

# **BUDGET STATEMENTS**

**2023-24**

**for**

**Independent Competition and Regulatory  
Commission**

# INDEPENDENT COMPETITION AND REGULATORY COMMISSION - STATEMENT OF INTENT

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

This Statement of Intent for 2023-24 has been prepared in accordance with Section 61 of the *Financial Management Act 1996*.

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

The Statement of Intent, which focuses on the 2023-24 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the Independent Competition and Regulatory Commission strategic and business planning processes.

The Independent Competition and Regulatory Commission 2023-24 Statement of Intent has been agreed between:

Joe Dimasi

Senior Commissioner

Andrew Barr MLA

Treasurer

# INDEPENDENT COMPETITION AND REGULATORY COMMISSION

## Purpose

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

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

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

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

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

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

## Nature and Scope of Activities

### Activities to Meet Legislated Objectives

#### ***Retail Electricity Pricing Arrangements***

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

On 5 June 2020, the Commission released its final decision and price direction on the regulated retail electricity prices to apply from 1 July 2020 to 30 June 2024, subject to annual adjustments for pass-through events specified in the price direction. In making its decision, the Commission implemented improvements to its pricing model and methodology identified in the review completed in May 2019.

In accordance with the price direction, the Commission announced price resets with an increase of the allowed retail electricity prices on 7 June 2021 and a decrease on 6 June 2022. On 7 June 2023, the commission announced the maximum allowed increase (tbc) in retail electricity prices for 2023-24. This will be the final reset under the current price direction.

On 6 June 2023 the commission received terms of reference from the Treasurer to conduct a price investigation into retail electricity supplied to small customers on standard retail contracts for the regulatory period from 1 July 2024.

On 2 July 2021, the Commission released the ACT Retail Electricity (Transparency and Comparability) Code and final report, following extensive consultation with stakeholders. This industry code created a clear advice entitlement and established new regulatory obligations on electricity retailers to: (a) compare the annual price of their offers to the reference bill to enable customers to more easily compare electricity offers; and (b) regularly notify their customers if they have a better offer and ask customers to contact them for information.

The Code took effect from 1 October 2021, the same day as the ACT Government's reference price took effect. The Code included transitional arrangements for retailers to fully implement the better offer obligation; these arrangements are designed to reduce retailers' implementation costs.

On 31 March 2022, the AER released its Better Bills Guideline which overlaps with the ACT Retail Electricity Code regarding the better offer requirements. To reduce confusion and administrative costs, the Commission decided to vary the ACT Electricity Code in June 2022 to remove the overlap. The Commission continues to engage with the AER to coordinate regulatory responsibilities and prevent duplication.

#### ***Water and Sewerage Services Pricing Arrangements***

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

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

In accordance with the price direction, the Commission has made four annual adjustments to regulated water and sewerage services prices with the final adjustment in May 2022 for 2022-23.

Since its decision in 2018, the Commission has reviewed aspects of its pricing methodology to ensure it remains current and appropriate and provides incentives for Icon Water to operate efficiently. In August 2020, the Commission completed its review of incentive mechanisms. In April 2021, the Commission completed its review of its methodology for determining the regulated rate of return to ensure Icon Water receives an appropriate return on its prudent and efficient investments in infrastructure used for delivering water and sewerage services. In December 2021, the Commission completed a review of its model and methods for forecasting demand for water and sewerage services.

On 10 December 2021 the commission received an industry reference to determine a price direction for water and sewerage services for 2023-28. The commission released an issues paper on 1 March 2022, to solicit stakeholder responses on priorities and issues to be considered in the investigation. After receiving a pricing submission from Icon Water, the commission released its draft decision on 21 October 2022. This was open for further public consultation, and we held a public forum to discuss the report on 21 November 2022. Further inputs were received including a revised pricing submission from Icon Water. The commission released its final report and price direction 2023-28 for water and sewerage services on 1 May 2023. All public submissions received throughout the process are published on our website and were addressed in the final report.

### ***Utilities Regulatory Regime***

The Commission has a statutory responsibility to ensure that licensed utilities authorised to provide services in the Territory comply with their obligations under the Utilities Act, licence conditions, and industry codes. Collectively these give power to the objectives under the ICRC and Utilities Acts for the provision of safe, reliable, efficient and high quality utility services while protecting the long-term interests of consumers. The ACT licensing regime applies to electricity and gas transmission, distribution and connection services and water and sewerage services. The Commission assesses licence applications, maintains the licensing regime, and monitors and reports on licensed utilities' compliance with licence conditions.

The Commission regularly reviews and updates utility licences, codes and guidelines to ensure they remain appropriate, considering current and emerging consumer issues and utility industry developments.

- From 1 July 2020, a new consumer protection code that strengthens protections for utility consumers came into effect, following completion of the Commission's review of the code in December 2019. In May 2020, the Commission made consequential amendments to the consumer protection provisions of the Feed-in Tariff Code, which also came into effect from 1 July 2020.
- In February 2021, the Commission updated the utility licence terms and conditions to improve clarity, streamline reporting requirements, and reflect changes in the regulatory framework. The update reduces regulatory burden and ensures the regulatory regime remains current and continues to meet the objectives of the Utilities Act.

The Commission monitors compliance of each licensed utility with its regulatory obligations through a Utility Licence Annual Report. Each utility is required to report on the exercise of its functions under the Utilities Act; and compliance with the conditions of its licence. Each July the Commission sends licensed utility an information request, from which the Commission assesses the material for compliance with the relevant obligations and conditions. The results of the assessment are set out in the Commission's monitoring report.

The 2021-22 report was released on 12 April 2023 and included reporting on payments made against the Guaranteed Service Levels in the Consumer Protection Code. This report also included a section on the compliance of electricity retailers.

Under the industry code covering capital contributions for water and sewerage infrastructure upgrades, which took effect from 1 January 2018, the Commission reviews the contributions charge and associated infrastructure projects annually. The Commission also assesses any applications for approval of updates to the precinct map. In June each year since 2018, the Commission has approved precinct map updates and the level of the charge. The Commission also monitors the operation of the code.

As discussed under retail electricity pricing arrangements, the Commission has made the ACT Retail Electricity (Transparency and Comparability) Code, which took effect from 1 October 2021, with amendments on 17 February 2023. The code makes it easier for small customers to compare electricity offers and find an offer that could save them money off their bills.

### ***Advice to Government on Industry-Related Matters***

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

On 26 February 2021, the Treasurer asked the Commission to investigate Icon Water's prices and costs for supplying recycled water to high-intensity club users and provide advice to ensure that prices reflect costs. The Commission gave its report to the Under-Treasurer on 29 April 2021, as required by the Treasurer's request, to inform the ACT Government's review of non-potable water prices.

### ***Competition Policy***

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

On 20 December 2019, the Commission received a request from the Treasurer for advice to help ensure that the new crematorium facility to be built and operated by the ACT Public Cemeteries Authority (Canberra Cemeteries) operates in a manner consistent with competitive neutrality. The scope of work for the advice specified a two-stage process.

- In the first stage, the Commission developed detailed pricing principles to guide Canberra Cemeteries in developing a costing methodology and prices for the public crematorium services and products that will be consistent with the ACT Competitive Neutrality Policy. The Commission gave the final report to the Treasurer, Minister for City Services and Canberra Cemeteries on 29 May 2020.

- In the second stage, the Commission assessed Canberra Cemeteries' December 2020 pricing proposal, including its proposed costing methodology and prices, for compliance with the detailed pricing principles and more broadly with the Competitive Neutrality Policy. The Commission gave the report on its findings to the Treasurer, Minister for City Services and Canberra Cemeteries on 12 March 2021.

## Risks

Effective risk management is essential to achieving the Commission's purpose, satisfying stakeholder expectations, and ensuring compliance with legislation and regulations governing the Commission's operations.

The Commission has developed an organisational risk management plan and a risk register to identify and manage risks across the organisation. The risk register is reviewed and updated regularly. In addition, project-specific plans are developed, monitored and updated during each project. The Commission has identified three main areas of risk for achieving its objectives – operational, organisational and financial.

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

Over 2022-23, the Commission has continued to monitor the health and safety risks associated with the COVID pandemic, implemented suitable policies and processes to manage these risks, and activated its business continuity plan when required. These actions ensured the Commission continued to operate effectively and met all statutory deadlines while protecting the health and safety of its staff and stakeholders. In 2023-24, the Commission will incorporate COVID risks into its existing work health and safety management systems.

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

As a largely user-funded organisation, the Commission's financial risk mainly arises from inadequate cash reserves to meet the Commission's financial commitments. The Commission has appropriate risk management procedures to identify and manage financial risk, including actively monitoring credit risk in areas such as cash and other receivables appropriate to its nature, scale and size.

## 2023-24 Priorities and Next Three Financial Years

The Commission's strategic and operational priorities for 2023-24 include:

- undertaking a price investigation into retail electricity supplied to small customers on standard retail contracts for the regulatory period from 1 July 2024 and, in consultation with electricity retailers, the community and other stakeholders, determining prices that meet our objectives as set out in section 7 and 19L of the ICRC Act and section 3 of the Utilities Act;
- overseeing the annual adjustment, including for pass-through events, required by the price determination for regulated water and sewerage services 2023-28;
- overseeing the regulatory regime established under the Utilities Act, including licensing, industry code development and updates and compliance monitoring;
- reporting on utility compliance and performance, benchmarking against the Guaranteed Service Levels defined in the Consumer Protection Code as well as electricity retailers' compliance with the Retail Electricity Code;
- recovering annual utility licence fees and administering the annual energy industry levy;
- responding to any new terms of reference received from the ACT Government for advice on industry-related matters; and
- responding to the Government's requirements for advice on competition policy matters and discharging the Commission's statutory role in competitive neutrality complaints handling.

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

- undertaking the annual adjustment to regulated water and sewerage service prices for the financial years 2024 25, 2025 26 and 2026-27 in accordance with the price direction;
- completing the necessary research and analysis in respect to tariff structures for sewerage services well in advance of the next price investigation into regulated water and sewerage service prices;
- overseeing any annual adjustments, including for pass-through events, required by a price determination for retail electricity supplied to small customers on standard retail contracts that is made in response to terms of reference issued by the Government for the regulatory period from 1 July 2024;
- enhanced focus on compliance monitoring, and reporting on utility compliance and performance;
- overseeing the regulatory regime established under the Utilities Act, including licensing, amending existing licences to take account of any legislative changes, industry code development and updates, recovering annual utility licence fees, administering the energy levy;
- responding to any terms of reference received from the ACT Government for advice on industry-related matters; and
- responding to the Government's requests for advice on competition policy matters and discharging the Commission's statutory role in competitive neutrality complaints handling.



## Estimated Employment Levels

Table 1: Estimated Employment Levels

	2021-22 Actual Outcome <sup>1</sup>	2022-23 Budget <sup>2</sup>	2022-23 Estimated Outcome <sup>1</sup>	2023-24 Budget <sup>2</sup>
Staffing (FTE)	10	10.5	8.5	10.5

**Note(s):**

1. These figures relate to staffing levels paid at the end of the financial year.
2. These figures relate to estimated average annual staffing figures.

## Key Performance Indicators for 2023-24 to 2026-2027

**Table 2: Key Performance Indicators for 2023-2024, 2024-2025, and 2025-2026 to 2026-2027**

Item	Measure 2023-24	Measure 2024-25	Measure 2025-26 to 2026-27
Water and sewerage services pricing	Annual price adjustments.	Annual price adjustments.	Annual price adjustments.
Retail electricity pricing	Price determination for regulatory period from 1 July 2024, subject to terms of reference from ACT Government.	Annual price adjustment, subject to making new price determination for regulatory period from 1 July 2024.	Annual price adjustment, subject to making new price determination for regulatory period from 1 July 2024.
Advice on industry-related matters or competition policy issues.	Subject to receipt of references.	Subject to receipt of references.	Subject to receipt of references.
Utilities compliance and performance monitoring	1 report.	1 report.	Annual reports.
Utility licence fees (water and sewerage services, and energy sector utilities not subject to energy industry levy)	Licence fees determination and collection.	Licence fees determination and collection.	Annual licence fee determinations and annual collection of licence fees.
Utility levies (energy sector)	4 determinations.	4 determinations.	4 determinations each year.
Industry code determinations	Determinations as required.	Determinations as required.	Determinations as required.
Capital Contributions Code (water and sewerage infrastructure upgrades)	1 annual review and 1 approval of precinct map update if required.	1 annual review and 1 approval of precinct map update if required.	Annual reviews and approvals of precinct map update if required.

## Assessment of Performance Against 2022-23 Objectives

**Table 3: Comparison of Estimated Performance at 2022-23 and the Statement of Intent for 2022-23**

<b>Item</b>	<b>Measure</b>	<b>Estimated Performance</b>
Water and sewerage services pricing	Annual price adjustment.	Annual price adjustment.
	Completion of review of water demand forecasting model and methods.	Completion of review of water demand forecasting model and methods.
Retail electricity pricing	Annual price adjustment. Guidelines for ACT Retail Electricity (Transparency and Comparability) Code.	Annual price adjustment. Guidelines for ACT Retail Electricity (Transparency and Comparability) Code.
Advice on industry-related matters or competition policy issues.	Subject to receipt of references.	No references received.
Utilities compliance and performance monitoring	1 report.	1 report.
Utility licence fees (water and sewerage services, and energy sector utilities not subject to energy industry levy)	Licence fees determination and collection.	Licence fees determination and collection.
Utility levies (energy sector)	4 determinations.	4 determinations.
Industry code determinations	Determinations as required.	1 determination.
Capital Contributions Code (water and sewerage infrastructure upgrades)	1 annual review and 1 approval of precinct map update if required.	1 annual review and 1 approval of precinct map update.

## Changes to Appropriation

**Table 4: Changes to appropriation – Controlled Recurrent Payments (\$'000)**

	2022-23 Estimated Outcome	2023-24 Budget	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
<b>2022-23 Budget</b>	598	514	629	648	648
<b>2nd Appropriation</b>					
Energy Industry Levy Appropriation	35	44	83	118	152
<b>2023-24 Budget Policy Decisions</b>					
Investing in public services – Broadening the ACT Public Service flexibility	0	-3	-3	-3	-3
<b>2023-24 Budget Technical Adjustments</b>					
Energy Industry Levy Appropriation	-35	-88	-8	-14	-46
Revised Indexation Parameters	0	-1	-1	-1	12
Revised Superannuation Parameters	0	10	-9	18	41
Revised Wages Parameters	0	-8	-2	-49	-193
<b>2023-24 Budget</b>	<b>598</b>	<b>468</b>	<b>689</b>	<b>717</b>	<b>611</b>

## **Monitoring and Reporting**

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

The Financial Management Act 1996 (FMA) authorises the Treasurer to obtain financial and other statements from the Commission for a stated period including annual, quarterly and monthly reporting.

## **Annual Reporting**

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

- Certified financial statements.
- Management discussion and analysis.
- A full and accurate set of audited financial records for the preceding financial year in the form requested.
- Consolidation packs relating to the annual financial statements, draft and final.

## Financial Statements

Presentational changes have been made to streamline the financial statements and the 2022-23 Budget column also reflects this change. These changes will be consistent with future annual financial statements and ensure comparability of the annual financial statements with the budget estimates as required under section 27 of the *Financial Management Act 1996*.

**Table 5: Independent Competition and Regulatory Commission: Operating Statement (\$'000)**

	2022-23 Budget	2022-23 Estimated Outcome	2023-24 Budget	Var %	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
<b>Income</b>							
Controlled Recurrent Payments	598	598	468	-22	689	717	611
Fees	405	275	660	140	514	535	557
Sale of Goods and Services from Contracts with Customers	871	1 154	880	-24	107	108	901
Grants and Contributions Revenue	448	450	471	5	481	496	511
Interest Revenue	15	15	48	220	24	12	12
<b>Total Income</b>	<b>2 337</b>	<b>2 492</b>	<b>2 527</b>	<b>1</b>	<b>1 815</b>	<b>1 868</b>	<b>2 592</b>
<b>Expenses</b>							
Employee Expenses	1 651	1 827	1 914	5	1 757	1 829	2 104
Supplies and Services	552	530	380	-28	381	385	390
<b>Total Expenses</b>	<b>2 204</b>	<b>2 358</b>	<b>2 295</b>	<b>-3</b>	<b>2 139</b>	<b>2 215</b>	<b>2 495</b>
<b>Operating Result</b>	<b>134</b>	<b>135</b>	<b>233</b>	<b>73</b>	<b>-323</b>	<b>-346</b>	<b>98</b>
<b>Total Comprehensive Result</b>	<b>134</b>	<b>135</b>	<b>233</b>	<b>73</b>	<b>-323</b>	<b>-346</b>	<b>98</b>

**Table 6: Independent Competition and Regulatory Commission: Balance Sheet (\$'000)**

	Budget at 30/6/23	Estimated Outcome at 30/6/23	Budget at 30/6/24	Var %	Estimate at 30/6/25	Estimate at 30/6/26	Estimate at 30/6/27
<b>Current Assets</b>							
Cash and Cash Equivalents	1 952	2 249	2 485	10	2 164	1 815	1 909
Receivables	244	76	95	25	114	133	152
Other Assets	0	2	2	-	2	2	2
<b>Total Current Assets</b>	<b>2 196</b>	<b>2 327</b>	<b>2 582</b>	<b>11</b>	<b>2 280</b>	<b>1 950</b>	<b>2 063</b>
<b>Non-Current Assets</b>							
<b>Total Non-Current Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>2 196</b>	<b>2 327</b>	<b>2 582</b>	<b>11</b>	<b>2 280</b>	<b>1 950</b>	<b>2 063</b>
<b>Current Liabilities</b>							
Payables	99	98	99	1	100	101	102
Employee Benefits	416	504	519	3	534	543	552
<b>Total Current Liabilities</b>	<b>515</b>	<b>602</b>	<b>618</b>	<b>3</b>	<b>634</b>	<b>644</b>	<b>654</b>
<b>Non-Current Liabilities</b>							
Employee Benefits	21	13	19	46	24	30	35
<b>Total Non-Current Liabilities</b>	<b>21</b>	<b>13</b>	<b>19</b>	<b>46</b>	<b>24</b>	<b>30</b>	<b>35</b>
<b>TOTAL LIABILITIES</b>	<b>536</b>	<b>615</b>	<b>637</b>	<b>4</b>	<b>658</b>	<b>674</b>	<b>689</b>
<b>NET ASSETS</b>	<b>1 660</b>	<b>1 712</b>	<b>1 945</b>	<b>14</b>	<b>1 622</b>	<b>1 276</b>	<b>1 374</b>
<b>Equity</b>							
Accumulated Funds	1 660	1 712	1 945	14	1 622	1 276	1 374
<b>TOTAL EQUITY</b>	<b>1 660</b>	<b>1 712</b>	<b>1 945</b>	<b>14</b>	<b>1 622</b>	<b>1 276</b>	<b>1 374</b>

**Table 7: Independent Competition and Regulatory Commission: Statement of Changes in Equity (\$'000)**

	Budget at 30/6/23	Estimated Outcome at 30/6/23	Budget at 30/6/24	Var %	Estimate at 30/6/25	Estimate at 30/6/26	Estimate at 30/6/27
<b>Opening Equity</b>							
Opening Accumulated Funds	1 526	1 577	1 712	9	1 945	1 622	1 276
<b>Balance at the Start of the Reporting Period</b>	<b>1 526</b>	<b>1 577</b>	<b>1 712</b>	<b>9</b>	<b>1 945</b>	<b>1 622</b>	<b>1 276</b>
<b>Comprehensive Income</b>							
Operating Result	133	134	232	73	-324	-347	97
Other Movements	1	1	1	-	1	1	1
<b>Total Comprehensive Result</b>	<b>134</b>	<b>135</b>	<b>233</b>	<b>73</b>	<b>-323</b>	<b>-346</b>	<b>98</b>
<b>Closing Equity</b>							
Closing Accumulated Funds	1 660	1 712	1 945	14	1 622	1 276	1 374
<b>Balance at the end of the Reporting Period</b>	<b>1 660</b>	<b>1 712</b>	<b>1 945</b>	<b>14</b>	<b>1 622</b>	<b>1 276</b>	<b>1 374</b>



**Table 8: Independent Competition and Regulatory Commission: Cash Flow Statement (\$'000)**

	2022-23 Budget	2022-23 Estimated Outcome	2023-24 Budget	Var %	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Controlled Recurrent Payments	598	598	468	-22	689	717	611
Fees	405	275	682	148	521	543	562
Sale of Goods and Services from Contracts with Customers	871	1 154	858	-26	100	100	896
Interest Receipts	15	15	48	220	24	12	12
Goods and Services Tax Input Tax Credits from the Australian Taxation Office	45	45	45	-	45	45	45
Other	436	438	460	5	470	485	500
<b>Total Receipts from Operating Activities</b>	<b>2 370</b>	<b>2 525</b>	<b>2 561</b>	<b>1</b>	<b>1 849</b>	<b>1 902</b>	<b>2 626</b>
<b>Payments</b>							
Employee Payments	1 659	1 835	1 915	4	1 759	1 836	2 112
Supplies and Services	581	559	410	-27	411	415	420
<b>Total Payments from Operating Activities</b>	<b>2 240</b>	<b>2 394</b>	<b>2 325</b>	<b>-3</b>	<b>2 170</b>	<b>2 251</b>	<b>2 532</b>
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	<b>130</b>	<b>131</b>	<b>236</b>	<b>80</b>	<b>-321</b>	<b>-349</b>	<b>94</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>130</b>	<b>131</b>	<b>236</b>	<b>80</b>	<b>-321</b>	<b>-349</b>	<b>94</b>
<b>Cash and Cash Equivalents at the Beginning of the Reporting Period</b>	<b>1 822</b>	<b>2 118</b>	<b>2 249</b>	<b>6</b>	<b>2 485</b>	<b>2 164</b>	<b>1 815</b>
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>1 952</b>	<b>2 249</b>	<b>2 485</b>	<b>10</b>	<b>2 164</b>	<b>1 815</b>	<b>1 909</b>

## Notes to the Controlled Budget Statements

Significant variations are as follows:

### ***Operating Statement***

- controlled recurrent payments: the decrease of \$0.130 million in the 2023-24 Budget from the 2022-23 estimated outcome reflects a reduced energy levy for the year as the commission will not complete an electricity reset for 2023-24, among other changes. The commission will instead commence a price investigation into retail electricity supplied to small customers on standard retail contracts for the regulatory period from 1 July 2024, which is recognised in the sales of goods and services from contracts with customers below.
- taxes, licences, fees and fines: the increase of \$0.385 million in the 2023-24 Budget from the 2022-23 estimated outcome reflects increased fees as the Commission has completed the pricing investigation to determine the regulated prices of water and sewerage services in the prior regulatory period.
- sales of goods and services from contracts with customers: the decrease of \$0.381 million in the 2023-24 Budget from the 2022-23 estimated outcome reflects the water and sewerage pricing investigation completion in 2022-23 and the commencement of the retail electricity pricing investigation in 2023-24.
- interest revenue: the increase of \$0.033 million in the 2023-24 Budget from the 2022-23 estimated outcome is due to higher interest rates expected on cash in 2023-24.
- supplies and services: the decrease of \$0.150 million in the 2023-24 Budget from the 2022-23 estimated outcome reflects reduced future costs after the completion of the water and sewerage pricing investigation in 2022-23.
- operating result: the increase of \$0.098 million in the 2023-24 Budget operating result from the 2022-23 estimated outcome is due to the higher interest revenue expected in 2023-24 coupled with savings on supplies and services.

### ***Balance Sheet, Statement of Changes in Equity and Cash Flow Statement***

Variations in these Statements are explained in the notes above.