to smooth out the workload peak previously experienced in pricing investigations.

In addition, the Commission has developed a forward work program in relation to some of its responsibilities under the Utilities Act. After the Commission's current review of the Consumer Protection Code is completed, the Commission intends to consider, over time and as resources permit, whether licence provisions remain current and appropriate and meet the Commission's objectives under the Utilities Act.

Third, the Commission's efforts to establish and maintain a deeper pool of expertise that is available to respond to Government requests for advice resulted in an increase in work under the Commission's advisory functions. In February 2019, the Treasurer asked the Commission to undertake a factual analysis of the Territory's automotive petrol market and report by 28 June 2019. This request came in addition to the Government's request, received in April 2018, that the Commission monitor and report on the impact on Territory beverage prices and competition in the beverage industry in the first 12 months following the introduction of the Container Deposit Scheme.

Such requests for advice not only allow the Commission to use its expertise to deliver high-quality analysis, findings and recommendations that contribute to improving the well-being of the Territory

community. They also give staff a more stable career path and opportunities to broaden their experience, which should improve both staff retention and the ability to attract highly skilled and experienced staff.

Performance during 2018–19

The significant increase in the Commission's workload over 2016–17 and 2017–18 was maintained in 2018–19. As mentioned previously, the Commission's workload in 2018–19 was also more diverse, with two requests for advice from the Government adding to the Commission's workload on its core pricing and regulatory functions.

In respect of its regulatory pricing functions, the Commission completed the planned review of its retail electricity pricing model and methodology to ensure the method used in arriving at a price direction remains current, accurate and consistent with the Commission's obligations under the ICRC Act.⁴ The Commission also released annual updates of:

- regulated retail electricity prices for services provided to small residential and business customers for 2019–20 in accordance with the Commission's price direction for the regulatory period 1 July 2017 to 30 June 2020;⁵ and
- regulated water and sewerage services prices in accordance with the Commission's price direction for the regulatory period 1 July 2018 to 30 June 2023.⁶

The Commission's water and sewerage services price direction for the regulatory period 2018–23 provides for the Commission to review aspects of its pricing methodology before the next water and sewerage services pricing investigation for the regulatory period from 1 July 2023. While the Commission has started planning for those reviews, the heavier than expected workload in 2018–19 meant the Commission was unable to commence the reviews in 2018–19. The Commission has maintained its target of completing the reviews before the next pricing investigation.

In respect of its regulatory functions under the Utilities Act, the Commission:

- monitored, and published a report on, the performance in 2017–18 of licensed utilities providing certain infrastructure services in the Territory;⁷
- approved the updated precinct map for 2019–20 and the capital contributions charge for water and sewerage infrastructure upgrades submitted by Icon Water under the capital contributions code;⁸ and
- determined the annual licence fees payable by certain licenced utilities under the Utilities Act for the year ending 30 June 2019 and collected those fees accordingly.⁹

⁴ https://www.icrc.act.gov.au/__data/assets/pdf_file/0011/1369190/Report-5-of-2019-Electricity-Model-and-Methodology-Review-Final-Report.pdf

⁵ https://www.icrc.act.gov.au/__data/assets/pdf_file/0003/1372773/Report-6-of-2019-Electricity-Price-Reset-2019-20.pdf

⁶ https://www.icrc.act.gov.au/__data/assets/pdf_file/0006/1374522/Report-8-of-2019-Water-and-Sewerage-Services-Prices-201920.pdf

⁷ https://www.icrc.act.gov.au/__data/assets/pdf_file/0019/1374211/2017-2018-ULAR-Monitoring-Report-20190613.pdf

⁸ Section 3.7 of https://www.icrc.act.gov.au/__data/assets/pdf_file/0006/1374522/Report-8-of-2019-Water-and-Sewerage-Services-Prices-201920.pdf; <https://www.icrc.act.gov.au/water-and-sewerage/water-and-sewerage-capital-contribution-code>

⁹ <https://www.icrc.act.gov.au/utilities-licensing/licence-fees-and-the-energy-industry-levy>

The Commission's CEO determined the levies payable by licensed energy utilities operating in the Territory to recover the amount of the Territory's national regulatory costs and local regulatory costs in relation to energy industry sectors.¹⁰

These outcomes were all achieved within the required timelines and consistent with the Commission's performance measures for 2018–19, as reported in the Statement of Performance (Appendix 2 of this report).

In addition, the Commission commenced a review of the Consumer Protection Code, releasing an issues paper in November 2018.¹¹ The Commission also worked closely with the Technical Regulator in relation to the consumer standards applicable to licenced utilities operating in the Territory.

In respect of its advisory functions, the Commission completed a factual analysis of automotive petrol prices and competition in the Territory, releasing a draft report in May 2019 and giving the final report to the Treasurer on 28 June 2019. These outcomes were achieved in accordance with the terms of reference.¹²

In April 2018, the then Minister for Transport Canberra and City Services gave the Commission terms of reference asking it to monitor and report on the impact on ACT beverage prices and competition in the beverage industry of the introduction of the ACT Container Deposit Scheme. The Commission released a progress report in February 2019, in accordance with the terms of reference and consistent with the Commission's performance measures for 2018–19, as reported in the Statement of Performance (Appendix 2 of this report). Shortly after the end of 2018–19, the Commission gave the final report to the Minister on 23 July 2019, also in accordance with the terms of reference.

In respect of the Commission's statutory role in competitive neutrality complaints handling, no complaints were received in 2018–19.

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 five years. Mr Dimasi is an applied economist with over twenty years' involvement in the area of competition and regulation matters, particularly in 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 a Professorial Fellow at the Monash Business School and is also the Tasmanian Economic Regulator.

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

¹⁰ <https://www.icrc.act.gov.au/utilities-licensing/licence-fees-and-the-energy-industry-levy>

¹¹ <https://www.icrc.act.gov.au/projects/current-projects/consumer-protection-code-review>

¹² <https://www.icrc.act.gov.au/projects/current-projects/petrol-price-inquiry>

effectively and efficiently, managing the day-to-day operations of the Commission's secretariat, and regularly advising the Commission about the Commission's operation and financial performance.

Dr Weier has more than twenty years' experience in economic policy and research, competition and regulatory matters, and financial market analysis. She has been a senior executive of the Australian Department of Industry, Innovation and Science and 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.

Executive remuneration

The remuneration of the Senior Commissioner and CEO is determined by the ACT Remuneration Tribunal.

Significant committees

The Commission is not a member of any significant committees of an ACT directorate or public sector body.

B.2 Performance analysis

B.2.1 Electricity price regulation

Annual price reset

In June 2019 the Commission released its annual update of regulated retail electricity prices to apply from 1 July 2019.¹³ The price adjustment was made in accordance with the *Price Direction: Standing Offer Prices for the Supply of Electricity to Small Customers, 1 July 2017 to 30 June 2020*.¹⁴

The price adjustment allows a maximum average increase of 0.85 per cent in ActewAGL's basket of regulated tariffs for 2019–20. This is lower than the rate of inflation and represents a decline of 0.9 per cent in real terms. The small increase in regulated retail prices in 2019–20 follows large increases in 2017–18 and 2018–19.

The key driver of the lower price increase was a slight decline in wholesale energy purchase costs in 2019–20, after large increases over the past two years. Retail operating costs and the cost of energy losses also declined. Offsetting these cost decreases were increases in the cost of the ACT Government's large scale feed-in tariff and the cost of national green schemes.

The price adjustment was calculated using the Commission's pricing model. The pricing model determines the maximum average annual percentage change that ActewAGL can apply to its regulated (standing offer) prices. It does so by estimating three main cost categories:

- retail costs, which comprise retail operating costs, Energy Efficiency Improvement Scheme compliance costs and the retail margin;
- network costs, which include transmission and distribution costs and the ACT Government's renewable energy scheme costs. These costs are approved by the Australian Energy Regulator (AER) and are passed through to the retailer and in turn to consumers; and
- wholesale electricity costs, which comprise energy purchase costs, Large-scale Renewable Energy Target and Small-scale Renewable Energy Scheme costs, the costs of energy losses, energy contracting costs, and National Electricity Market fees.

The main costs over which the retailer has control relate to hedging, retail operating costs and the retail margin; these are the main cost components over which the Commission has control. Retail operating costs and the retail margin allowance account for around 11.0 per cent of the total costs for 2019–20.

Electricity model and methodology review

During 2018–19 the Commission reviewed its retail electricity pricing model and methodology. The purpose of the review was to ensure that the Commission's pricing model is accurate, reflects current market conditions and retailer practices, and is consistent with the Commission's obligations under the ICRC Act. The Commission released its final report in May 2019.¹⁵

¹³ https://www.icrc.act.gov.au/__data/assets/pdf_file/0003/1372773/Report-6-of-2019-Electricity-Price-Reset-2019-20.pdf

¹⁴ https://www.icrc.act.gov.au/__data/assets/pdf_file/0010/1249912/Report-7-of-2017-June-2017-1.pdf

¹⁵ https://www.icrc.act.gov.au/__data/assets/pdf_file/0011/1369190/Report-5-of-2019-Electricity-Model-and-Methodology-Review-Final-Report.pdf

During the review, the Commission gave opportunities for submissions and sought feedback from the regulated business, consumers and other interested stakeholders. Public consultation is a vital part of the Commission's reviews and investigations as it ensures the Commission's decisions are informed by a range of views and are based on sound evidence. The Commission took into account submissions on its:

- issues paper, which was released in October 2018 and outlined the proposed approach to the review;
- technical paper on the energy purchase cost component of the model, which was released in February 2019; and
- draft report from April 2019.

The Commission also considered stakeholder feedback provided at a technical workshop on the energy cost component in February 2019 and at a public forum on the draft decision in April 2019.

While the review confirmed that the Commission's overall approach is methodologically sound and simple to implement, the Commission identified scope to improve aspects of the model. The revised methodology will be implemented during the pricing investigation to determine prices to apply during the regulatory period 1 July 2020 to 30 June 2024.

Electricity price investigation

On 28 May 2019, the Commission received terms of reference from the Treasurer to make a price direction for the supply of electricity by ActewAGL Retail to customers on its regulated retail tariffs for the period 1 July 2020 to 30 June 2024.¹⁶

The terms of reference require the Commission to consider whether changes are needed in the Territory to improve the transparency and comparability of electricity offers, both the regulated standing offers and unregulated market offers. To inform its analysis, the Commission will consider relevant findings and recommendations from the Australian Competition and Consumer Commission's (ACCC) 2018 retail electricity pricing inquiry, measures being introduced by the AER and other jurisdictional regulators to improve transparency and comparability for consumers, and retailers' pricing practices and information available to consumers in the Territory.

The Commission will consult widely during the pricing investigation and will release its final report and price direction in June 2020.

B.2.2 Water and sewerage price regulation

In June 2019 the Commission released its annual update of water and sewerage services prices to apply from 1 July 2019.¹⁷ The price adjustment was made in accordance with the *Price Direction: Regulated Water and Sewerage Services 2018–23*.¹⁸ The price adjustment reflected changes in the Consumer Price Index, the cost of debt and pass through events that are provided for in the price direction.

¹⁶ <https://www.legislation.act.gov.au/View/di/2019-72/current/PDF/2019-72.PDF>

¹⁷ https://www.icrc.act.gov.au/__data/assets/pdf_file/0006/1374522/Report-8-of-2019-Water-and-Sewerage-Services-Prices-201920.pdf

¹⁸ https://www.icrc.act.gov.au/__data/assets/pdf_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf

The price adjustment means that the typical household consuming 200 kilolitres of water per year will see an increase in its total water and sewerage bill of 1.9 per cent or \$22 in 2019–20. This increase in the total bill follows a decline of 3.5 per cent in 2018–19.

The 1.9 per cent increase in the total bill is slightly less than the 2.1 per cent increase that was forecast for 2019–20 in the Commission’s final report on regulated water and sewerage services prices for 2018–2023. This reflected a lower than assumed inflation rate and cost of debt.

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

B.2.3 Container deposit scheme

On 4 April 2018, the Commission received terms of reference from the ACT Government to monitor and report on the impact on prices and competition in the Territory beverage industry of the introduction from 30 June 2018 of the Territory Container Deposit Scheme (CDS).¹⁹

The Commission’s monitoring and reporting focused on: the effect of the CDS on prices of beverages supplied in specified types of containers in the ACT; the performance and conduct of beverage suppliers in the Territory before and after the implementation of the scheme; and any other market impacts from the implementation of the scheme.

The Commission consulted extensively during the investigation and used a range of methods to seek comments and information from interested parties, including: an online feedback form; targeted meetings with beverage suppliers, retailers and industry associations; and requests for information and data from beverage suppliers and retailers. The Commission also sought formal submissions on its July 2018 issues paper and its February 2019 progress report and held a public forum in March 2019 to obtain feedback on its draft findings and recommendations.

The final report was provided to the Minister for Transport and City Services on 23 July 2019.²⁰

B.2.4 Petrol price inquiry

On 22 February 2019, the Commission received terms of reference from the Government to undertake a factual analysis of the Territory automotive petrol market.²¹ The terms of reference required the Commission to report on:

- average petrol prices and costs faced by petrol suppliers in the Territory compared with prices and costs in other capital cities and regional towns in proximity to the Territory;
- how petrol prices are determined in the Territory;
- the nature of costs faced by petrol suppliers in the Territory;
- the structure of the market, including any variation observed across different locations within the Territory; and
- whether there is effective competition in the Territory petrol market, including considering the information available to consumers and whether there are any barriers to entry.

¹⁹ <https://www.legislation.act.gov.au/di/2018-69/default.asp>

²⁰ <https://www.icrc.act.gov.au/projects/current-projects/container-deposit-scheme>

²¹ <https://www.legislation.act.gov.au/di/2019-18>

The final report for the investigation was provided to the Treasurer on 28 June 2019.²²

During its investigation, the Commission consulted with a wide range of stakeholders, including petrol distributors, wholesalers, retailers, and other government agencies such as the ACCC. The Commission released a draft report in May 2019 and undertook targeted consultation with petrol retailers to seek further information and feedback on its draft findings.

To inform its analysis, the Commission collected confidential commercial data on petrol retailer annual operating costs, margins and volume of fuel sold from businesses operating in Canberra and nearby locations under section 41 of the ICRC Act. This data is not available publicly and is more comprehensive than the information used by market observers and commentators.

The Commission also used publicly available data, including information provided in submissions to the Legislative Assembly inquiry, and purchased detailed price and ownership data from the market intelligence company, Informed Sources.

B.2.5 Consumer protection code review

The Commission has commenced a review of the Consumer Protection Code to ensure consumer protections remain appropriate and support the objectives of the Utilities Act and the Code is accessible and easy to understand by all stakeholders.

During 2018–19, the Commission undertook targeted stakeholder consultation with utilities, consumer groups and government entities to help it identify issues for broader consultation. On 29 November 2018, the Commission released an issues paper outlining potential issues and seeking stakeholder views and feedback on the priority issues to be addressed in revising the Code. Nine submissions were received in response to the issues paper.²³

The Commission intends to release a draft decision and draft revised Code before finalising the review and publishing a final revised Code in 2019–20.

B.2.6 Utility licence annual report

Licensed utilities in the ACT report annually to the Commission in relation to the exercise of their functions under the Utilities Act and their compliance with the conditions of their licence. The Commission monitors the Utility Licence Annual Reports (ULAR) and reports each year on the licensed utilities' performance.

The ULAR reporting framework aims to encourage the licensed utilities to provide safe, reliable, efficient and high-quality utility services by increasing the utilities' accountability for the quality of service provision through a transparent reporting process. In addition, the framework allows consumers and other interested stakeholders to be more informed about the utilities' performance, particularly in respect of outages, consumer complaints and payment of rebates where guaranteed service levels have not been met.

In June 2019, the Commission released its Monitoring Report for the 2017–18 ULAR reporting year.²⁴ The Commission found that there had been no material breaches of licence conditions and no major

²² <https://www.icrc.act.gov.au/projects/current-projects/petrol-price-inquiry>

²³ <https://www.icrc.act.gov.au/projects/current-projects/consumer-protection-code-review>

²⁴ https://www.icrc.act.gov.au/__data/assets/pdf_file/0019/1374211/2017-2018-ULAR-Monitoring-Report-20190613.pdf

non-compliance issues. Some of the issues identified through the performance monitoring process, such as the process for payment of rebates where guaranteed service levels have not been met, are being considered during the Consumer Protection Code review.

During 2018–19, the Commission developed a ULAR guideline to help licensed utilities improve the administration of their ULARs and the quality of their analysis and explanations of their performance in providing services. The Commission also introduced a framework for assessing the efficiency of each utility’s administration of the ULAR process as part of the annual monitoring process. The efficiency assessment framework aims to improve the quality, accuracy, informativeness and timeliness of the utilities’ reporting and providing supplementary information to the Commission. While all the licensed utilities received at least satisfactory ratings, the Commission identified scope for improving the efficiency of the process.

B.3 Scrutiny

No recommendations were made in relation to the Commission in reports produced in 2018–19 by entities charged with responsibility for scrutiny.

However, in March 2018, the Standing Committee on Public Accounts made two recommendations in its *Report on Annual and Financial Reports 2016–17*,²⁵ which relate to the Consumer Protection Code determined by the Commission. The recommendations are for actions by the ACT Government:

Recommendation 4: The Committee recommends that the ACT Government ensure that the consumer protection code administered by the Independent Competition and Regulatory Commission (ICRC) be amended so that compensation is paid to electricity consumers in instances where there are multiple interruptions to electricity supply over a nominated period of time.

Recommendation 5: The Committee recommends that the ACT Government ensure that the consumer protection code administered by the Independent Competition and Regulatory Commission (ICRC) be amended so that compensation is automatically paid to electricity consumers by electricity suppliers in instances where interruptions to supply meet criteria for compensable interruptions to supply.

The ACT Government responded to the recommendations in June 2018,²⁶ noting that the Commission is reviewing the Consumer Protection Code and is considering the recommendations.

As noted in section B.2.5, the Commission is currently reviewing the Code and expects to publish a final revised Code in 2019–20. The recommendations by the Standing Committee on Public Accounts are being considered during the Commission’s review.

B.4 Risk management

Risk assessment and management are integral to the Commission’s governance and decision-making processes. The Commission’s framework and processes for assessing and managing risks are consistent with the ACT Government Risk Management Policy 2019. The Commission’s framework includes a Risk Management Policy and Guidelines, Business Continuity Policy and Plan, and Fraud Policy.

²⁵ https://www.parliament.act.gov.au/__data/assets/pdf_file/0008/1179656/9th-PAC-02-Annual-Reports-2016-17.pdf

²⁶ https://www.parliament.act.gov.au/__data/assets/pdf_file/0003/1208982/9th-PAC-02-Annual-Report-2016-GR-tabled-2018-06-06.pdf

The Commission manages identified risks through active regular review of the Commission's 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 the Commission's risk management activities. The Commission's risk management activities are embedded into operational processes, which are communicated to all staff.

The Commission also undertakes risk management assessments for all its major projects and contracts. These assessments are used to develop risk management activities which are aligned with the Commission's strategic objectives. The risk management activities are then built into project plans and contract monitoring plans.

The Commission and CEO have broad responsibility for overseeing risk management in the Commission and for ensuring that effective risk assessment and management are integrated into the Commission's 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 being undertaken.

B.5 Internal audit

In accordance with the ACT Government Internal Audit Framework, the Commission has previously considered the need for an internal audit committee, taking into consideration the Commission's small size, overall risk profile, history of past issues and incidents, and relative lack of organisational complexity. The Commission concluded that it is not practicable or cost effective to establish an internal audit committee.

The Commission has established alternative mechanisms for ensuring the Commission 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 on risk management, the Commission has established a framework and processes for assessing and managing risks and takes active steps to develop a risk management culture within the organisation.

In 2018–19, the Commission 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. In addition, the Commission has engaged an accountant under contract to perform the role of the Commission's Chief Finance Officer and to provide an additional level of oversight.

B.6 Fraud prevention

The Commission's fraud policy, which was updated in April 2017, details the control measures in place to prevent fraud and corruption occurring within the Commission, and describes 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 the Commission's SERBIR and is responsible for reporting to the Commission on compliance with the ACTPS Integrity Policy. A risk report is a standing item in the CEO's report to Commission meetings, which are attended by the Commission's designated disclosure officer. The SERBIR has responsibility for taking direct reports of allegations of potential fraud and corruption from staff. The SERBIR and the Commission's designated disclosure officer both have responsibility for dealing with reports under the Public Interest Disclosure process.

All Commission staff received fraud and corruption awareness training in June 2019. The Commission's fraud policy has been drawn to the attention of staff, both at the training session and in the Commission's Office and Induction Manual (which is given to all existing and new staff).

In terms of the Commission's operations, the risks of mishandling funds or fraud are actively managed through the separation of roles between initiator and authoriser of payments. Authority limits appropriate to the Commission's operations, scale and size are in effect. Financial accounts are reconciled monthly by the Commission's finance manager, reviewed by the Chief Finance Officer and CEO, and discussed at Commission meetings. Most revenue transactions are by direct credit to the Commission's 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 2018–19.

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; and
- 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, the Commission makes available a range of documents through the ACT Government's Open Access information portal²⁷ and the Commission's website,²⁸ including:

- functional information;
- information about the work of the Commission tabled in the Legislative Assembly;
- the Commission's reports; and
- budget papers.

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, is set out on the Commission's website.²⁹

Table 1 shows the Commission's FOI access, application and administration statistics for 2018–19.

Table 1 Commission's FOI access, application and administration statistics, 2018–19

Open Access Information – Section 96 (3) (a) (i, (ii) and (iii)	
Number of decisions to publish Open Access information	13
Number of decisions not to publish Open Access information	0
Number of decisions not to publish a description of Open Access information withheld	0
FOI applications received and decision type – Section 96 (3) (a) (iv), (vii), (viii) and (ix)	
Number of access applications received ^a	3
Number of applications where access to all information requested was given	2
Number of applications where access to only some of the information	0
Number of applications where access to the information was refused	0
FOI processing timeframe – Section 96 (3) (v) and (vi); Section 96 (3) (d)	

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

²⁸ <https://www.icrc.act.gov.au/>

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

Total applications decided within the time to decide under section 40	3
Applications not decided within the time to decide under section 40	0
Average processing time (business days) for an access application	13
Amendment to personal information – Section 96 (a) (x) and Section 96 (3) (e)	
Number of requests made to amend personal information, and the decisions made	0
Reviews – Section 96 (3) (b); Section 96 (3) (c)	
Number of applications made to ACAT under section 84 and the results of the application	0
Fees – Section 96 (3) (f)	
Total charges and application fees collected from access applications	\$0.00

Note: ^a One access application received related to a request for material that was available in the public domain. The Commission assisted the applicant with public links to external material but the matter was not classed as ‘all information requested was given’ as no information was released in response to the application.

B.8 Community engagement and support

Community consultation is a vital part of the Commission’s decision-making processes and the development of analysis and advice for Government.

In its price investigations and reviews of industry codes, the Commission seeks feedback and information from consumers and consumer groups to help meet its objective 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. In addition, the views and information provided by other community groups, including environmental and social groups, helps the Commission in appropriately balancing efficiency, environmental and social considerations. Community consultation is essential for informing the Commission about the views of parties other than the regulated business.

In undertaking analysis and developing advice requested by the Government, community consultation helps the Commission identify the important issues, consider the relevant information, and test its preliminary analysis and findings. This contributes to ensuring the Commission’s analysis and advice are robust, well-informed and based on sound evidence.

The Commission undertook extensive community consultation during 2018–19, using a variety of methods to make it easier for interested parties to put their views and evidence forward.

During the review of its retail electricity model and methodology, the Commission considered feedback from the regulated business, consumers and other interested stakeholders provided in submissions on its October 2018 issues paper, its February 2019 technical paper on the energy purchase cost component of the model, and its April 2019 draft report. The Commission also considered stakeholder feedback provided at a technical workshop held in February 2019 and at a public forum held in April 2019. In total, the Commission received five submissions during its review.

The Commission's draft and final reports explain how the Commission took into account the feedback and information received in submissions and at the technical workshop and public forum.³⁰

In monitoring and reporting on the impact of the Container Deposit Scheme on beverage prices and competition in the Territory beverage industry, the Commission consulted extensively and used a range of methods to seek comments and information from interested parties, including: an online feedback form; targeted meetings with beverage suppliers, retailers and industry associations; and requests for information and data from beverage suppliers and retailers. The Commission also sought formal submissions on its July 2018 issues paper and its February 2019 progress report and held a public forum in March 2019 to obtain feedback on its draft findings and recommendations. In total, the Commission received 12 submissions. The Commission's progress and final reports explain how the Commission took into account the feedback and information received in submissions, in responses to information requests to beverage suppliers and retailers, and at the public forum.³¹

During its petrol price inquiry, the Commission consulted with a wide range of stakeholders, including petrol distributors, wholesalers, retailers, and other government agencies such as the ACCC. To inform its analysis, the Commission collected confidential commercial data on petrol retailer annual operating costs, margins and volume of fuel sold from businesses operating in Canberra and nearby locations. After releasing its draft report in May 2019, the Commission undertook targeted consultation with petrol retailers to seek further information and feedback on its draft findings. The Commission also considered submissions to the Legislative Assembly inquiry into petrol prices to ensure it drew on the information provided by members of the Territory community. The Commission's draft and final reports explain how the Commission took into account the feedback and information received from stakeholders.³²

In reviewing the Consumer Protection Code, the Commission is consulting widely. During 2018–19, the Commission undertook targeted stakeholder consultation with utilities, consumer groups and government entities to help it identify issues for broader consultation. The views received during this targeted consultation informed the Commission's November 2018 issues paper, which sought stakeholder views on the priority issues to be addressed in revising the Code. Nine submissions were received in response to the issues paper, with further information provided in two supplementary submissions. The Commission will seek community views on a draft decision and draft revised Code before finalising the review and publishing a final revised Code in 2019–20.³³

In addition, in 2018–19 the Commission established a Consumer Consultative Committee (CCC), which will meet regularly to share information on consumer issues and allow the Commission to keep members informed about issues and decisions that affect consumers. Membership of the CCC is 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.³⁴

³⁰ <https://www.icrc.act.gov.au/projects/current-projects/electricity-model-and-methodology-review-2018-19>

³¹ <https://www.icrc.act.gov.au/projects/current-projects/container-deposit-scheme>

³² <https://www.icrc.act.gov.au/projects/current-projects/petrol-price-inquiry>

³³ <https://www.icrc.act.gov.au/projects/current-projects/consumer-protection-code-review>

³⁴ <https://www.icrc.act.gov.au/about-us/consumer-consultative-committee>

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 efficiency, environmental and social considerations; and contribute to improving the well-being of the Territory community through advice and analysis requested by the Government.

The Commission's work is not directed at one group of consumers or residents and therefore it does not have specific programs or initiatives directed at Aboriginal and Torres Strait Islander people.

Much of the Commission's work affects most residents of the Territory. For example, the Commission's 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 Territory residents who receive utility services. The Commission's inquiries into petrol prices and into the impact of the Container Deposit Scheme on beverage prices and competition are similarly relevant to Territory residents who use petrol or consume beverages sold in containers that are eligible under the Container Deposit Scheme.

In undertaking its work, the Commission consults widely and seeks the views of all Territory consumers, businesses, and other interested parties so that it can consider the needs and interests of all Territory residents in its decision-making and development of advice for Government.

B.10 Work health and safety

The Commission treats 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, weekly staff meetings, bi-monthly all-staff meetings, and regular operational team meetings provide opportunities to discuss workplace health and safety concerns.

In 2018–19, the Commission again coordinated and funded an annual influenza vaccination program for staff. In addition, the Commission engaged an ergonomic expert to provide advice to staff on safe work practices and offered ergonomic workstation assessments to all staff. A representative from the ACT Government's Healthier Work unit presented at an all-staff meeting on ways to promote health and well-being in the workplace; subsequently, staff were consulted on what activities they would like to include in developing a health and well-being plan for the Commission.

As in previous years, the Commission had a Health and Safety Representative and several 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* (WH&S Act) in 2018–19. 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 WH&S 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 WH&S 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 have created ongoing risks in attracting and retaining expert staff. In 2018–19, the Commission maintained its 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 and employing qualified temporary staff, mainly on secondment from other areas of the Territory public service, to assist with specific projects;
- more effectively managing the Commission's cyclical work program to avoid placing undue pressure on staff in meeting the deadlines associated with the Commission's decision-making responsibilities under its core regulatory functions; and
- building a deeper pool of expertise that is available to respond to Government requests for advice, which would support an increase in work under the Commission's advisory functions.

These three strategies have improved the Commission's capacity to attract and retain the specialised, highly qualified staff needed to undertake its regulatory and advisory functions. The significant progress in smoothing out many of the peaks and troughs in its work allow the Commission to provide a more stable workload and career path, improving attraction and retention, and facilitating greater collaboration and career development.

Furthermore, the increase in the Commission's advisory workload, which continued in 2018–19, gives staff more opportunities to broaden their experience and apply their skills in new and different contexts, which improves both staff retention and the ability to attract highly skilled and experienced staff.

The Commission's work is highly technical, requiring a good understanding of regulatory economics, financial and economic modelling, regulatory law and regulatory policy. The Commission's staff has expertise covering these key skill areas, with several staff having advanced postgraduate qualifications in economics and in law. Staff also have experience in regulation and economic policy. Reflecting the high level of training and expertise of Commission 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.

While the Commission undertakes workforce planning to ensure its secretariat has the capacity and capabilities needed to achieve the Commission's objectives, the Commission also recognises the importance of flexibility. Given its small size, the Commission needs flexibility to be able to respond in a timely way to requests for advice from Government, to any unanticipated issues raised by stakeholders during its investigations and other regulatory work, and to developments in the national energy regulatory framework. The Commission supplements its permanent staff with short-term engagements of specialist consultants and with qualified temporary staff, mainly on secondment from other areas of the Territory public service, to assist with specific projects.

In 2018–19, the workforce profile of the Commission changed due to the departure of several staff to take up other opportunities, the recruitment of new staff to replace them, and the employment of temporary staff for specific projects. In addition, the Commission recruited a finance manager, employed on a part-time basis, to provide in-house accounting and financial analysis services. The following table shows the Commission's workforce profile as at 30 June 2019.

Table 2 2018–19 workforce profile

	Male	Female	Total
Commission staff			
FTE	4	7.2	11.2
Headcount	4	8	12
Classification (by headcount)			
ASO3	0	1	1
ASO5	0	1	1
ASO6	1	1	2
SOGC	1	2	3
SOGB	0	2	2
SOGA	2	0	2
SES	0	1	1
Employment category (by headcount)			
Full time	4	5	9
Part time	0	3	3

Notes: ASO = Administrative Service Officer; SOG = Senior Officer Grade; SES = Senior Executive Service

During the year, the Commission participated in the ACTPS Graduate Program. The Commission also employed two university students on short-term internships to assist with specific projects and give them the opportunity to develop their skills and obtain experience in working in the ACTPS. Participating in the Graduate Program and employing interns also gave Commission staff opportunities to further develop their leadership and coaching skills. Given its small size and the nature of its work, the Commission is unable to implement specific employment strategies, such as for people with disability, apprenticeships or traineeships.

During 2018–19, Commission staff participated in the study assistance program, training courses provided through the ACTPS Training Calendar, seminars, leadership training, and relevant courses offered by other training providers (including in advanced statistical analysis).

Around one-third of staff identified as being from culturally or linguistically diverse backgrounds. The Commission does not publish information on matters such as length of service, age, and other reportable data. Given the Commission's small number of staff, publishing such information may identify individual staff, making it difficult to protect staff privacy.

Further, due to the Commission's small number of staff, recruitment and separation rates can be highly volatile and are therefore not meaningful and are not published.

B.12 Ecologically sustainable development

In exercising its functions under the ICRC Act, the Commission's objective is to promote effective competition in the interests of consumers while facilitating an appropriate balance between

efficiency, environmental and social considerations. In pursuing this objective, the Commission takes into account economic efficiency considerations along with a range of environmental and social considerations as well as any service quality, safety, reliability and security standards. In this way, the ACT Government's ecologically sustainable development principles are integrated into the Commission's decision-making processes.

The Commission considers the ecologically sustainable development principles and relevant legislative requirements in its operational processes. Consistent with the ACT Government Carbon Neutral Framework, the Commission makes careful use of its resources and works to reduce its resource consumption where possible.

Table 1 shows that the Commission reduced its consumption of paper and increased paper and cardboard recycling in 2018–19, largely by improving staff awareness. The figures for reams of paper purchased are obtained from the Commission's stationery purchase records. The figures for paper and cardboard recycled (including secure paper) have been estimated according to the ACT Government's 2019 Annual Report Directions using information supplied by the Commission's paper recycling service provider.

Table 1 shows that electricity use increased slightly (by 3.5 per cent) in 2018–19, reflecting an increase in staff numbers in 2018–19.

Table 1 also shows that the Commission's greenhouse gas emissions from stationary energy use fell in 2018–19. The method used to estimate emissions from stationary energy use is explained in the explanatory note below the table, which has been provided by Environment, Planning and Sustainable Development Directorate.

The Commission did not receive any requests during 2018–19 for staff to assist in the preparation of the State of the Environment Report, nor were there any investigations carried out by the Commissioner for Sustainability and the Environment or any activities carried out by the Commission.

Table 3 Sustainable development performance, 2018–19 and 2017–18

Indicator as at 30 June 2019	Unit	2018–19	2017–18	Percentage change (%)
Commission staff and area				
Commission staff	FTE	11	10	10
Workplace floor area	Area (m ²)	330	330	0
Stationary energy usage				
Electricity use	Kilowatt hours	21788	21042	3.54
Natural gas use	Megajoules	0	0	0
Diesel	Kilolitres	0	0	0
Transport fuel usage				
Electric vehicles	Number	0	0	0
Hybrid vehicles	Number	0	0	0
Other vehicles (not electric/hybrid)	Number	0	0	0
Total number of vehicles	Number	0	0	0
Total kilometres travelled	Kilometres	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)	Kilolitres	0	0	0
Water usage				
Water use	Kilolitres	Data not available as building is leased	Data not available as building is leased	n/a
Resource efficiency and waste				
Reams of paper purchased	Reams	19	22	-13.74
Recycled content of paper	Percentage	50	50	
Waste to landfill	Litres	Data not captured	Data not captured	n/a
Co-mingled material recycled	Litres	Data not available as building is leased	Data not available as building is leased	0
Paper & cardboard recycled (incl. secure paper)	Litres	4720.93	4286.82	
Organic material recycled	Litres	0	0	0
Greenhouse gas emissions				
Emissions from stationary energy use	Tonnes CO ₂ -e	5.15	9.57	
Emissions from transport	Tonnes CO ₂ -e	-	-	-
Total emissions	Tonnes CO ₂ -e	5.15	9.57	

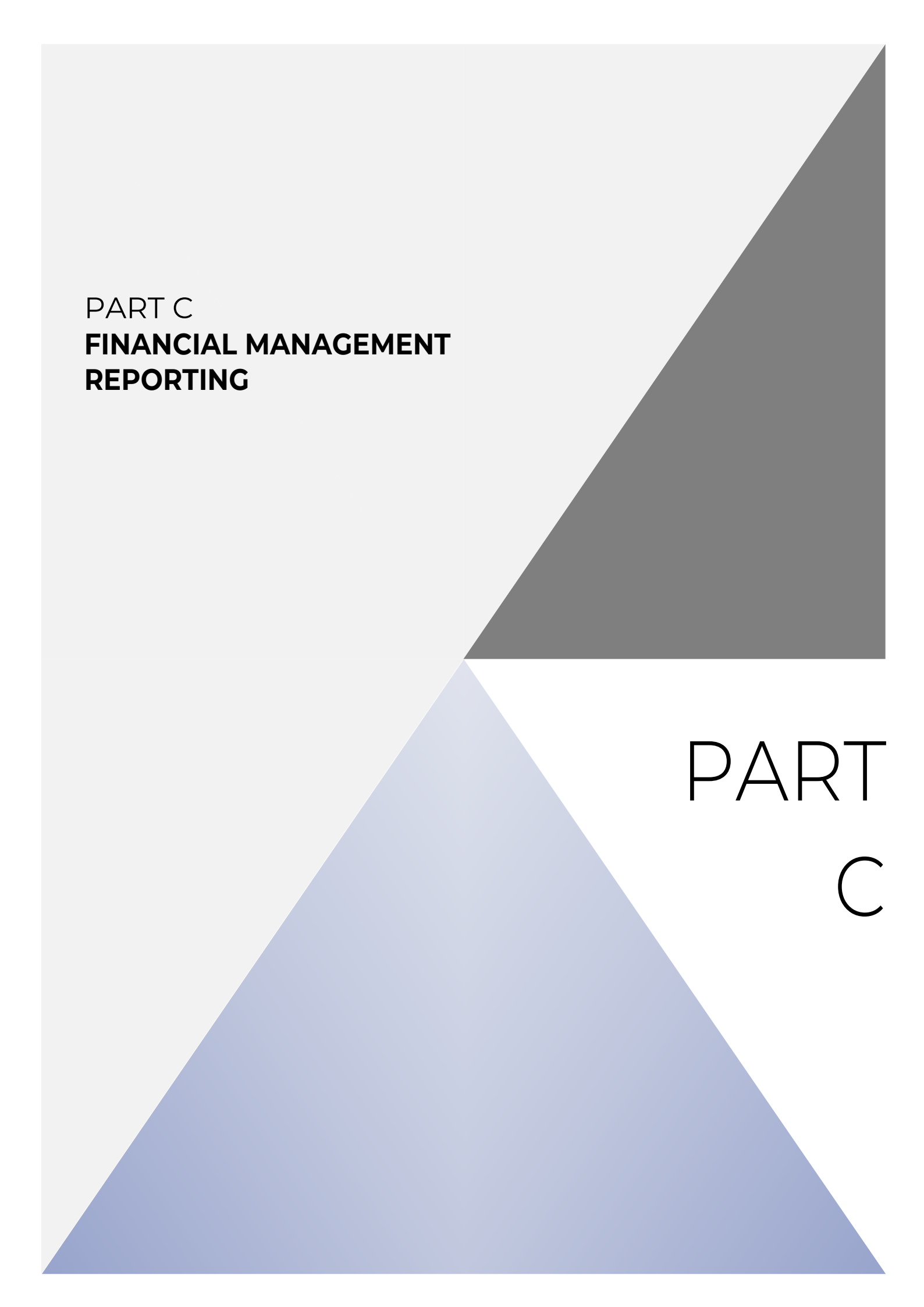
Explanatory note to table:

In relation to the table above, differences between Enterprise Sustainability Platform sourced data included in the Previous FY (2017–18) column and that in the 2017–18 Annual Report are due to changes such as updates to agency occupancy and historical consumption data, and annual adjustments to ACT specific electricity emissions factors. Where actual data is not available, the Enterprise Sustainability Platform provides estimations using an accruals function. Accruals are calculated from the average annual daily consumption of the most current 12 month period applied for the number of days of missing data.

Emissions reported for stationary energy and transport fuels include Scope 1 and Scope 2 emissions only. Scope 1 are direct emissions from sources owned and operated by the government including: emissions from fuel used by the government fleet; fugitive emissions from leaks; emissions from landfill. Scope 2 are indirect emissions from mains electricity used to power light, cool and heat government facilities and street lights.

Emission factors used to calculate natural gas and fleet fuel are based on the latest National Greenhouse Accounts factors. Greenhouse gas emissions for electricity consumption have been calculated using the following emissions factors based on the latest ACT Electricity Emissions Factor Report released in 2019:

- a factor of 0.507 kilogram (kg) CO₂-e / kilowatt hour (kWh) or 0.507 tonne (t) CO₂-e /megawatt hour (MWh) has been used to calculate electricity emissions (Scope 2) for the 2017–18 period. It is based on actual historical data and is a retrospective adjustment of the original 0.455 factor (Scope 2) used for 2017–18 annual reporting; and
- a factor of 0.255 kilogram (kg) CO₂-e / kilowatt hour (kWh) or 0.255 tonne (t) CO₂-e /megawatt hour (MWh) has been used to calculate electricity emissions (Scope 2) for the 2018–19 period.

The cover features a light gray background. A dark gray triangle is positioned in the top right corner, with its hypotenuse running from the top right towards the center. A blue triangle is in the bottom left corner, with its hypotenuse running from the bottom left towards the center. The text 'PART C' is in a simple sans-serif font, and 'FINANCIAL MANAGEMENT REPORTING' is in a bold sans-serif font.

PART C
**FINANCIAL MANAGEMENT
REPORTING**

PART
C

C.1 Financial Management Analysis

C.1.1 General overview

Objectives

The Commission has responsibilities for a broad range of competition, regulation and consumer protection matters. The Commission has responsibility under the ICRC Act for regulating and advising government on pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries, providing advice on competitive neutrality complaints and government-regulated activities. The Commission also has responsibility for arbitrating infrastructure access disputes under the ICRC Act.

Under the Utilities Act, the Commission is responsible for managing the licensing framework for non-National Energy Retail Law utility service providers in the ACT, including issuing licences and monitoring licence compliance. The Commission also has responsibility for industry codes of practice 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 2017–18 and 2018–19, and the forward estimates contained in the 2019–20 Budget Statements.

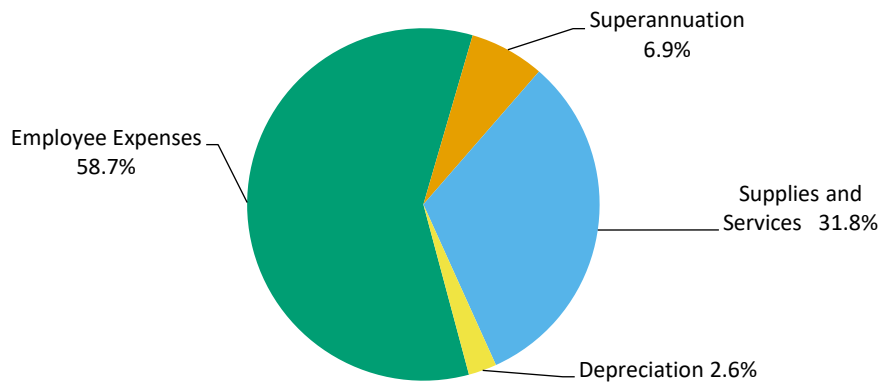
C.1.2 Total expenditure

Components of expenditure

Figure 1 shows the components of the Commission's expenditure for 2018–19. The main components of ordinary expenditure were:

- Employee Expenses of **\$1.454 million** (58.7 per cent); and
- Supplies and Services of **\$0.787 million** (31.8 per cent).

Figure 1 Total expenditure 2018–19



Comparison to budget

Total expenditure was **\$2.475 million**, which is above the budget of \$2.152 million, mainly due to unforeseen expenditure relating to the Commission undertaking a factual analysis of the petrol market in the ACT. This was unknown prior to budget development.

Comparison to 2017–18 actual expenditure

Total expenditure was **\$2.475 million** and was \$0.116 million (4.9 per cent) higher than the 2017–18 actual result. The increased expenditure is mainly due to unforeseen expenditure relating to the Commission undertaking a factual analysis of the petrol market in the ACT.

Future trends

For 2019–20, expenditure is expected to decrease to **\$2.275 million** due to the Commission completing:

- the inquiry to monitor ACT beverage prices and competition following the introduction of the ACT's Container Deposit Scheme (CDS);
- the factual analysis of the petrol market in the ACT; and
- the review of its electricity pricing model and methodology to ensure retail electricity prices are not higher than reasonably justified.

This decrease will be partially offset by increased expenditure associated with the Commission:

- undertaking a pricing investigation to determine the price of electricity for small customers on standard retail contracts in the regulatory period 1 July 2020 to 30 June 2024;
- overseeing the regulatory regime established under the Utilities Act, including completing its review and redraft of the consumer protection code; and
- approving the annual adjustment to the regulated price for water and sewerage services for 2020–21 in accordance with the price direction.

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.

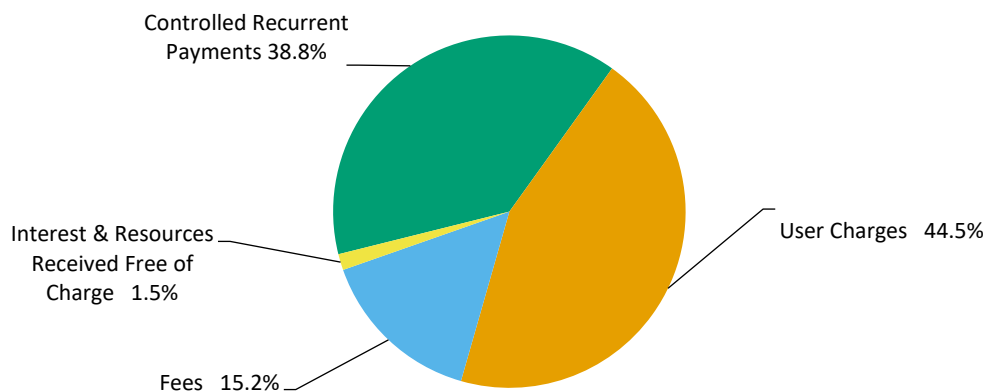
C.1.3 Total income

Components of income

Figure 2 shows the components of the Commission's income for 2018–19. The main components of income were:

- User Charges of **\$1.025 million** (44.5 per cent) for:
 - the purchase agreement with the Chief Minister, Treasury and Economic Development Directorate for services under the ICRC Act (\$0.414 million);
 - undertaking a factual analysis of the petrol market in the ACT including the purchase of data (\$0.408 million); and
 - the Container Deposit Scheme price and competition monitoring inquiry (\$0.194 million).
- Fees of **\$0.350 million** (15.2 per cent) for water, sewerage and gas transmission regulatory activities under the Utilities Act; and
- Controlled Recurrent Payments of **\$0.893 million** (38.8 per cent) for the Commission's energy industry regulatory activities.

Figure 2 Total income 2018–19



Comparison to budget

Income for the year was **\$2.302 million**, which is above the budget of \$1.980 million. This was mainly due to the increase in User Charges as a result of the unforeseen expenditure relating to the Commission undertaking a factual analysis of the petrol market in the ACT.

Comparison to 2017–18 actual income

Total income in 2018–19 was \$2.302 million, a decrease of \$0.109 million (4.5 per cent) from the 2017–18 actual result. The decrease in income mainly relates to:

- User Charges being **\$0.626 million** (37.9 per cent) lower than in 2017–18 due to the Commission completing the pricing investigation to determine regulated prices for water and sewerage services for the regulatory period 1 July 2018 to 30 June 2023 which were partially offset by the Commission undertaking a factual analysis of the petrol market in the ACT and monitoring and reporting on the impact of the ACT Container Deposit Scheme; and
- the Commission receiving **\$0.543 million** additional funding from its Controlled Recurrent Payments appropriation mainly to conduct a review of its electricity pricing model and methodology to ensure retail electricity prices are not higher than reasonably justified.

Future trends

For 2019–20, income is expected to remain relatively consistent at **\$2.336 million** due to:

- undertaking a pricing investigation to determine the price of electricity for small customers on standard retail contracts in the regulatory period 1 July 2020 to 30 June 2024;
- overseeing the regulatory regime established under the Utilities Act, including completing its review and redraft of the consumer protection code; and
- approving the annual adjustment to the regulated price for water and sewerage services for 2020–21 in accordance with the price direction.

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.

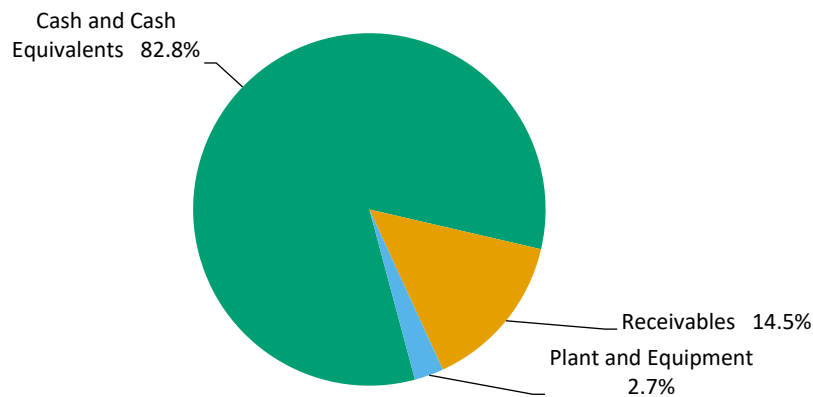
C.1.4 Total assets

Components of total assets

Figure 3 shows the components of the Commission's Total Assets at 30 June 2019. The components were:

- Cash and Cash Equivalents of **\$1.419 million** (82.8 per cent);
- Receivables of **\$0.249 million** (14.5 per cent); and
- Plant and Equipment of **\$0.047 million** (2.7 per cent).

Figure 3 Total assets at 30 June 2019



Comparison to budget

At 30 June 2019, Total Assets were **\$1.714 million** and this was above the budget of \$1.578 million. This was mainly due to an increase in Cash and Cash Equivalents due to the Commission undertaking a factual analysis of the petrol market in the ACT that was unknown prior to developing the budget.

Comparison to 2017–18 actuals

At 30 June 2019, Total Assets were **\$1.714 million** and this was consistent with the 2017–18 actuals of \$1.823 million. 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 2019, the Commission's current ratio was 4.8:1 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.

Table 4 shows the Commission's liquidity position for the prior year, current year and forward year estimates.

Table 4 Current ratio

Description	Prior year actual \$'000 2017–18	Current year budget \$'000 2018–19	Current year actual \$'000 2018–19	Forward year budget \$'000 2019–20	Forward year budget \$'000 2020–21	Forward year budget \$'000 2021–22
Current assets	1,712	1,528	1,668	1,611	1,696	1,783
Current liabilities	263	251	350	257	265	275
Current ratio	6.5:1	6.1:1	4.8:1	6.3:1	6.4:1	6.5:1

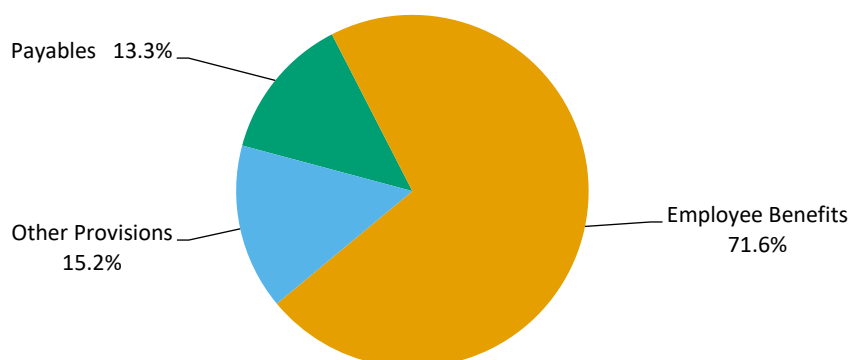
C.1.5 Total liabilities

Component of total liabilities

Figure 4 shows the components of the Commission's Total Liabilities as at 30 June 2019. The components were:

- Employee Benefits of **\$0.320 million** (71.6 per cent);
- Other Provisions of **\$0.068 million** (15.2 per cent); and
- Payables of **\$0.059 million** (13.3 per cent).

Figure 4 Total liabilities at 30 June 2019



Comparison to budget

At 30 June 2019, Total Liabilities were **\$0.447 million** and this was \$0.081 million higher than budget of \$0.366 million. This variance mainly relates to the recognition of employee benefits for employees who were appointed to the Commission during 2018–19 with accumulated benefits.

Comparison to 2018–19 actuals

At 30 June 2019, Total Liabilities were **\$0.447 million**, which is consistent with the 2017–18 actual of \$0.383 million.

C.2 Financial statements

The Commission has prepared financial statements for 2018–19 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 2019 Annual Report Directions. The audit opinion, financial statements and accompanying notes to the statements are set out in Appendix 1.

C.3 Capital Works

The Commission does not have a capital works program.

C.4 Asset management

The Commission's asset base consists of a relatively small footprint of office furniture and equipment. The Commission leases most of its ICT office equipment through ACT Government Shared Services. Leasing these assets ensures the Commission continues to conduct its business and achieve its outcomes while upholding the principle of value for money. The Commission regularly reassesses its asset requirements and ensures assets are replaced at the end of their useful life.

For the financial year ended 30 June 2019, the Commission had plant and equipment with a total written down value of \$47,700. This consisted of office furniture and equipment.

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

C.5 Government contracting

Table 5 sets out information relating to the Commission's procurement and contracting activities for 2018–19. The contracts in Table 5 relate to goods and services contracts executed during 2018–19 with a value of \$25,000 or more.

No exemptions were made from the secure job code requirements under the *Government Procurement Act 2001* in 2018–19.

The information in Table 5 is obtained from the ACT Contract Register and is available at <https://tenders.act.gov.au/ets/>.

Table 5 Procurement and contracting activities in 2018–19

Contract Number	CN 0230	PCN101	PCN100	ICRC184625 EPC
Contract title	ACT Petrol Price Inquiry - Sapere	ACT Petrol Inquiry	Petrol market data	Energy purchase cost review for the model and methodology review
Procurement methodology	Single Select	Quotation	Single Select	Quotation
Procurement type	Services (consultancy)	Services (consultancy)	Services (consultancy)	Services (consultancy)
Exemption from quotation and tender	Yes	No	Yes	No
Contractor name	Sapere Research Group Limited	ACIL Allen Consulting	Informed Sources (Australia) Pty Ltd	Frontier Economics Pty Ltd
Contract amount	27,500.00	54,052.90	38,413.10	72,688.00
Execution date	18/03/2019	25/03/2019	12/03/2019	02/11/2018
Expiry date	12/04/2019	25/04/2019	16/03/2019	29/03/2019



APPENDICES
1—5

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 2019**
- > **Independent Competition and Regulatory Commission Balance Sheet as at 30 June 2018**
- > **Independent Competition and Regulatory Commission Statement of Changes in Equity for the year ended 30 June 2019**
- > **Independent Competition and Regulatory Commission Cash Flow Statement for the year ended 30 June 2019**
- > **Independent Competition and Regulatory Commission Statement of Appropriation for the year ended 30 June 2019**
- > **Independent Competition and Regulatory Commission Notes to and forming part of the financial statements for the year ended 30 June 2019**
- > **Independent Competition and Regulatory Commission Appendix A - Basis of preparation of the financial statements forming part of Note 2 of the financial statements for the year ended 30 June 2019**
- > **Independent Competition and Regulatory Commission Appendix B – Significant accounting policies forming part of Note 2 of the financial statements for the year ended 30 June 2019**
- > **Independent Competition and Regulatory Commission Appendix C – Impact of accounting standards issued but yet to be applied forming part of Note 2 of the financial statements for the year ended 30 June 2019**

Independent Competition and Regulatory Commission

Financial Statements

For the Year Ended

30 June 2019

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 (the Commission) for the year ended 30 June 2019 which comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement, 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 2019, 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* (the 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.

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 communicate 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 identify during my audit.

Ajay Sharma
Assistant Auditor-General, Financial Audit
23 August 2019

Independent Competition and Regulatory Commission
Financial Statements
For the Year Ended 30 June 2019

Statement of Responsibility

In my opinion, the Financial Statements are in agreement with the Independent Competition and Regulatory Commission's (the Commission's) accounts and records and fairly reflect the financial operations of the Commission for the year ended 30 June 2019 and the financial position of the Commission on that date.

Dr Annette Weier
Chief Executive Officer
Independent Competition and Regulatory Commission
22 August 2019

Independent Competition and Regulatory Commission
Financial Statements
For the Year Ended 30 June 2019

Statement by the Chief Finance Officer

In my opinion, the Financial Statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the Independent Competition and Regulatory Commission's (the Commission's) accounts and records and fairly reflect the financial operations of the Commission for the year ended 30 June 2019 and the financial position of the Commission on that date.

Mr Mark Lewington
Chief Finance Officer
Independent Competition and Regulatory Commission
22 August 2019

Independent Competition and Regulatory Commission
Operating Statement
For the Year Ended 30 June 2019

	Note No.	Actual 2019 \$'000	Original Budget 2019 \$'000	Actual 2018 \$'000
Income				
Controlled Recurrent Payments	3	893	893	350
Fees	4	350	344	380
User Charges	5	1,025	721	1,651
Interest		34	22	25
Resources Received Free of Charge		-	-	4
Total Income		2,302	1,980	2,411
Expenses				
Employee Expenses	6	1,454	1,368	1,310
Superannuation Expenses		170	173	143
Supplies and Services	7	787	547	842
Depreciation		64	64	64
Total Expenses		2,475	2,152	2,359
Operating (Deficit)/Surplus		(173)	(172)	52
Total Comprehensive (Deficit)/Income		(173)	(172)	52

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

Independent Competition and Regulatory Commission
Balance Sheet
At 30 June 2019

	Note No.	Actual 2019 \$'000	Original Budget 2019 \$'000	Actual 2018 \$'000
Current Assets				
Cash and Cash Equivalents	8	1,419	1,299	1,230
Receivables	9	249	229	482
Total Current Assets		1,668	1,528	1,712
Non-Current Assets				
Plant and Equipment	10	46	50	111
Total Non-Current Assets		46	50	111
Total Assets		1,714	1,578	1,823
Current Liabilities				
Payables	11	59	183	67
Employee Benefits	12	291	68	196
Total Current Liabilities		350	251	263
Non-Current Liabilities				
Employee Benefits	12	29	46	52
Other Provisions	13	68	69	67
Total Non-Current Liabilities		97	115	120
Total Liabilities		447	366	383
Net Assets		1,267	1,212	1,440
Equity				
Accumulated Funds		1,267	1,212	1,440
Total Equity		1,267	1,212	1,440

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 2019

	Accumulated Funds Actual 2019 \$'000	Total Equity Actual 2019 \$'000	Original Budget 2019 \$'000
Balance at 1 July 2018	1,440	1,440	1,383
<i>Comprehensive Income</i>			
Operating (Deficit)	(173)	(173)	(172)
Total Comprehensive Income	(173)	(173)	(172)
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	1	1	1
Total Transactions Involving Owners Affecting Accumulated Funds	1	1	1
Balance at 30 June 2019	1,267	1,267	1,212

	Accumulated Funds Actual 2018 \$'000	Total Equity Actual 2018 \$'000
Balance at 1 July 2017	1,388	1,388
<i>Comprehensive Income</i>		
Operating Surplus	52	52
Total Comprehensive Surplus	52	52
Balance at 30 June 2018	1,440	1,440

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

Independent Competition and Regulatory Commission
Cash Flow Statement
For the Year Ended 30 June 2019

	Note No.	Actual 2019 \$'000	Original Budget 2019 \$'000	Actual 2018 \$'000
Cash Flows from Operating Activities				
Receipts				
Controlled Recurrent Payments		893	893	350
Fees		345	348	254
User Charges		1,253	1,157	1,826
Interest Received		34	22	25
Goods and Services Tax Collected from Customers and Refunded by the Australian Taxation Office		145	-	214
Other		-	48	92
Total Receipts from Operating Activities		2,670	2,468	2,761
Payments				
Employee		1,379	1,372	1,252
Superannuation		170	176	143
Supplies and Services		793	589	828
Goods and Services Tax Paid to Suppliers and Remitted to the Australian Taxation Office		141	-	211
Total Payments from Operating Activities		2,483	2,137	2,434
Net Cash Inflows from Operating Activities	15(b)	188	331	328
Cash Inflows from Financing Activities				
Receipts				
Capital Injections		1	1	-
Total Receipts from Financing Activities		1	1	-
Net Cash Inflows from Investing Activities		1	1	-
Net Increase in Cash and Cash Equivalents		189	332	328
Cash and Cash Equivalents at the Beginning of the Reporting Period		1,230	967	902
Cash and Cash Equivalents at the End of the Reporting Period	15(a)	1,419	1,299	1,230

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

**Independent Competition and Regulatory Commission
Statement of Appropriation
For the Year Ended 30 June 2019**

	Original Budget 2019 \$'000	Total Appropriated 2019 \$'000	Appropriation Drawn 2019 \$'000	Appropriation Drawn 2018 \$'000
Controlled Recurrent Payments (CRP)	893	893	893	350
Capital Injections	1	1	1	-
Total Appropriation	894	894	894	350

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

Column Heading Explanations

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

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 Cash Flow Statement.

Independent Competition and Regulatory Commission
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
NOTE INDEX

Note 1	Objectives of the Independent Competition and Regulatory Commission
Note 2	Significant Accounting Policies (see Appendices A, B and C) Appendix A - Basis of Preparation of the Financial Statements Appendix B - Significant Accounting Policies Appendix C - Impact of Accounting Standards Issued But Yet to be Applied

Income Notes

Note 3	Controlled Recurrent Payments
Note 4	Fees
Note 5	User Charges

Expense Notes

Note 6	Employee Expenses
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Asset Notes

Note 8	Cash and Cash Equivalents
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Note 11	Payables
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Independent Competition and Regulatory Commission

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2019

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; and
- 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; and
- 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.

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

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

Note 2 Significant Accounting Policies

Refer to the following appendices for the notes comprising significant accounting policies and other explanatory information.

Appendix A - Basis of Preparation of the Financial Statements

Appendix B - Significant Accounting Policies

Appendix C – Impact of Accounting Standards Issued But Yet to be Applied

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 3 Controlled Recurrent Payments

	2019	2018
	\$'000	\$'000
Revenue from the ACT Government		
Controlled Recurrent Payments ^(a)	893	350
Total Controlled Recurrent Payments	893	350

Controlled Recurrent Payments (CRP) are revenue received from the ACT Government to fund the estimated cost of the Commission's regulatory activities under the *Utilities Act 2000*.

a) In 2018-19 CRP increased by \$543,000 mainly due to the Commission receiving additional funding to review its electricity pricing model and methodology to ensure retail electricity prices are not higher than reasonably justified.

Note 4 Fees

	2019	2018
	\$'000	\$'000
Revenue from Regulatory Activities		
Utility Licence Fees	350	380
Total Fees	350	380

Utility Licence Fees are collected by the Commission under the *Utilities Act 2000* to cover the Commission's, the Technical Regulator's and the ACT Civil and Administrative Tribunal's (ACAT) reasonable costs for utility regulatory activities in relation to water, sewerage, and gas transmission utilities. In accordance with the accounting policy described in Appendix B - Fees, the above fees only include the fee income relating to the Commission's own activities.

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 5 User Charges

	2019	2018
	\$'000	\$'000
User Charges – ACT Government		
General Government Sector ^(a)	1,016	459
Public Trading Enterprises ^(b)	-	1,193
	1,016	1,651
User Charges – Non-ACT Government		
Service Revenue ^(c)	9	-
	9	-
	1,025	1,651

User Charges relates to revenue derived by providing services to ACT Government and Non-ACT Government entities.

a) The increase in General Government Sector revenue in 2018-19 of \$557,000 relates to the Commission undertaking a factual analysis of the petrol market in the ACT and monitoring and reporting on the impact of the ACT Container Deposit Scheme (CDS).

b) The decrease in Public Trading Enterprise revenue in 2018-19 of \$1,193,000 relates to the finalisation of the Commission's investigation into, and price direction for regulated water and sewerage services provided by Icon Water Limited.

c) The revenue in 2018-19 relates to preparatory work undertaken for the pricing investigation for the determination of the price of electricity for small customers on standard retail contracts in the regulatory period from 1 July 2020.

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 6 Employee Expenses

	2019 \$'000	2018 \$'000
Wages and Salaries ^(a)	1,346	1,237
Annual Leave Expense	(1)	36
Fringe Benefits Tax	10	25
Long Service Leave Expense	87	5
Workers' Compensation Insurance Premium	8	7
Other Employee Expense	4	-
Total Employee Expenses	<u>1,454</u>	<u>1,310</u>

a) The increase in Wages and Salaries of \$109,000 mainly relates to the Commission undertaking a factual analysis of the petrol market in the ACT which required additional staff.

Note 7 Supplies and Services

	2019 \$'000	2018 \$'000
Audit Fees ^(a)	28	27
Information and Communication Technology	92	88
Office Rental and Operating Costs	183	171
Printing and Stationery	8	17
Professional Services	311	385
Recruitment Costs	14	55
Subscriptions, Membership and Conferences	94	40
Other	57	59
Total Supplies and Services	<u>787</u>	<u>842</u>

a) Audit Fees are paid to the ACT Audit Office for the audit of the financial statements and limited assurance engagement on the statement of performance. No other services were provided by the ACT Audit Office.

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 8 Cash and Cash Equivalents

	2019	2018
	\$'000	\$'000
Cash at Bank ^(a)	1,419	1,230
Total Cash and Cash Equivalents	<u>1,419</u>	<u>1,230</u>

The Commission managed two bank accounts in 2018-19 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 17.

a) The increase in Cash at Bank of \$189,000 mainly relates to the Commission reducing its receivables, by recovering costs on a more regular basis.

Note 9 Receivables

	2019	2018
	\$'000	\$'000
Current Receivables		
Accrued Revenue	249	482
Total Receivables ^(a)	<u>249</u>	<u>482</u>

a) No receivables are past due or impaired.

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities

Accrued Revenue	244	482
Total Receivables with ACT Government Entities	<u>244</u>	<u>482</u>

Receivables with Non-ACT Government Entities

Accrued Revenue	5	-
Total Receivables with Non-ACT Government Entities	<u>5</u>	<u>-</u>
Total Receivables	<u>249</u>	<u>482</u>

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 10 Plant and Equipment

	2019 \$'000	2018 \$'000
Plant and Equipment		
Office Furniture and Equipment at Cost ^(a)	508	509
Less: Accumulated Depreciation	(462)	(398)
Total Plant and Equipment	46	111

Reconciliation of Plant and Equipment

Carrying Amount at the Beginning of the Reporting Period	111	175
Depreciation	(65)	(64)
Carrying Amount at the End of the Reporting Period	46	111

a) Office Furniture and Equipment includes office furniture, fixtures, fittings and make good.

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 11 Payables

	2019 \$'000	2018 \$'000
Current Payables		
Trade Payables	27	11
Accrued Expenses	32	56
Total Payables	<u>59</u>	<u>67</u>

Payables are aged as follows:

Not Overdue	59	67
Total Payables	<u>59</u>	<u>67</u>

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Accrued Expenses	28	27
Total Payables with ACT Government Entities	<u>28</u>	<u>27</u>

Payables with Non-ACT Government Entities

Trade Payables	27	11
Accrued Expenses	4	29
Total Payables with Non ACT Government Entities	<u>31</u>	<u>40</u>
Total Payables	<u>59</u>	<u>67</u>

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 12 Employee Benefits

	2019	2018
	\$'000	\$'000
Current Employee Benefits		
Annual Leave	96	97
Long Service Leave	167	57
Accrued Salaries and Superannuation	28	42
	291	196
Non-Current Employee Benefits		
Long Service Leave	29	52
	29	52
	320	248
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 Months		
Annual Leave	75	74
Long Service Leave	4	2
Accrued Salaries and Superannuation	28	42
	107	118
Estimated Amount Payable after 12 Months		
Annual Leave	21	23
Long Service Leave	192	107
	213	130
	320	248

a) The increase of \$72,000 in Employee Benefits mainly relates to the recognition of employee benefits for employees who were appointed to the Commission during 2018-19 with accumulated benefits.

Note 13 Other Provisions

Provision for Make Good

On 1 October 2011 the Australian Capital Territory entered into a lease agreement for office space to be used by the Commission. There are clauses within the lease agreement which require the Australian Capital Territory, upon cessation of the tenancy, to return the office space to the condition it was in before it was leased (this is referred to as 'make good').

	2019	2018
	\$'000	\$'000
Reconciliation of the Provision for Make Good		
Provision for Make Good at the Beginning of the Reporting Period	67	67
Increase in Provision due to Unwinding of Discount	1	-
	68	67
	68	67

Independent Competition and Regulatory Commission

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2019

Note 14 Financial Instruments

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 Bank).

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. 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.

		2019 \$'000	2018 \$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability			
Financial Assets	Note No.		
Financial Assets Measured at Amortised Cost	9	249	482
Financial Liabilities			
Financial Liabilities Measured at Amortised Cost	11	59	67

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 15 Cash Flow Reconciliation

(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period in the Cash Flow Statement to the Equivalent Items in the Balance Sheet.

	2019 \$'000	2018 \$'000
Total Cash and Cash Equivalents Recorded in the Balance Sheet	1,419	1,230
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	<u>1,419</u>	<u>1,230</u>

(b) Reconciliation of Operating (Deficit)/Surplus to Net Cash Inflows from Operating Activities.

Operating (Deficit)/Surplus	(173)	52
Add/(Less) Non-Cash Items		
Depreciation of Plant and Equipment	64	64
Borrowing Costs	1	-
Cash Before Changes in Operating Assets and Liabilities	<u>(108)</u>	<u>116</u>
Changes in Operating Assets and Liabilities		
Decrease in Receivables	233	176
(Decrease) in Payables	(8)	(114)
Increase in Employee Benefits	71	149
Net Changes in Operating Assets and Liabilities	<u>296</u>	<u>212</u>
Net Cash Inflows from Operating Activities	<u>188</u>	<u>328</u>

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 16 Commitments

	2019	2018
	\$'000	\$'000
Operating Lease Commitments - Plant and Equipment		
Non-cancellable operating lease commitments are payable as follows:		
Within one year	2	4
Later than one year but not later than five years	4	22
Later than five years	1	1
Total Operating Lease Commitments - Plant and Equipment	<u>7</u>	<u>27</u>

All of the Commission's Operating Lease Commitments relate to Information and Communication Technology (ICT) equipment leased from Shared Services ICT.

Other Commitments

Other Commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:

Within one year	206	239
Total Other Commitments	<u>206</u>	<u>239</u>

The Commission's Other Commitments relate to its property lease due to expire on 31 March 2020 and outsourced strategic accounting services. The Commission outsources strategic accounting services due the Commission not having the internal expertise or staff to perform these functions, and the nature, scale and size of the Commission not making it economically feasible to employ staff directly to provide these services.

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 17 Third Party Monies

The Commission holds the following third party monies:

	2019	2018
	\$'000	\$'000
Utility Licence Fees		
Balance at the Beginning of the Reporting Period	2	53
Cash Receipts		
- East Australian Pipeline Limited	4	4
- Icon Water Limited	930	814
- TransGrid (NSW Electricity Networks Operations Pty Ltd)	42	78
- Interest Received	1	2
Cash Payments		
- Independent Competition and Regulatory Commission	(350)	(254)
- ACT Civil and Administrative Tribunal (ACAT).	(106)	(107)
- Access Canberra (technical regulation)	(523)	(588)
Balance at the End of the Reporting Period	<u>0</u>	<u>2</u>

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; and
- (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.

Independent Competition and Regulatory Commission
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2019

Note 18 Budgetary Reporting

Operating Statement Line Items	Actual	Original	Variance	Variance
	2019	Budget		
	\$'000	2019	\$'000	%
Supplies and Services ^(a)	787	547	240	44%

Variance Explanations

a) The budget variance of \$240,000 mainly relates to the Commission undertaking a factual analysis of the petrol market in the ACT and a larger Commission anticipated workload requiring consultancy services. The petrol market analysis was not anticipated prior to budget development.

Balance Sheet Line Items	Actual	Original	Variance	Variance
	2019	Budget		
	\$'000	2019	\$'000	%
Cash and Cash Equivalents	1,419	1,299	120	9%
Receivables	249	229	20	9%
Plant and Equipment	46	50	(4)	-8%
Payables ^(b)	59	183	(124)	-68%
Employee Benefits - Current ^(c)	291	68	223	328%
Employee Benefits - Non-Current ^(c)	29	46	(17)	-37%

Variance Explanations

b) The budget variance of \$124,000 mainly relates to the Commission actively seeking outstanding invoices prior to the end of financial year resulting in the reduction of payables.

c) The budget variance of \$223,000 (current) and \$17,000 (non-current) mainly relates to the recognition of employee benefits for employees who were appointed to the Commission during 2018-19 with accumulated benefits. The value of these benefits was not anticipated prior to budget development.

Cash Flow Statement Line Items	Actual	Original	Variance	Variance
	2019	Budget		
	\$'000	2019	\$'000	%
Supplies and Services ^(d)	793	589	204	35%

Variance Explanations

d) The budget variance of \$204,000 mainly relates to the Commission undertaking a factual analysis of the petrol market in the ACT and a larger Commission anticipated workload requiring consultancy services. The petrol market analysis was not anticipated prior to budget development.

Independent Competition and Regulatory Commission Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2019

Note 19 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.

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) KEY MANAGEMENT PERSONNEL

A.1 Compensation of Key Management Personnel

Compensation by the Commission to KMP is set out below.

	2019	2018
	\$'000	\$'000
Short-term employee benefits	363	347
Post-employment benefits	60	40
Other long-term benefits	37	(13)
Total Compensation by the Commission to KMP	461	374

A.2 Transactions with Key Management Personnel

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

Independent Competition and Regulatory Commission
Appendix A - Basis of Preparation of the Financial Statements
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2019

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 require the Commission's financial statements to include:

- i. an Operating Statement for the year;
- ii. a Balance Sheet at the end of the year;
- iii. a Statement of Changes in Equity for the year;
- iv. a Cash Flow Statement for the year;
- v. a Statement of Appropriation for the year;
- vi. the significant accounting policies adopted for the year; and
- vii. other statements as necessary to fairly reflect the financial operations of the agency during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared to comply with Australian Accounting Standards as required by the FMA. The financial statements have been prepared in accordance with:

- i. Australian Accounting Standards; and
- ii. ACT Accounting and Disclosure Policies.

ACCRUAL ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention.

CURRENCY

These financial statements are presented in Australian dollars.

INDIVIDUAL REPORTING ENTITY

The Commission is an individual reporting entity.

REPORTING PERIOD

These financial statements state the financial performance, changes in equity and cash flows for the year ended 30 June 2019 together with the financial position of the Commission at 30 June 2019.

BUDGET FIGURES

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2018-19 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers.

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.

Independent Competition and Regulatory Commission
Appendix A - Basis of Preparation of the Financial Statements
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2019

GOING CONCERN

The 2018-19 financial statements have been prepared on a going concern basis as the Commission has been funded in the 2019-20 Budget and Budget Papers include forward estimates for the Commission.

Independent Competition and Regulatory Commission

Appendix B – Significant Accounting Policies

Forming Part of Note 2 of the Financial Statements

For the Year Ended 30 June 2019

SIGNIFICANT ACCOUNTING POLICIES – INCOME

Controlled Recurrent Payments

Controlled Recurrent Payments are recognised as revenue when the Commission gains control over the funding. Control over appropriated funds is obtained upon the receipt of cash.

Fees

Utilities Licence Fees

Utility licence fees are collected from utilities providing water and wastewater services, electricity 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 respective regulatory responsibilities. 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 make adjustments to 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 17 Third Party Monies.

User Charges

Rendering of Services

Revenue from rendering of services is recognised when at the stage of completion the transaction reporting date and costs of rendering services can be measured reliably.

Significant Accounting Judgements and Estimates - User Charges and Fees.

The Commission has made significant estimates regarding the amount of revenue to be recognised as User Charges and 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.

Independent Competition and Regulatory Commission

Appendix B – Significant Accounting Policies

Forming Part of Note 2 of the Financial Statements

For the Year Ended 30 June 2019

SIGNIFICANT ACCOUNTING POLICIES – EXPENSES

Employee Expenses

Employee benefits include:

- short-term employee benefits such as wages and salaries, annual leave loading, and applicable on-costs, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the 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 Appendix B – 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.

Depreciation

Depreciation is applied to physical assets such as plant and equipment. All depreciation is calculated after first deducting any residual value which remains for each asset.

Depreciation for Plant and Equipment is determined using straight line method, with 8 years of useful life. The useful lives of all major assets held are reassessed on an annual basis.

Independent Competition and Regulatory Commission
Appendix B – Significant Accounting Policies
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2019

SIGNIFICANT ACCOUNTING POLICIES – ASSETS

ASSETS – CURRENT AND NON-CURRENT

Assets are classified as current or non-current in the Balance Sheet and in the relevant notes. 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.

Cash and Cash Equivalents

Cash includes cash at bank and cash on hand.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Accounts Receivables

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

The total receivables comprise of fees and user charges receivables. An assessment has been undertaken at the end of the financial year to determine collectability by debt recovery measures and/or payment by instalments, or where appropriate, recognition of impairment loss in the financial statements.

Plant and Equipment

Acquisition and Recognition of Plant and Equipment

Plant and equipment is initially recorded at cost.

Where property, plant and equipment is acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. Property, plant and equipment with a minimum value of \$5,000 (ex GST) are capitalised.

Impairment of Assets

The Commission assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Independent Competition and Regulatory Commission

Appendix B – Significant Accounting Policies

Forming Part of Note 2 of the Financial Statements

For the Year Ended 30 June 2019

SIGNIFICANT 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.

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 30 days after the invoice date.

Payables include Trade Payables and Accrued Expenses.

Employee Benefits

Employee Benefits are listed in Appendix B - Employee Expenses.

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. In 2018-19 the rate used to estimate the present value of future annual leave payments is 101.6% (99.7% in 2017-18).

In 2018-19, the rate used to estimate the present value of future payment for long service leave 110.1% (100.9% in 2017-18).

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 seven 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, a 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 Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Independent Competition and Regulatory Commission

Appendix B – Significant Accounting Policies

Forming Part of Note 2 of the Financial Statements

For the Year Ended 30 June 2019

Employee Benefits - Continued

Significant Judgements and Estimates – Employee Benefits

Significant 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 April 2019. This assessment is performed every 3 years. However, it may be performed more frequently if there is a significant change in the parameters underlying the assessment. The next actuarial review is expected to be undertaken by early 2022.

SIGNIFICANT ACCOUNTING POLICIES – OTHER NOTES

Budgetary Reporting

Significant Accounting Judgements and Estimates – Note 18: BUDGET 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% of the budget for the financial statement line item.

Independent Competition and Regulatory Commission
Appendix C – Impact of Accounting Standards Issued But Yet to be Applied
Forming Part of Note 2 of the Financial Statements
For the Year Ended 30 June 2019

ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Independent Competition and Regulatory Commission does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date.

- **AASB 16 Leases** (application date 1 January 2019)

AASB 16 is the new standard for leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset value is low. This will result in the Commission recognising its operating leases as assets alongside the associated liability, rather than accounting for these as operating lease expenditures. The right-of-use asset will initially be recognised at cost and will give rise to a depreciation expense. The lease liability will initially be recognised as the present value of the lease payments during the term of the lease. Lease payments made will reduce this liability over time and also result in an interest expense. ACT Property Group as the Territory's property manager enters into all leasing contracts on behalf of the Territory. The leasing arrangements are complex and require an accounting policy decision on whether or not individual lessee agencies recognise the right-of-use asset. Treasury is in the process of assessing the leasing arrangements against the criteria in the standard and developing a whole-of-government policy on this issue.

The Commission has determined that AASB 16 will impact its current property lease arrangement. The lease has a commitment of \$127,187 as at 30 June 2019 and is due to expire on 31 March 2020.

The Commission will make a detailed assessment of the impact over the next 12 months.

Appendix 2 Statement of performance and Independent limited assurance report



INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Statement of Performance for the Year Ended 30 June 2019

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 2019 and also fairly reflects the judgements exercised in preparing the Statement of Performance for the financial year ended 30 June 2019.

Dr Annette Weier
Chief Executive Officer
Independent Competition and Regulatory Commission
3 September 2019

Table 6 Statement of performance for the year ended 30 June 2019

Statement of intent accountability indicators	Original target 2018–19	Actual result 2018–19	% Variance from original target	Explanation of material variances	Notes
Water and sewerage services pricing	Undertaking reviews of matters identified as reset principles Annual price adjustment	No reviews completed Annual price adjustment	(100%)	Reviews are to be completed before the price investigation for the regulatory period from 1 July 2023	1
Electricity price regulation	Price adjustment for 2019–20	Price adjustment for 2019–20			2
Utilities compliance and performance	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)	3 determinations	3 determinations			5
Container Deposit Scheme—price and competition monitoring	1 progress report	1 progress report			6
Advice on referred matters	Subject to receipt of references	1 reference received and advice provided to Government		Completed a factual analysis of the ACT petrol market in response to the terms of reference	7

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 2019

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

Notes

1. Before the next water and sewerage services pricing investigation for the regulatory period from 1 July 2023, the Commission will review aspects of its pricing methodology to ensure it remains current and appropriate and provides incentives for Icon Water to operate efficiently. The reviews will be conducted in accordance with pricing principles set out in the Commission's price direction for 1 July 2018 to 30 June 2023. The timing of the reviews is subject to resourcing. The Commission's price direction is available on its website: *Report 2 of 2018 - Price Direction: Regulated Water and Sewerage Services 2018–23*.

The Commission adjusted the prices Icon Water can charge for regulated water and sewerage services for the 2019–20 financial year in accordance with the Commission's price direction for the regulatory period 1 July 2018 to 30 June 2023. The Commission's report is available on its website: *Report 8 of 2019 Water and Sewerage Services Prices 2019–20*.

In addition, the Commission approved the updated precinct map for 2019–20 and the capital contributions charge for water and sewerage infrastructure upgrades submitted by Icon Water under the relevant industry code made under section 58 of the *Utilities Act 2000*. The updated precinct map for 2019–20 is available on the Commission's website. A summary of the Commission's review of the precinct map and capital contributions charge is included in the Commission's report on the annual adjustment of the prices Icon Water can charge for regulated water and sewerage services for 2019–20, which is available on the Commission's website: *Report 8 of 2019 Water and Sewerage Services Prices 2019–20*.

2. The Commission adjusted the maximum average increase in the prices ActewAGL can charge for providing electricity services to small customers on standard retail contracts for the 2019–20 financial year in accordance with the Commission's price direction for the regulatory period 1 July 2017 to 30 June 2020. The Commission's report is available on its website: *Report 6 of 2019 Electricity Price Reset 2019–20*.

In addition, the Commission completed a review of its retail electricity pricing model and methodology to ensure the method used in arriving at a price direction remains current, accurate and consistent with the Commission's obligations under the *ICRC Act 1997*. The improvements identified through the review will be implemented in the price direction for the regulatory period 1 July 2020 to 30 June 2024. The Commission's draft and final reports for the review are available on its website: *Report 3 of 2019: Draft Report - Electricity Model and Methodology Review 2018–19* and *Report 5 of 2019 Electricity Model and Methodology Review Final Report*.

3. Licensed utilities providing certain infrastructure services submit annually to the Commission a Utility Licence Annual Report that details how they met their non-technical licence conditions, relevant laws, industry codes and other relevant regulatory obligations. The Commission published a stand-alone report on the utilities' performance in 2017–18 (previous reports were published as part of the Commission's annual report). The Commission's report is available on its website: *Monitoring Report on the 2017–18 Utility Licence Annual Reports*.

4. On 28 September 2018, the Commission determined the annual licence fees payable by certain licenced utilities under the *Utilities Act 2000* for the year ending 30 June 2019 and collected those fees accordingly. The determination can be accessed on the ACT Legislation Register³⁵ or through the Commission's website (<https://www.icrc.act.gov.au/utilities-licensing/licence-fees-and-the-energy-industry-levy>).
5. The Chief Executive Officer of the Commission made three determinations on 28 September 2018 under Part 3A of the *Utilities Act 2000* for the year ending 30 June 2019. These determinations are used to impose a levy on energy utilities to recover the amount of the ACT's national regulatory costs and local regulatory costs in relation to energy industry sectors. The determinations can be accessed on the ACT Legislation Register³⁶ or through the Commission's website (<https://www.icrc.act.gov.au/utilities-licensing/licence-fees-and-the-energy-industry-levy>).
6. On 4 April 2018, the then Minister for Transport Canberra and City Services gave the Commission terms of reference asking it to monitor and report on the impact on ACT beverage prices and competition in the beverage industry of the introduction of the ACT Container Deposit Scheme. The Commission released a progress report in February 2019 and gave the final report to the Minister on 23 July 2019, in accordance with the terms of reference. The Commission's progress report is available on its website: *Report 2 of 2019 - Progress Report - Container Deposit Scheme Price Monitoring*. The final report is available on the ACT Legislative Assembly website³⁷ and a copy is on the Commission's website: *Report 10 of 2019 Final Report – Container Deposit Scheme Price Monitoring*.
7. The Commission may receive references under Part 3 of the *ICRC Act 1997*.

On 22 February 2019, the Treasurer gave the Commission terms of reference to undertake a factual analysis of automotive petrol prices and competition in the ACT. The Commission released its draft report on 8 May 2019 and gave its final report to the Treasurer on 28 June 2019, in accordance with the terms of reference. The Commission's draft report is available on its website: *Report 4 of 2019 – Draft Report – Investigation into motor vehicle petrol prices in the ACT*. The final report is available on the ACT Legislative Assembly website³⁸ and a copy is on the Commission's website: *Report 9 of 2019 Final Report - Investigation into motor vehicle petrol prices in the ACT*.

³⁵ <https://www.legislation.act.gov.au/ni/2018-540>

³⁶ <https://www.legislation.act.gov.au/ni/2018-542>, <https://www.legislation.act.gov.au/ni/2018-541>, <https://www.legislation.act.gov.au/ni/2018-544>, and <https://www.legislation.act.gov.au/ni/2018-543>

³⁷ https://www.parliament.act.gov.au/__data/assets/pdf_file/0004/1407361/Independent-Competition-and-Regulatory-Commission-Container-Deposit-Scheme-Price-Monitoring-Final-Report-Report-10-of-2019.pdf

³⁸ https://www.parliament.act.gov.au/__data/assets/pdf_file/0007/1398130/Independent-Competition-and-Regulatory-Commission-Investigation-into-motor-vehicle-petrol-prices-in-the-ACT-Final-Report-Report-9-of-2019,-June-2019.PDF



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

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 (the Commission) for the year ended 30 June 2019.

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 2019 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.

The 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*.

Level 4, 11 Moore Street Canberra City ACT 2601 PO Box 275 Civic Square ACT 2608
T 02 6207 0833 F 02 6207 0826 E actauditorgeneral@act.gov.au W www.audit.act.gov.au

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
4 September 2019

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:

- (a) investigations;
- (b) final reports and special reports;
- (c) price directions;
- (d) advice about proposed access agreements;
- (e) the number of access agreements notified;
- (f) arbitration disputes;
- (g) determinations of arbitration disputes;
- (h) number of notices issued under section 41;
- (i) general use by the Commission of information and documents obtained as a result of notices issued under section 41; and
- (j) any other functions exercised by the Commission.

Investigations

Investigation into motor vehicle petrol prices in the ACT

On 22 February 2019, the Commission received terms of reference from the Treasurer to undertake an investigation and provide a factual analysis of petrol prices and competition in the ACT.³⁹

The Commission consulted with, and obtained information from, a range of stakeholders, including petrol distributors, wholesalers, retailers, and other government agencies such as the ACCC. The Commission released a draft report on 8 May 2019 as part of the consultation process for the investigation. The Commission gave its final report to the Treasurer on 28 June 2019.⁴⁰

ACT Container Deposit Scheme beverage price monitoring

On 4 April 2018, the Commission received terms of reference from the ACT Government to monitor and report on the impact on ACT beverage prices and competition in the ACT beverage industry of the introduction of the ACT Container Deposit Scheme (CDS).⁴¹

³⁹ <https://www.legislation.act.gov.au/di/2019-18/>

⁴⁰ <https://www.icrc.act.gov.au/industry-references/petrol-price-inquiry>

⁴¹ <http://www.legislation.act.gov.au/di/2018-69/default.asp>

The Commission monitored the impact of the CDS from 1 June 2018 to 30 June 2019. The Commission sought information on:

- the effect of the CDS on prices of beverages supplied in specified types of containers in the ACT;
- the performance and conduct of beverage suppliers in the ACT before and after the implementation of the CDS; and
- any other market impacts from the implementation of the CDS.

On 28 February 2019, the Commission released a progress report outlining its draft findings and draft recommendations from monitoring changes in beverage prices in the ACT.⁴² The Commission gave its final report to the Government in July 2019.

Final reports and special reports

Petrol prices

On 22 February 2019 the Commission received terms of reference from the Treasurer to undertake an investigation and provide a factual analysis of petrol prices and competition in the ACT. The Terms of Reference can be found at <https://www.legislation.act.gov.au/di/2019-18/.2> February 2019. The Commission gave its final report to the Treasurer on 28 June 2019.

Price directions

The Commission did not make any price directions in 2018–19.

Access agreements

The Commission's responsibilities for access agreements, in relation to infrastructure facilities, are set out in Part 5 of the ICRC Act.

Arbitration of disputes

Part 6 of the ICRC Act provides for the referral of disputes to the Commission in relation to an access regime for arbitration.

⁴² <https://www.icrc.act.gov.au/industry-references/container-deposit-scheme>

Notices issued under section 41 and general use of information obtained

Section 41 of the ICRC Act provides that the Commission can, by written notice, require a person to give it information or a document that may assist it in exercising its functions.

On 22 February 2019, the Commission received terms of reference from the Treasurer to undertake an investigation and provide a factual analysis of petrol prices and competition in the ACT. As part of this investigation, the Commission issued 13 section 41 notices for information relating to the investigation.

The Commission collected confidential commercial data on petrol retailer annual operating costs, margins and volume of fuel sold from businesses operating in Canberra and nearby locations. The information obtained under the section 41 notices was used to inform the Commission in undertaking its factual analysis and preparing the reports required under the ICRC Act and terms of reference.

Other functions exercised by the Commission

Section 8(1)(g) of the ICRC Act sets out other functions of the Commission. The Commission exercised the following functions under Utilities Act in 2018–19:⁴³

- determination of energy industry levy (NI2018-541, NI2018-542, NI2018-543 and NI2018-544);
- determination of licence fees (NI2018-540);
- approval of standard customer contract (NI2019-371); and
- utility licence annual reporting under section 25(2)(d) of the Utilities Act.

⁴³ Note: Notifiable (NI) and disallowable (DI) instruments are available at the ACT Legislation Register website at <http://www.legislation.act.gov.au/>.

Appendix 4 Annual reports (Government Agencies) Notice 2019 (NI2019-296) compliance statement

The Commission must comply with the 2019 Annual Report Directions (Directions). The Directions are found at the ACT Legislation Register: 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 records keeping of annual reports. The Commission complies with all subsections of Part 1 under the Directions.

To meet section 15 Feedback, Part 1 of the Directions, contact details for the Commission are provided within the 2018–19 Annual Report to provide readers with the opportunity to provide feedback.

Part 2 Annual report requirements

The requirements within Part 2 of the Directions are mandatory for all directorates and public sector bodies and the Commission complies with all subsections. The information that satisfies the requirements of Part 2 is found in the 2018–19 Annual Report as follows:

- A. Transmittal Certificate, see page 1
- B. Organisational Overview and Performance, inclusive of all subsections, see page 3 to 25
- C. Financial Management Reporting, inclusive of all subsections, see page 25 to 33

Part 3 Reporting by exception

The Commission has no information to report by exception under Part 3 of the Directions for the 2018–19 reporting period.

Part 4 Annual report requirements for specific reporting entities

The following subsections of Part 4 of the 2019 Directions are applicable to the Commission and can be found within the 2018–19 Annual Report:

Section 9 reporting requirements.

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 the one place for all ACT Public Service directorates, as follows:

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

ACT Public Service Directorate annual reports are found at the following web address:

http://www.cmd.act.gov.au/open_government/report/annual_reports

Appendix 5 Commission's publications 2018–19

Report 4 of 2018	<u>Issues Paper – Container Deposit Scheme Price Monitoring (July 2018)</u>
Report 5 of 2018	<u>Monitoring Report on the 2016–17 Utility Licence Annual Reports (August 2018)</u>
Report 6 of 2018	
Report 7 of 2018	<u>Annual Report 2017–18 (September 2018)</u>
Report 8 of 2018	<u>Issues Paper - Electricity Model and Methodology Review 2018–19 (October 2018)</u>
Report 9 of 2018	<u>Consumer Protection Code Issues paper (November 2018)</u>
Report 1 of 2019	<u>Technical Paper -Technical Paper – Electricity Model and Methodology Review 2018–19 (February 2019)</u>
Report 2 of 2019	<u>Progress Report – Container Deposit Scheme Price Monitoring (February 2019)</u>
Report 3 of 2019	<u>Draft report – Electricity Model and Methodology Review 2018–19 (April 2019)</u>
Report 4 of 2019	<u>Draft report – Investigation into motor vehicle petrol prices in the ACT (May 2019)</u>
Report 5 of 2019	<u>Electricity Model and Methodology Review Final Report (May 2019)</u>
Report 6 of 2019	<u>Final decision Retail electricity price recalibration 2019–20</u>
Report 7 of 2019	<u>Monitoring report on the 2017–18 Utility Licence Annual Reports (June 2019)</u>
Report 8 of 2019	<u>Water and Sewerage Services Prices 2019–20 (June 2019)</u>
Report 9 of 2019	<u>Final report – Investigation into motor vehicle petrol prices in the ACT (June 2019)</u>

Glossary and abbreviations

ABN	Australian Business Number
ACAT	ACT Civil Administrative Tribunal
ACT	Australian Capital Territory
ASO4	Administrative Services Office Level 4
ASO5	Administrative Services Office Level 5
ASO6	Administrative Services Office Level 6
ACTPS	ACT Public Service
CCC	Consumer Consultative Committee
CDS	Container Deposit Scheme
CEO	Chief Executive Officer
CNG	Compressed natural gas
CPC	Consumer Protection Code
CRP	Controlled Recurrent Payments
DI	Disallowable instrument
DDO	Designated Disclosure Officer
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1989</i>
FTE	Full-time equivalent
FY	Financial year
GPO	General payment for outputs
Human Rights Act	<i>Human Rights Act 2004</i>

Glossary and abbreviations

ICRC	Independent Competition and Regulatory Commission
ICRC Act	<i>Independent Competition and Regulatory Commission Act 1997</i>
ICT	information and communications technology
LPG	Liquid Petroleum Gas
MLA	Member of the Legislative Assembly
NERL	National Energy Retail Law
NSW	New South Wales
NI	Notifiable instrument
PO	Post Office
SES	Senior Executive Service
SOGA	Senior Officer Grade A
SOGB	Senior Officer Grade B
SOGC	Senior Officer Grade C
Utilities Act	<i>Utilities Act 2000</i>
WH&S Act	<i>Work Health and Safety Act 2011</i>

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