



# ICRC

independent competition and regulatory commission

Annual Report  
**2015–16**

Report 6 of 2016  
October 2016

The Independent Competition and Regulatory Commission (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. 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).

Correspondence or other inquiries may be directed to the Commission at the following addresses:

Independent Competition and Regulatory Commission  
PO Box 161  
Civic Square ACT 2608  
  
Level 8  
221 London Circuit  
Canberra ACT 2601

The Commission may be contacted at the above addresses, by telephone on (02) 6205 0799, or by fax on (02) 6207 5887. The Commission's website is at [www.icrc.act.gov.au](http://www.icrc.act.gov.au) and its email address is [icrc@act.gov.au](mailto:icrc@act.gov.au).



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

For information about the basis of preparing the financial information in this annual report, see 'Note 2' in Appendix 1.

Information contained in or accessible through the websites mentioned in this annual report does not form part of this report unless specifically stated that it is incorporated by reference and forms part of this report. All references in this report to websites are inactive textual references and are for information only.

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# ICRC

independent competition and regulatory commission

*Part A: Transmittal certificate*

## Part A Transmittal certificate

Mr Andrew Barr MLA  
Treasurer  
ACT Legislative Assembly  
CANBERRA ACT 2601

Dear Treasurer,

The attached Independent Competition and Regulatory Commission: Annual Report 2015-2016 has been prepared under section 6(1) 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 2015 to 30 June 2016.

We also certify that fraud prevention has been managed in accordance with Public Sector Management Standards, Part 2.

We note that section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be presented before the Legislative Assembly within 4 months after the end of the reporting year.

Yours sincerely

Mr Joe Dimasi  
Senior Commissioner  
04 October 2016

Ms Ranjini Nayager  
Chief Executive Officer  
04 October 2016

## Senior Commissioner's overview

The 2015–16 year has been one of change for the Commission. The Water and Sewerage Pricing Framework Review (Grant Review) was completed just prior to the beginning of the 2015–16 financial year, with the final review being released on 4 June 2015.<sup>1</sup> The 2015–16 financial year then saw the ACT Government release its response to the Grant Review, and follow that up with a bill that proposed some of the most substantive amendments to the ICRC Act since it came into effect in 1997. The bill, and subsequent amending act, provided greater clarity to the Commission in a number of price direction related areas, including a new overarching objective for the Commission to:

*'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'.<sup>2</sup>*

In 2016, I was appointed to the Commission on 1 May, and as Senior Commissioner on 1 June. Following the expiration of the terms of the previous commissioners Mr Malcolm Gray and Mr Mike Buckley on 29 February 2016 Mr Roger Broughton and Ms Karen Doran were appointed Senior Commissioner and Commissioner on an interim basis until a permanent appointment was made. I would like to thank them all for their contribution in ensuring that the Commission continued to function well during the past year.

### Activities for 2015-16

The Commission completed a number of tasks during 2015–16. These included:

- the determination of the 2015–16 utility licence fees (Appendix 2)
- the determination of the 2015–16 energy industry levy (Appendix 2)
- transfer of TransGrid's electricity transmission licence (Appendix 2);
- the water and sewerage services price adjustment for 2016–17 (section B.2.1);
- the retail electricity price adjustment for 2016-17 (section B.2.2);
- approved Icon Water's standard customer contracts for drinking and non-drinking water services (Appendix 2); and,
- the Utility Licence Annual Report (Appendix 4)

In addition, the Commission has, as required by the Substituted Price Direction, commenced a review of the structure of water and sewerage services tariffs within the ACT.<sup>3</sup> The purpose of this review is to examine the existing tariff structure to ensure that they meet the ongoing needs of the ACT community.

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<sup>1</sup> <http://apps.treasury.act.gov.au/water-and-sewerage-pricing-framework-review>

<sup>2</sup> ICRC Act Section 19L.

<sup>3</sup> <http://www.icrc.act.gov.au/water-and-sewerage/tariff-review-2016/>.



The Commission will consider the views of the ACT community very carefully before making any proposals in our final report.

### **Looking forward**

The Commission expects the 2016–17 year to be a busy one. It has received the terms of reference for the next electricity price determination.<sup>4</sup> As required it will conduct a public review of standing offer prices for the supply of electricity customers to small customers for the period 2017–18 to 2019–20.<sup>5</sup>

In addition, the Commission expects to receive the terms of reference for the price determination for water and sewerage services during the coming year. This review will determine the level of water and sewerage services from 1 July 2018.

The Commission will also continue to discharge its functions relating competitive neutrality and the annual programs for the utility licence fee, energy industry levy and Utility Licence Annual Report.

### **The Commission's approach**

The Commission's role is to protect the interests of the ACT community through the price regulation of industries involved in water, electricity and sewerage services, by the promotion of competition and by investigating competitive neutrality complaints. The Commission's approach is to work in a consultative and transparent manner so that the views of stakeholders are able to be considered in its decisions.

I would like to express my thanks to the staff of the ICRC. The work of the Commission would not be possible without their commitment and endeavour.

Joe Dimasi  
Senior Commissioner

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<sup>4</sup> <http://www.legislation.act.gov.au/di/2016-138/default.asp>.

<sup>5</sup> Small customers are defined in the terms of reference as a customers who consume less than 100 MWh of electricity over any period of 12 consecutive months.

## **Part B Organisational overview and performance**

### **B.1 Organisational overview**

We provide advice on a range of matters including government regulated activities, competitive neutrality, determining licence conditions for some utilities, monitoring of utility licence holders, providing price directions and providing expert advice on a range of matters referred to us, for example, on secondary water options for the territory and the racing industry in the territory. The ICRC Act and the Utilities Act together set out our functions and objectives in detail.

We have been established amongst other things 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;
- encourage the provision of safe, reliable, efficient and high-quality utility services at reasonable prices;
- minimise the potential for misuse of monopoly power in the provision of utility services;
- promote ecologically sustainable development in the provision of utility services; and
- protect the interests of consumers.

The sections in Part N list other legislation under which we have obligations.

We, collectively and as individuals, seek to:

- use our professional skills, expertise, experience and professional judgment to promote efficient competition in the ACT economy in the interests of consumers;
- use our professional experience and judgment to achieve a sustainable balance between efficiency and environmental and social needs;
- use our resources efficiently and to good effect;
- work together to provide a working environment that is safe, healthy and productive; and
- encourage, support, develop and challenge our staff.

We are an independent statutory body established by an act of the ACT Legislative Assembly and are accountable to the Legislative Assembly through the Treasurer under administrative arrangements. We are governed by a part-time commissioner appointed by the Executive to represent the interests of all stakeholders.

Our Commission determines the broad policies, priorities and strategies of the Commission, ensures that the affairs of the Commission are managed in an efficient and effective way

and in accordance with relevant legislation and provides guidance on the Commission's regulatory approach.

Our Senior Commissioner at June 2016 was Joe Dimasi:



Joe was appointed as Commissioner in May 2016, and Senior Commissioner from 1 June 2016, for a term of 5 years. Joe 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, was involved in the establishment of the Australian Energy Regulator, and is a former Commissioner of the Australian Competition and Consumer Commission. Joe is a Professorial Fellow at the Monash Business School and is also the Tasmanian Economic Regulator.

#### Looking back: 2015–16

The Commission completed annual price determinations for Icon Water's water and sewerage services prices and regulated electricity tariffs for ActewAGL in June 2016 but did not commence or complete any inquiry activities. The Commission began a review of the structure of Icon Water's water and sewerage service tariffs in 2015-16 and will conclude this work in 2016-17.

In 2015–16 the Commission assessed and granted a variation to TransGrid to provide electricity transmission services in the ACT. The Commission also provided advice on new and amended technical codes which followed the enactment of the *Utilities (Technical Regulation) Act 2014* (UTR Act). This Act established a separate legislative framework for technical regulation. The Commission retained its role in determining utility licence conditions and in the setting of the levy or licence fee the utility must pay to defray the cost of technical regulation. The Commission continued to produce the Utility Licence Annual Report. The Commission's work program will build during the course of 2016–17 with the commencement of work under the terms of reference for an inquiry into small customer retail electricity prices and water and sewerage services.

The Commission's work load returned to a normalised pattern following a trough in work. This level of activity is likely to increase with the issuance of terms of reference for the setting of retail electricity prices for small customers in May 2016. We also anticipate receiving a terms of reference for an inquiry into water and sewerage services prices in 2016-17.

The Commission's priorities in 2016-17 are to:

- Develop its internal capacity to undertake utility price determinations; and

- Continue to engage with the Technical Regulator to better integrate technical and economic regulation of the ACT's infrastructure assets.

The challenges facing the Commission are centred on staff and skill development given the cyclical nature of the Commission's work program.

Establishing an effective community consultation program and providing the community with information in a timely fashion to foster understanding and greater engagement with all stakeholders as part of the investigation of Icon Water's water and sewerage services will also be a challenge.

Whilst there is no single right methodology for establishing a regulatory methodology, during the investigation, the Commission will consider the legislative and policy framework under which a price determination can be made, how a proposed price direction promotes the efficient investment in, and efficient operation and use of regulated services by Icon Water for the long term interests of consumers in relation to the price, quality, safety, reliability and security of the service. As Icon Water is a wholly government owned entity providing an essential service to the Territory, a key in developing the methodology is effective engagement by all stakeholders and the Commission expects that this task will be supported by Icon Water.

The Commission acknowledges the efforts by Icon Water to engage with the Commission in an open, transparent and professional manner in 2015-16. The quality of the engagement with the Commission has led to outcomes that benefit the community and the Commission anticipates continued open, transparent and professional engagement by Icon Water during the water and sewerage services investigation.

## **B.2 Performance analysis**

### **B.2.1 Regulated water and sewerage services price adjustment 2016–17**

In June 2016 the Commission determined new maximum prices for Icon Water's regulated water, sewerage and miscellaneous services to apply from 1 July 2016. The price adjustment was made in accordance with the *Substituted Price Direction: Regulated Water and Sewerage Services, 1 July 2013 to 30 June 2018*.

### **B.2.2 Retail electricity price adjustment**

In June 2016 the Commission determined the maximum average price adjustment for ActewAGL Retail's basket of regulated retail electricity tariffs to apply from 1 July 2016. The price adjustment was made in accordance with the *Price Direction: Standing offer prices for the supply of electricity to small customers 1 July 2014 to 30 June 2017*.

On 22 June 2016, the Commission received a terms of reference from the Treasurer to determine a *Price Direction: Standing offer prices for the supply of electricity to small customers 1 July 2017 to 30 June 2020*.

The terms of reference are available at <http://www.legislation.act.gov.au/di/2016-138/current/pdf/2016-138.pdf>.

### **B.2.3 2016 Tariff review**

A review of Icon Water's regulated water and sewerage services tariff structure is a reset principle in *the Substituted Price Direction: Regulated Water and Sewerage Services, 1 July 2013 to 30 June 2018*. The Commission started the tariff review process in November 2015 with the release of an Issues Paper. This was followed by the publication of two technical papers. The Commission expects to conclude the review in early 2017.

### **B.2.4 Utility licence annual report**

Under section 25(2)(d) of the Utilities Act licensed utilities in the ACT report annually to the Commission in relation to the exercise of their functions under the Act, and their compliance with the conditions of their licence. The Commission monitors these reports and may verify the data provided and question utilities about its accuracy where it appears anomalous or inconsistent. We have set out a summary of the utility licence annual reports received in 2015–16 in Appendix 3 – Utility Licence Annual Report 2014–15 summary.

## **B.3 Scrutiny**

No reports on the Commission were produced by entities charged with responsibility for scrutiny in 2015–2016.

## **B.4 Risk management**

Our approach to risk management is that 'risk is everyone's business'.

As a management tool, risk management is used by us to identify and manage the potential cost and performance/technical risks to our statutory obligations, to take a proactive and structured approach to manage negative outcomes, respond to them if they occur, and identify potential opportunities that may be hidden in the situation. The risk management approach and plan operationalise these management goals.

## **B.5 Internal audit**

The Commission is a small organisation, and the establishment of a formal internal audit committee of the type envisaged in the 2015–16 Annual report directions is not appropriate for us. We are committed and attentive to the need for strong controls to identify and manage our risks, as well as developing a strong risk management culture within our organisation. Whilst our CEO is responsible for implementing the systems and controls, including a methodology for internal review and for the identification and management of

risk across our organisation relevant to our nature, scale and size, we promote an approach that sees active risk management as the responsibility of all Commission staff.

## **B.6 Fraud prevention**

We define fraud as part of financial risk. We actively manage the risk of fraud through a number of initiatives including staff awareness, a fraud policy and control plan and our approach to risk management, that is, that risk is everyone's business. Our financial risk-management practices are designed to prevent financial fraud. We have instituted financial controls that are reflective of our nature, scale and size and include controls on cash, and financial transactions and approvals. Our Senior Commissioner and CEO maintain regular oversight of activities and principal transactions.

## **B.7 Work health and safety**

In the Commission our approach to workplace health and safety is that it is a shared responsibility between our staff, the CEO and our Senior Commissioner.

Ensuring we have a working environment that is healthy and safe for all Commission staff is a high priority for us. Our monthly Commission Meeting, and our operational team meetings have workplace health and safety as a standing agenda item and any safety concerns are discussed in an open, transparent and supportive manner. Given our size and open approach to identifying and managing any workplace safety issues or concerns we did not have an elected Health and Safety Representative in 2015–16. Staff did however, have access to consultative committee forums which are the primary mechanism for consultation on all workplace issues, including workplace safety.

In 2015–16 we again coordinated and funded a vaccination program for staff to receive an annual influenza vaccination.

During 2015–16 no notices were issued to us under Part 10 of the *Work Health and Safety Act 2011* during 2015–16. There were also 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 *Work Health and Safety Act 2011*.

## **B.8 Human resources management**

This year we have continued our workforce planning and human resource management strategy of maintaining a core of permanent staff with the specialist skills and experience necessary to meet our statutory objectives. Our areas of professional expertise include regulatory economics and regulatory law and policy and we are committed to sustainably building internal resources to deliver on our responsibilities efficiently and effectively.

Our workforce strategy of engaging additional specialist skills through contract staff and consultants on an as-needs basis for specific projects was again implemented in 2015-16. This particular strategy enables us to respond effectively when references or other requests

require additional capacity, and provides us with the flexibility to respond to emergent workforce capability challenges in an efficient manner.

Given our size (6 full-time staff and 1 part-time Commissioner) and the specialist nature of our functions we have not implemented any specific employment strategies for apprenticeships, traineeships or for people with a disability. In 2015-16, one of our staff members identified themselves as having a disability, and is provided with ongoing support and assistance where necessary. The Commission continues to provide support for all the workplace needs of all staff, as well as the Senior Commissioner.

Given the small size of the Commission, the provision of length of service, levels, age and other reportable data may breach our commitment to and protection of the privacy of staff.

Workforce recruitment and separation data was either not supplied or due to a small sample size, the data was not statistically valid or reliable.

## B.9 Ecologically sustainable development

Table 1 Sustainable development performance – current (2015-16) and previous financial year (2014-15)

Indicator as at 30 June 2015	Unit	Current FY	Previous FY	Percentage change
<b>Agency staff and area</b>				
Agency staff	FTE	6	4	
Workplace floor area	Area (m <sup>2</sup> )	330	330	0
<b>Stationary energy usage</b>				
Electricity use	Kilowatt	17,857.83	21,106.88 <sup>6</sup>	
Renewable electricity use	Kilowatt	0	0	0
Natural gas use	Megajoules	0	0	0
<b>Transport fuel usage</b>				
Total number of vehicles	Number	0	0	n/a
Total kilometres travelled	Kilometres	0	0	n/a
Fuel use – Petrol	Kilolitres	0	0	n/a
Fuel use – Diesel	Kilolitres	0	0	n/a
Fuel use – Liquid Petroleum Gas	Kilolitres	0	0	n/a
Fuel use – Compressed Natural Gas (CNG)	Kilolitres	0	0	n/a
<b>Water usage</b>		Data not available as building is leased	Data not available as building is leased	n/a
Water use	Kilolitres			
<b>Resource efficiency and waste</b>				
Reams of paper purchased	Reams	67	44	
Recycled content of paper purchased	Percentage	50	75	
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	17x240-litre bins	25x240-litre bins	
Organic material recycled	Litres	0	0	0
<b>Greenhouse gas emissions</b>				
Emissions from stationary energy	Tonnes	21.97	19.9	
Emissions from transport	Tonnes			
Total emissions	Tonnes	21.97	19.9	

<sup>6</sup> The Commission reported for 2014-15 (due to incorrect data supplied) the figure of 2,418.48 kWh. The correct figure for 2014-15, as reported in Table 1 above, was 21,106.88.



## Part C Financial management reporting

### C.1 Financial management analysis

#### C.1.1 General overview

##### *Objectives*

The Commission has responsibilities for a broad range of regulatory and utility administrative matters. We have 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. We also have responsibility for arbitrating infrastructure access disputes under the ICRC Act.

Under the Utilities Act, we are responsible for managing the licensing framework for non National Energy Retail Law (NERL) utility service providers in the ACT, including issuing licences and monitoring of licence compliance. We also have responsibility for industry codes of practice and approving some standard customer contracts.

We have 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 electricity suppliers to renewable energy generators.

Our objectives and functions are set out in sections 7 and 19L of the ICRC Act and section 3 of the Utilities Act. We operate on a cost recovery basis.

##### *Risk Management*

We have developed business continuity, business risk management, and fraud control plans as part of our risk management framework in managing our risk environment. We have identified key risk areas, such as:

- consultant risk;
- operational risk;
- information risk;
- workplace safety and related employee risks; and
- credit or default risk.

Comments on each of these areas are below.

##### **Consultant risk**

- The probability of risks associated with non-performance under contracts for expert advice materialising is considered low. We manage this risk by using whole of life

contract management principles including close oversight of performance under the contract. There have been no incidents of contractual non-performance in 2015-16.

### **Operational risk**

- Operational risk arises from inadequate internal processes, people and systems, or from external events such as non-performance under contracts. We have instituted policies and procedures that proactively manage third-party risk through continuous evaluation of risk factors across the decision continuum. The cyclical nature of our work has placed and continues to place pressure on our people.
- We faced the organisational risk of sustainability. Our reliance on a small workforce increases the risk of loss of organisational capacity and knowledge when those staff take extended leave or seek employment opportunities elsewhere. To manage this risk, additional staff were recruited in 2015-16.

### **Information risk**

- Information risks can arise from failures in management of information including loss, or inappropriate use or disclosure. Risks arising from inappropriate treatment of information are addressed through our policies in relation to use and disclosure of confidential information, care in relation to the publication of information on the website or in reports, and appropriate and secure physical storage of information. Where applicable, we are guided by the *ACT Government Protective Security Framework 2014*. We address information management issues by compliance with the ACT Public Sector policies and practices on records management.

### **Workplace safety and related employee risks**

- Workplace risks are managed as an ongoing priority. Management has close oversight of employee work practices, and office facilities. Responsibility for occupational health and safety representation is a shared responsibility. We have a fire warden and a first aid officer.
- During 2015-16, no occupational health and safety incidents or dangerous occurrences were notified. We provide a high level of support for staff and promote sustainable work–family balance practices.

### **Credit or default risk**

- The risks of mishandling funds or fraud are actively managed by adequate separation of powers and authority limits appropriate to our nature, scale and size, and through the regular monitoring of accounts. Most revenue transactions are by direct credit to our bank account. There are no cash payments for services supplied and there is an appropriate checks-and-balances authorisation and payment process. We have assessed and developed financial risk management strategies consistent with our strategies, priorities, policies and in consideration of our nature, scale and size.

## C.1.2 Financial performance

The following financial information is based on audited financial statements for 2014-15 and 2015-16, and the forward estimates contained in the 2016-17 Budget Statements.

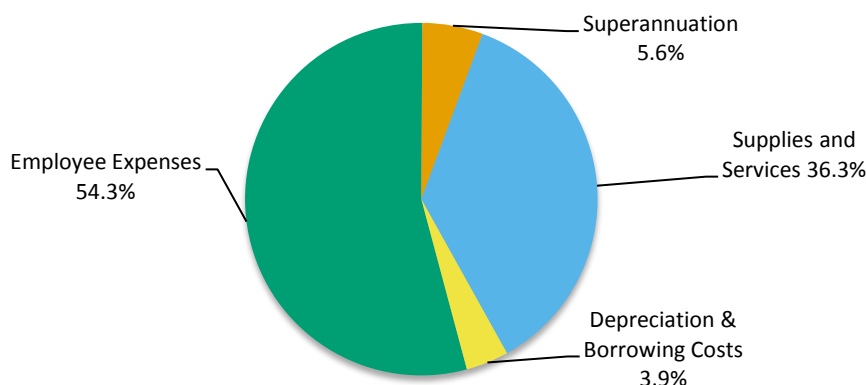
### Total expenditure

#### Components of expenditure

Figure 1 shows the components of our expenditure for 2015-16. The main components of ordinary expenditure were:

- Employee Expenses of **\$0.790 million** (54.3 per cent); and
- Supplies and Services of **\$0.528 million** (36.3 per cent).

Figure 1 Components of expenditure 2015-16



#### Comparison to budget

Total expenditure was **\$1.455 million** and was **\$0.414 million** (22.1 per cent) lower than the budget. The lower than budgeted result relates to the Commission changing its accounting treatment of utility licence fees that it collects in accordance with the Utilities Act.

Historically the Commission has recorded Technical Regulator and ACT Civil and Administrative Tribunal (ACAT) costs recovered through the utility licence fee as expenses. This ultimately led to the recording of income, expenses, assets and liabilities over which the Commission had no control.

The Commission has considered the requirements of the relevant accounting standards and related guidance and has concluded that it does not control the economic benefits embodied in the fees that are collected on behalf of the Technical Regulator and ACAT and therefore should not recognise the associated payments as expenses. This change in policy will better reflect the activities of the Commission.

### Comparison to 2014-15 actual expenditure

Total expenditure was **\$1.455 million** and was **\$0.107 million** (6.9 per cent) lower than the 2014-15 actual result. The decreased expenditure mainly relates to Employee Expenses and is reflective of the cyclical nature of the Commission's activities, with the Commission having a reduced workload in 2015-16. Due to the reduction in activities, vacant positions were not filled and the Commission's average full-time equivalent (FTE) employees were lower (2016: 4.78 FTE; 2015: 5.65 FTE).

### Future trends

For 2016-17 expenditure is expected to increase with the Commission receiving a terms of reference from the Treasurer in June 2016 to determine a price direction for standing offer prices for the supply of electricity to small customers. More generally, expenditure may vary over the forward estimates for activities that are not performed on an annual basis, including unanticipated references or other requests for Commission services from government and non-government sources.

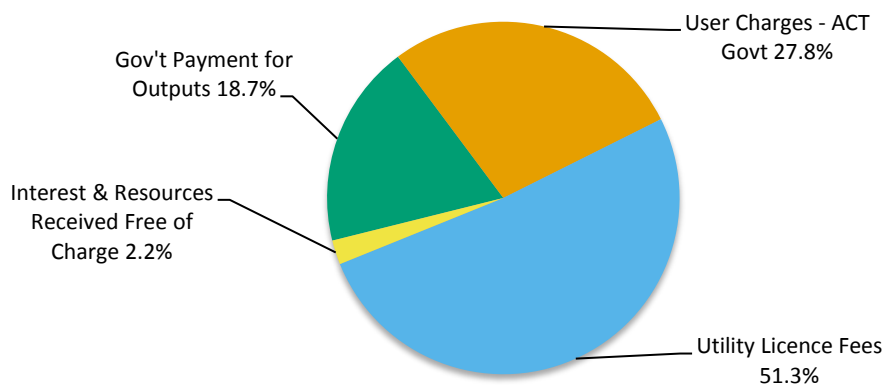
### Total income

#### Components of income

Figure 2 shows the components of our income for 2015-16. The main components of income were:

- Government Payment for Outputs of **\$0.260 million** (18.7 per cent) recognised for the Commission's energy industry regulatory activities;
- User Charges - ACT Government of **\$0.387 million** (27.8 per cent) were recognised for the purchase agreement with the Chief Minister, Treasury and Economic Development Directorate for services under the ICRC Act; and
- Utility Licence Fees of **\$0.713 million** (51.3 per cent) were recognised for regulatory activities for water, sewerage and gas transmission utilities under the Utilities Act.

Figure 2 Components of Income 2015-16



## Comparison to Budget

Income for the year was **\$1.391 million** and was **\$0.513 million** (26.9 per cent) lower than budget. The variance in income to budget mainly relates to:

- Government Payment for Outputs being **\$0.281 million** (51.9 per cent) lower than budget. In 2015-16 the Commission identified the cost of Industry References relating to local energy regulatory matters are more appropriately recovered through direct billing (User Charges) than funded from appropriation, reducing the Commission's ongoing appropriation requirements. On this basis the Commission did not need to draw the full appropriation.
- User Charges – ACT Government being **\$0.150 million** (27.9 per cent) lower than budget. This is reflective of Commission activities not being annually recurrent and the complexities involved in predicting the costs to be recovered and the timing of those recoveries.

## Comparison to 2014-15 Actual Income

Total income in 2015-16 was **\$1.391 million**, a decrease of **\$0.106 million** (7.1 per cent) from the 2014-15 actual result. The variance in income to the prior year primarily relates to:

- Government Payment for Outputs were **\$0.274 million** (51.3 per cent) lower than 2014-15. In 2015-16 the Commission identified the cost of Industry References relating to local energy regulatory matters are more appropriately recovered through direct billing (User Charges) than funded from appropriation, reducing the Commission's ongoing appropriation requirements. On this basis the Commission did not need to draw the full appropriation.
- User Charges – ACT Government were **\$0.342 million** (46.9 per cent) lower than 2014-15 as the Commission had not received any Industry References and provided no services in addition to its normal annually recurrent activities.
- Utility Licence Fees were **\$0.531 million** (291.4 per cent) higher due to:
  - review of Icon Water's water and sewerage services tariff (\$0.416 million); and
  - review and processing an application to vary TransGrid's (NSW Electricity Networks Operations Pty Ltd's) licence (\$0.106 million).

## Future Trends

For 2016-17, income is expected to increase with the Commission receiving a terms of reference from the Treasurer in June 2016 to determine a price direction for standing offer prices for the supply of electricity to small customers. More generally, income may vary over the forward estimates for activities that are not performed on an annual basis, including unanticipated references or other requests for Commission services from government and non-government sources.

## C.1.3 Financial Position

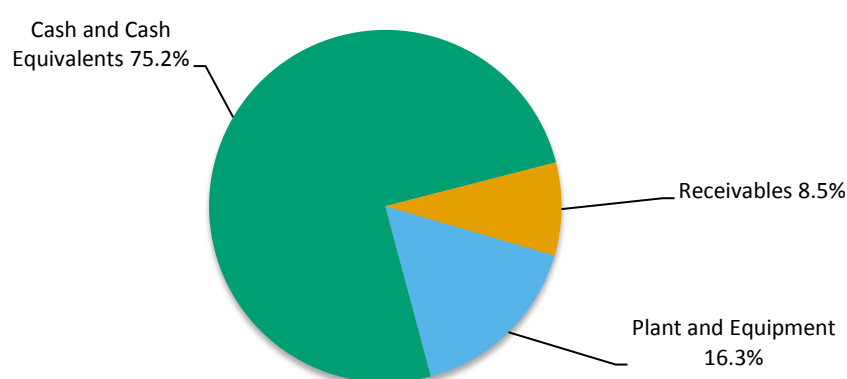
### Total Assets

#### Components of Total Assets

Figure 3 shows the components of our Total Assets as at 30 June 2016. The components were:

- Cash and Cash Equivalents of **\$1.365 million** (75.2 per cent);
- Receivables of **\$0.155 million** (8.5 per cent); and
- Plant and Equipment of **\$0.296 million** (16.3 per cent).

Figure 3 Total assets, as at 30 June 2016



#### Comparison to Budget

At 30 June 2016, Total Assets were **\$1.816 million**. This is **\$0.605 million** (25.0 per cent) lower than the budget. The lower than budgeted result relates to the Commission changing its accounting treatment in relation to utility licence fees that it collects in accordance with the Utilities Act (refer to section 1.2 for further explanation). Accordingly, fees collected on behalf of the Technical Regulator and ACAT have not been recognised in the Commission's assets and these funds (\$0.580 million) are now held in a separate bank account as third party monies.

#### Comparison to 2014-15 Actuals

At 30 June 2016, Total Assets were **\$1.816 million**, which is consistent with the 2014-15 actual of **\$1.913 million**.

#### Liquidity

A common indicator used to measure liquidity is the current ratio, which compares 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. Table 2 shows our liquidity position.

Table 2 Current Ratio

Description	Prior year actual \$'000 2014-15	Current year budget \$'000 2015-16	Current year actual \$'000 2015-16	Forward year budget \$'000 2016-17	Forward year budget \$'000 2017-18	Forward year budget \$'000 2018-19
Current assets	1,565	2,121	1,520	1,745	1,853	1,962
Current liabilities	279	832	229	277	277	277
<b>Current ratio</b>	<b>5.6:1</b>	<b>2.5:1</b>	<b>6.6:1</b>	<b>6.3:1</b>	<b>6.7:1</b>	<b>7.1:1</b>

For 2015-16 the current ratio was 6.6:1 and shows the Commission is in a strong financial position. It has been necessary for the Commission to maintain a high level of liquidity due to the cost recovery model we principally operate under, where significant expenditure can be required to perform an activity and those costs may not be recovered for an extended period of time. The variance to the budgeted ratio relates to the change in accounting treatment of fees collected under the Utilities Act (refer to sections 3.2 and 4.2 for further explanation).

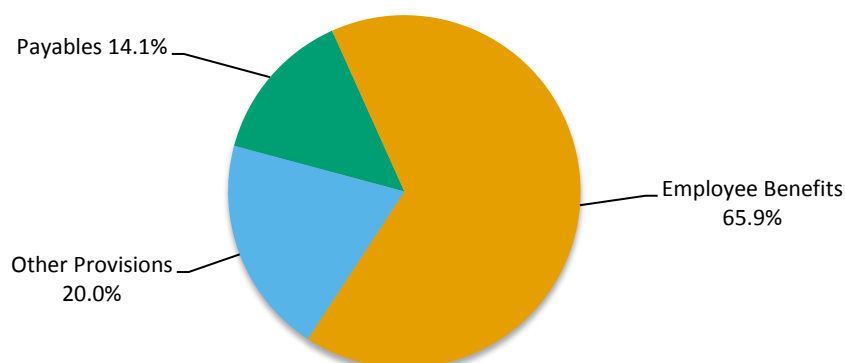
### C.1.4 Total Liabilities

#### *Components of Total Liabilities*

Figure 4 shows the components of our Total Liabilities as at 30 June 2016. The components were:

- Employee Benefits of **\$0.215 million** (65.9 per cent);
- Other Provisions of **\$0.065 million** (20.0 per cent); and
- Payables of **\$0.046 million** (14.1 per cent).

Figure 4 Total Liabilities As At 30 June 2016



### Comparison to Budget

As at 30 June 2016, Total Liabilities were **\$0.326 million**. This is **\$0.592 million** (64.5 per cent) lower than the budget. The lower than budgeted result relates to the Commission changing its accounting treatment in relation to utility licence fees that it collects in accordance with the Utilities Act (refer to section 1.2 for further explanation). Accordingly, fees collected on behalf of the Technical Regulator and ACAT have not been recognised in the Commission's liabilities as these funds (\$0.580 million) are now held in a separate bank account as third party monies.

### Comparison to 2015-16 Actuals

As at 30 June 2016, Total Liabilities were **\$0.326 million**, which is consistent with the 2014-15 actual of **\$0.359 million**.

## C.2 Financial statements

We have prepared financial statements for 2015–16 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 2014–15 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 does not have assets of the kind listed in the ACT Government's Asset Management Strategy for which it is responsible.



We are located on Level 8, 221 London Circuit where we occupy less than half of the floor. As at 30 June 2016 the Commission employed 6 staff and 1 Senior Commissioner, who combined, occupy 330<sup>2</sup>m of office space.

## C.5 Government contracting

Table 3 sets out information relating to the Commission’s procurement and contracting activities for 2015–16. The contracts in Table 3 relate to goods and services provided to the Commission in 2015–16 with a value of \$25,000 or more. The information is obtained from the ACT Contract Register and is available at <http://www.procurement.act.gov.au/contracts>. As per the annual reports direction (NI2015-207) the information has not been reformatted. All three contractors in Table 3 are small to medium business enterprises.

Table 3 Procurement and contracting activities for the Commission for 2015-16

Contract title	Request for Specialist Advice	Accounting and Financial Management Services	Market Data Agreement
Procurement methodology	Single Select	Single Select	Single Select
Procurement type	Consultancy	Services (non-consultancy)	Services (non-consultancy)
Exemption from quotation and tender	Yes	Yes	Yes
Contractor name	Robert Peter Austin	Niche Advantage Pty Ltd	ICAP Brokers Pty Ltd
Contract amount	31,680.00 (Total value of this particular contract only)	284,625.00 (Total value of this particular contract only)	26,400.00 / year (Total value of this particular contract only)
Execution date	07/12/2015 (Contract Execution date may differ from contract commencement date)	05/03/2015 (Contract Execution date may differ from contract commencement date)	01/05/2012 (Contract Execution date may differ from contract commencement date)
Expiry date	12/12/2015	31/03/2018	31/12/2025 <sup>7</sup>

<sup>7</sup> The ICAP contract operates on a rolling month-by-month contract. ACT Procurement Services inserted the date of 31 December 2025 due to a clerical recording requirement.

## C.6 Statement of performance



# ICRC

Independent competition and regulatory commission

### INDEPENDENT COMPETITION AND REGULATORY COMMISSION

#### Statement of Performance for the Year Ended 30 June 2016

#### 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 2016 and also fairly reflects the judgements exercised in preparing the Statement of Performance for the year ended 30 June 2016.

Ms Ranjini Nayager  
Chief Executive Officer  
Independent Competition and Regulatory Commission  
10 August 2016

## Statement of performance for the year ended 30 June 2015

Statement of intent accountability indicators	Original target 2015–16	Actual result 2015–16	%Variance from original target	Explanation of material variances
Water and sewerage services pricing <sup>1</sup>	Price adjustment	Achieved	–	
Retail electricity pricing <sup>2</sup>	Price adjustment	Achieved	–	
ACT Electricity Feed-in tariff summary <sup>3</sup>	Quarterly reports	1 quarterly report	(75%)	The Commission released the June Quarter 2015 report on 31 July 2015.
Utilities compliance and performance <sup>4</sup>	1 Report	1 Report	–	
Utility licence fees (water, wastewater, and energy sector utilities not subject to energy industry levy) <sup>5</sup>	1 Determination	2 Determinations	100%	The Commission made a variation to the 2015-16 annual licence fee on 1 December 2015.
Utility levies (energy sector) <sup>6</sup>	3 Determinations	3 Determinations	–	
Advice on referred matters <sup>7</sup>	Subject to receipt of references	No references were received	–	

## Explanation of accountability indicators for the year ended 30 June 2016

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

## Notes

1. The *Substituted Price Direction for Regulated Water and Sewerage Services 1 July 2013 to 30 June 2018* made by the Industry Panel under Part 4C of the *Independent Competition and Regulatory Commission Act 1997* requires the Independent Competition and Regulatory Commission (the Commission) to undertake a price adjustment process to determine the maximum prices Icon Water Ltd (Icon Water) can charge for its regulated water, sewerage and miscellaneous services in 2015–16, 2016–17 and 2017–18. The price adjustment was made on 17 June 2016.
2. The 2014–17 price direction for the supply of electricity to small customers requires the Independent Competition and Regulatory Commission (the Commission) to undertake an annual price recalibration process to determine the maximum prices that ActewAGL Retail can charge for its regulated retail tariffs for the period 1 July 2016 – 30 June 2017. The price direction was made under Part 4 of the *Independent Competition and Regulatory Commission Act 1997*. The price recalibration was made on 9 June 2016.

### *Part C: Financial management reporting*

3. Following the release of the Commission's 2015-16 Statement of Intent, the Minister for the Environment, notified the Commission that its reports on the Feed-in Tariff were no longer required. The Commission published in July 2015 the final report for the quarter ended June 2015. This report completed the quarterly reports for 2014-15.
4. Licensed utilities providing certain infrastructure services provide annually to the Commission details of how they met their non-technical licence conditions, relevant laws, industry codes and other relevant regulatory obligations. The Commission publishes a report on the utilities' annual submission as an attachment to the Commission's Annual Report.
5. On 23 September 2015, the Commission determined the annual licence fee payable by certain licensed utilities under the *Utilities Act 2000* for the year ending 30 June 2016 and collected those fees accordingly (NI2015-563). On 1 December 2015, the Commission made an adjustment to the annual licence fee for Icon Water to take account of an increase in regulatory costs for 2015-16 (relating only to Icon Water) not envisaged at the time of the 23 September 2015 determination (NI2015-692).
6. The Chief Executive of the Commission made three determinations under Part 3A of the *Utilities Act 2000* for the 2015-16 financial year on 1 October 2015. 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.
7. The Commission may receive references under Part 3 of the *Independent Competition and Regulatory Commission Act 1997*.

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

## **Part D Notices of non compliance**

### **D.1 Dangerous substances**

This section is not applicable to the Commission.<sup>8</sup>

### **D.2 Medicines, poisons and therapeutic goods**

This section is not applicable to the Commission.<sup>9</sup>

## **Part E Education and training**

### **E.1 Investigation of complaints**

This section is not applicable to the Commission.<sup>10</sup>

### **E.2 Teacher quality institute**

This section is not applicable to the Commission.<sup>11</sup>

## **Part F Health**

### **F.1 Mental health**

This section is not applicable to the Commission.<sup>12</sup>

### **F.2 Tobacco compliance testing**

This section is not applicable to the Commission.<sup>13</sup>

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<sup>8</sup> Part 4 *Annual Report (Government Agencies) Notice 2015 (NI2015-207)*, p34.

<sup>9</sup> *Ibid.*

<sup>10</sup> *Ibid.*, p36.

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

*Part D to Part L not applicable*

## **Part G Gambling and racing**

This section is not applicable to the Commission.<sup>14</sup>

## **Part H Ministerial and Director-General directions**

This section is not applicable to the Commission.<sup>15</sup>

## **Part I Public land management plans**

This section is not applicable to the Commission.<sup>16</sup>

## **Part J Third party insurance**

This section is not applicable to the Commission.<sup>17</sup>

## **Part K Victims of crime**

This section is not applicable to the Commission.<sup>18</sup>

## **Part L Waste minimisation contraventions**

This section is not applicable to the Commission.<sup>19</sup>

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<sup>14</sup> Ibid, p37

<sup>15</sup> Ibid.

<sup>16</sup> Ibid, p38.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid, p39.

<sup>19</sup> Ibid.

## **Part M Community engagement and support**

The Commission plays an important role in informing the debate on regulatory issues in the broader community. We are committed to transparency and openness, and outline our reasoning for regulatory decisions. All decisions are made publicly available on our website. All consultation documents (including transcripts of hearings), licence applications and submissions received are also made available on our website.

In the fulfilment of our statutory responsibilities and organisational objectives, we are committed to full and open consultation with the community on matters under consideration. We encourage and provide opportunities for participation by individuals and by representatives of community groups, industry, peak bodies, regulatory agencies and other interested parties at all stages of our inquiries.

In 2015-16, we released a series of technical papers to assist the ACT community in understanding some of the matters the Commission will be considering in the water tariff review which will conclude in 2016-17.

The Commission is also a participant member of the OECD's International Confederation of Energy Regulators (ICER) and our CEO is part of the ICER's Women in Energy initiative which aims to develop and support women in energy regulation. Our CEO is also Chair of the ACT Law Society's Diversity and Inclusion Committee. We continued to support local not-for-profit charities.

## Part N Justice and Community safety

### N.1 Bushfire Risk Management

The Commission does not have reporting obligations under the Strategic Bushfire Management Plan.

### N.2 Freedom of Information

The *Freedom of Information Act 1989* (FOI Act) creates the right for anyone to obtain access to documents or information held by the Commission. This right is subject to a range of exemptions that protect the legitimate interests of the ACT Government and third parties who deal with the ACT Government.

The ICRC Act and the Utilities Act also require the Commission to publish all decisions, submissions to inquiries, reports, draft reports and reasons for our decisions. Guidelines about information access and confidentiality are available on our website ([www.icrc.act.gov.au](http://www.icrc.act.gov.au)).

#### Section 7 statement

The Commission is required to publish information concerning its functions and documents under section 7 of the FOI Act.

#### Organisational functions and powers

Section B.1 of this report summarises our functions and the legislation which governs and forms the basis of our statutory powers.

#### Public participation in decision making

The Commission has an 'access to information' link under 'about us' on our web page. The link contains an FOI Fact Sheet and Request Form. We have also set out a 'submissions' link on our home page where members of the public have access to information in relation to preparing and submitting submissions to the Commission when we are undertaking reviews and investigations.

#### Categories of documents

The Commission holds the following categories of documents:

- documents available on request and without charge;
- documents that may be available under the FOI Act; and
- documents exempt under the FOI Act.



These documents are available on our website and/or the ACT Legislation Register. Alternatively, members of the public can request a soft or hard copy of the document without charge.

Our office is located at Level 8, 221 London Circuit, Canberra City. The office is wheelchair accessible. It is a short walk from the city bus station and there is public parking close by.

### Section 8 statement

In accordance with the Commission's functions outlined in Section B.1 in this report, we make a variety of decisions under the ICRC Act and Utilities Act. In making these decisions the Commission may follow documented processes or create documents related to how the decision was made. All public information that the Commission produces is made available on our website, while our notifiable and disallowable instruments are available on the ACT Government's legislation website. In addition, our policies on how we treat confidential and personal information under the ICRC Act and its determined disclosure guidelines are available on our website under 'access to information'.

### Section 79 statement

During 2015–16, the Commission did not receive any requests for access to information under the FOI Act.

## N.3 Human Rights

The *Human Rights Act 2004* (Human Rights Act), whilst not explicitly mentioned in the ICRC Act or the Utilities Act, imposes a duty on the Commission (as an ACT Government instrumentality) to interpret all Territory laws consistently with those human rights enshrined in the Human Rights Act. The civil and political rights recognised under Part 3 of the Human Rights Act and the economic, social and cultural rights under Part 3A create a benchmark that our decisions must uphold.

The Commission's objectives set out under section 7 of the ICRC Act and section 3 of the Utilities Act outlines that we must consider the rights and interests of consumers and the community when making decisions under those Acts. The Commission's regulation of licensed utilities in the Territory is also important in maintaining the provision of essential services to the ACT community. Access to a number of these services is a basic human right.

## N.4 Legal Services direction

We are required to report on our compliance with legal services directions set out under the *Law Officers Act 2011*.

### ***Law Officer (Model Litigant) Guidelines 2010 (No 1) (NI2010-88)***

During 2015–16, we were not involved in any litigation proceedings before the courts.

### ***Law Officers (General) Legal Services Directions 2012 (NI2012-292)***

*Part N: Justice and Community safety*

Under clause 1.1 of the *Law Officers (General) Legal Services Directions 2012* (Legal Services Direction) all Territory legal work is to be performed by the Government solicitor. During 2015-16, we sought legal services from the ACT Government Solicitor on two occasions. The Commission was not in compliance with the Legal Services Direction on one occasion when it outsourced a matter for legal advice.

## **Part O Public sector standards and workforce profile**

### **O.1 Culture and behaviour**

Being a small organisation, we foster an open culture and value the provision of frank and fearless advice internally and externally. We promote ethical behaviour and the prevention of fraud and corruption through general awareness training for staff and as a component of our induction process. Topics covered at induction also include the ACTPS Code of Conduct, values and signature behaviours. The promotion of ethical behaviour is also delivered as a component of the Respect, Equity and Diversity training embedded in our induction process.

We also implemented the ACT Public Service (ACTPS) Values and Signature behaviours and the ACTPS Code of Conduct, which are set out in documentation available to staff.

### **O.2 Public interest disclosure**

The *Public Interest Disclosure Act 2012* (the Act) provides a mechanism for any member of the public, including ACT Public Servants, to report wrongdoings in the ACTPS (otherwise known as whistle blowing). We have adopted the *Public Interest Disclosure Guidelines 2013* (guidelines), issued by the Commissioner for Public Administration to facilitate the making of disclosures, and have operated in accordance with the guidelines throughout 2015–16.

Our Designated Disclosure Officer (DDO (NI2015-162)) or the Commission's Chief Executive deals with all disclosures received. During the 2015–16 reporting year we did not receive or investigate a disclosure under the Act.

### **O.3 Workforce profile**

Workforce recruitment and separation data was either not supplied or due to a small sample size the data was not statistically valid or reliable.

## Part P Territory records

### Agency Reporting Arrangements

The Commission's Annual Report is a stand-alone report. This section on Territory records is published as part of the Commission's annual reporting requirements.

### Records Management Program

The Commission's Records Management Program is currently under review and is scheduled to be approved by the entity's Principal Officer and submitted to the Director of Territory Records by 30 June 2017.

### Records Management Practices

The Commission has adopted practices which meet the document retention and disposal requirements and the file registry requirements of the ACT Government. The Commission's records management practices are embedded in the Commission's business continuity plans, risk management plans, internet policy and processes and administrative procedures.

### Records Management Training and Resources

Training opportunities are available through the Commission's induction program for new employees, as well as through ongoing professional development opportunities.

Whilst all staff are aware of their legislative responsibilities for recordkeeping, the Office Manager is dedicated to the ordering of registry files in order that file naming conforms to the Whole of Government recordkeeping Thesaurus.

The Commission has also developed an Office Manual.

Table 4 sets out the Commission's approved Records Disposal Schedule.

Table 4 Approved Records Disposal Schedule for Commission

Records Disposal Schedule Name	Effective	Year and No.
Territory Records (Records Disposal Schedule – Territory Administrative Records Disposal Schedules – Community Relation Records) Approval 2011 (No 1)	8 March 2011	NI2011-84
Territory Records (Records Disposal Schedule – Compensation Records) Approval 2012 (No1)	11 April 2012	NI2012-183
Territory Records (Records Disposal Schedule - Equipment and Stores Records) Approval 2012 (No 1)	13 April 2012	NI2012-186
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Establishment Records) Approval 2009 (No 1)	11 September 2009	NI2009-437
Territory Records (Records Disposal Schedule - Financial Management Records) Approval 2011 (No 1)	2 September 2011	NI2011-482

Territory Records (Records Disposal Schedule - Fleet Management Records) Approval 2012 (No 1)	13 April 2012	NI2012-187
Territory Records (Records Disposal Schedule - For preserving records containing information that may allow people to establish links with their Aboriginal and Torres Strait Islander heritage) Approval 2011 (No 1)	25 March 2011	NI2011-162
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Government Relations Records) Approval 2011 (No 1)	8 March 2011	NI2011-88
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Industrial Relations Records) Approval 2011 (No 1)	8 March 2011	NI2011-90
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Information Management Records) Approval 2011 (No 1)	8 March 2011	NI2011-92
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Legal Services Records) Approval 2009 (No 1)	11 September 2009	NI2009-443
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Occupational Health and Safety (OH&S) Records) Approval 2009 (No 1)	11 September 2009	NI2009-444
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Personnel Records) Approval 2015 (No 1)	7 July 2015	NI2015-358
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Property Management Records) Approval 2009 (No 2)	11 December 2009	NI2009-625
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Publication Records) Approval 2013 (No 1)	30 August 2013	NI2013-370
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Strategic Management Records) Approval 2009 (No 1)	11 September 2009	NI2009-453
Territory Records (Records Disposal Schedule - Territory Administrative Records Disposal Schedules - Technology and Telecommunications Records) Approval 2015 (No 1)	7 July 2015	NI2015-361
<i>Territory Records (Records Disposal Schedule - Independent Competition and Regulation Records) Approval 2006 (No 1)</i>	31 January 2006	NI2006-28

Source: ACT legislation register.

## **Appendix 1 Financial statements and audit report<sup>20</sup>**

**Auditor's opinion on the financial statements**

**Statement of responsibility – Chief Executive Officer**

**Statement of responsibility – Chief Financial Officer**

**Independent Competition and Regulatory Commission Operating Statement for the year ended 30 June 2016**

**Independent Competition and Regulatory Commission Balance Sheet as at 30 June 2016**

**Independent Competition and Regulatory Commission Statement of Changes in Equity for the year ended 30 June 2016**

**Independent Competition and Regulatory Commission Cash Flow Statement for the year ended 30 June 2016**

**Independent Competition and Regulatory Commission Statement of Appropriation for the year ended 30 June 2016**

**Independent Competition and Regulatory Commission Notes to and forming part of the financial statements for the year ended 30 June 2016**

**ACT Audit Office Report of Factual Findings for the year ended 30 June 2016**

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<sup>20</sup>Please visit our website for an accessible version of the Commission's financial statements set out in this attachment.



## INDEPENDENT AUDIT REPORT

### INDEPENDENT COMPETITION AND REGULATORY COMMISSION

#### To the Members of the ACT Legislative Assembly

#### Report on the financial statements

The financial statements of the Independent Competition and Regulatory Commission (the Commission) for the year ended 30 June 2016 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

#### Responsibility for the financial statements

The Chief Executive Officer of the Commission is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

#### The auditor's responsibility

Under the *Financial Management Act 1996*, I am responsible for expressing an independent audit opinion on the financial statements of the Commission.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the appropriateness of budget information included in the financial statements or to evaluate the prudence of decisions made by the Commission.

### **Electronic presentation of the audited financial statements**

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of these statements are concerned with the inherent risks arising from the electronic presentation of information, then they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

### **Independence**

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

### **Audit opinion**

In my opinion, the financial statements of the Commission for the year ended 30 June 2016:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Commission as at 30 June 2016 and results of its operations and cash flows for the year then ended.

This audit opinion should be read in conjunction with other information disclosed in this report.

Bernie Sheville  
Director, Financial Audits  
2 August 2016



**Independent Competition and Regulatory Commission  
Financial Statements  
For the Year Ended 30 June 2016**

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**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 2016 and the financial position of the Commission on that date.

Ms Ranjini Nayager  
Chief Executive Officer  
Independent Competition and Regulatory Commission

1 August 2016

**Independent Competition and Regulatory Commission  
Financial Statements  
For the Year Ended 30 June 2016**

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**Statement by the Chief Finance Officer**

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Independent Competition and Regulatory Commission's accounts and records and fairly reflect the financial operations of the Commission for the year ended 30 June 2016 and the financial position of the Commission on that date.

Mr Scott Hickey  
Chief Finance Officer  
Independent Competition and Regulatory Commission

1 August 2016

**Independent Competition and Regulatory Commission**  
**Operating Statement**  
**For the Year Ended 30 June 2016**

	Note No.	Actual 2016 \$'000	Original Budget 2016 \$'000	Restated <sup>(a)</sup> Actual 2015 \$'000
<b>Income</b>				
<i>Revenue</i>				
Government Payment for Outputs	4	260	541	534
User Charges - ACT Government	5	387	537	729
User Charges - Non-ACT Government	5	-	-	1
Fees	6	713	778	182
Interest	7	27	48	52
Resources Received Free of Charge	8	4	-	-
<i>Total Revenue</i>		<u>1,391</u>	<u>1,904</u>	<u>1,497</u>
<b>Total Income</b>		<b><u>1,391</u></b>	<b><u>1,904</u></b>	<b><u>1,497</u></b>
<b>Expenses</b>				
Employee Expenses	9	790	796	897
Superannuation Expenses	10	81	81	94
Supplies and Services	11	528	942	524
Depreciation	12	52	50	52
Borrowing Costs	13	5	-	(4)
<i>Total Expenses</i>		<u>1,455</u>	<u>1,869</u>	<u>1,563</u>
<b>Operating (Deficit)/Surplus</b>		<b><u>(64)</u></b>	<b><u>35</u></b>	<b><u>(65)</u></b>
<b>Total Comprehensive (Deficit)/Income</b>		<b><u>(64)</u></b>	<b><u>35</u></b>	<b><u>(65)</u></b>

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

a) 2015 comparative figures were restated as a result of a change in accounting policy. Refer to disclosure in Note 3 'Changes in Accounting Policy'.

**Independent Competition and Regulatory Commission**  
**Balance Sheet**  
**As at 30 June 2016**

	Note No.	Actual 2016 \$'000	Original Budget 2016 \$'000	Restated <sup>(a)</sup> Actual 2015 \$'000	Restated <sup>(a)</sup> Actual 2014 \$'000
<b>Current Assets</b>					
Cash and Cash Equivalents	15	1,365	2,111	1,388	1,294
Receivables	16	155	10	178	432
<b>Total Current Assets</b>		<b>1,520</b>	<b>2,121</b>	<b>1,565</b>	<b>1,726</b>
<b>Non-Current Assets</b>					
Plant and Equipment	17	296	300	348	399
<b>Total Non-Current Assets</b>		<b>296</b>	<b>300</b>	<b>348</b>	<b>399</b>
<b>Total Assets</b>		<b>1,816</b>	<b>2,421</b>	<b>1,913</b>	<b>2,125</b>
<b>Current Liabilities</b>					
Payables	18	46	60	85	60
Employee Benefits	19	183	196	195	286
Other Liabilities		-	-	-	83
Other Provisions	20	-	576	-	-
<b>Total Current Liabilities</b>		<b>229</b>	<b>832</b>	<b>279</b>	<b>429</b>
<b>Non-Current Liabilities</b>					
Employee Benefits	19	32	21	19	14
Other Provisions	20	65	65	60	64
<b>Total Non-Current Liabilities</b>		<b>97</b>	<b>86</b>	<b>79</b>	<b>78</b>
<b>Total Liabilities</b>		<b>326</b>	<b>918</b>	<b>359</b>	<b>507</b>
<b>Net Assets</b>		<b>1,490</b>	<b>1,503</b>	<b>1,554</b>	<b>1,618</b>
<b>Equity</b>					
Accumulated Funds		1,490	1,503	1,554	1,618
<b>Total Equity</b>		<b>1,490</b>	<b>1,503</b>	<b>1,554</b>	<b>1,618</b>

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

a) 2014 and 2015 comparative figures were restated as a result of a change in accounting policy. Refer to disclosure in Note 3 'Changes in Accounting Policy'.

**Independent Competition and Regulatory Commission**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2016**

	Accumulated Funds Actual 2016 \$'000	Total Equity Actual 2016 \$'000	Original Budget 2016 \$'000
<b>Balance at 1 July 2015</b>	1,554	1,554	1,468
<i>Comprehensive Income</i>			
Operating (Deficit)/Surplus	(64)	(64)	35
<b>Total Comprehensive (Deficit)/Income</b>	<b>(64)</b>	<b>(64)</b>	<b>35</b>
<b>Balance at 30 June 2016</b>	<b>1,490</b>	<b>1,490</b>	<b>1,503</b>

	Accumulated Funds Actual 2015 \$'000	Total Equity Actual 2015 \$'000
<b>Balance at 1 July 2014</b>	1,618	1,618
<i>Comprehensive Income</i>		
Operating (Deficit)	(65)	(65)
<b>Total Comprehensive (Deficit)</b>	<b>(65)</b>	<b>(65)</b>
<b>Balance at 30 June 2015</b>	<b>1,554</b>	<b>1,554</b>

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 2016**

	Note No.	Actual 2016 \$'000	Original Budget 2016 \$'000	Restated <sup>(a)</sup> Actual 2015 \$'000
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Government Payment for Outputs		260	541	534
Fees		612	778	130
User Charges - ACT Government		421	537	737
User Charges - Non-ACT Government		88	-	209
Interest Received		27	48	52
Goods and Services Tax Collected from Customers		51	-	137
Goods and Services Tax Input Credits from the Australian Taxation Office		69	-	7
Other		-	86	-
<b>Total Receipts from Operating Activities</b>		<b>1,528</b>	<b>1,990</b>	<b>1,806</b>
<b>Payments</b>				
Employee		789	801	976
Superannuation		83	44	95
Supplies and Services		559	931	541
Goods and Services Tax Remitted to the Australian Taxation Office		46	-	-
Goods and Services Tax Paid to Suppliers		74	101	101
<b>Total Payments from Operating Activities</b>		<b>1,551</b>	<b>1,877</b>	<b>1,713</b>
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>	22(b)	<b>(23)</b>	<b>113</b>	<b>93</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(23)</b>	<b>113</b>	<b>93</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		1,388	1,998	1,294
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	22(a)	<b>1,365</b>	<b>2,111</b>	<b>1,388</b>

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

a) 2015 comparative figures were restated as a result of a change in accounting policy. Refer to disclosure in Note 3 'Changes in Accounting Policy'.

**Independent Competition and Regulatory Commission  
Statement of Appropriation  
For the Year Ended 30 June 2016**

	Original Budget 2016 \$'000	Total Appropriated 2016 \$'000	Total Appropriation Drawn 2016 \$'000	Appropriation Drawn 2015 \$'000
Government Payment for Outputs	541	541	260	534
<b>Total Appropriation</b>	<b>541</b>	<b>541</b>	<b>260</b>	<b>534</b>

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.

**Variance between 'Total Appropriated' and 'Appropriation Drawn'**

The difference between 'Total Appropriated' and 'Appropriation Drawn' corresponds with a reduction in the Commission's regulatory responsibilities with the introduction of the National Energy Customer Framework (NECF) which transferred regulatory responsibility for retail energy (electricity and gas) markets to the Australian Energy Regulator (AER) from July 2012. As the Commission's appropriation for the year ending 30 June 2016 was based on the pre July 2012 energy regulatory framework, the Commission did not draw the full amount appropriated due to its reduced regulatory responsibilities.

During 2015-16 the Commission also identified that the cost of industry references (refer to Division 3.1 of the *Independent Competition and Regulatory Commission Act 1997*, for an explanation of 'industry references') relating to local energy regulatory matters are more appropriately recovered through direct billing (User Charges) than funded from appropriation, reducing the Commission's ongoing appropriation requirements. On this basis the Commission does not need to draw the full appropriation in anticipation of receiving industry references, which historically have required additional appropriation to cover the Commission's costs.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

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# Independent Competition and Regulatory Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### 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:

- providing 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 2012* for NERL retailers.

The Commission's objectives are outlined in the ICRC Act and the Utilities Act. The objectives set out in section 7 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; and
- ensure non-discriminatory access to monopoly and near-monopoly infrastructure.

Section 3 of the Utilities Act reinforces those objectives and adds others, as follows:

- 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.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 2 Significant Accounting Policies

##### (a) Basis of Preparation

The *Financial Management Act 1996* (FMA) requires the preparation of financial statements for Territory Authorities.

The FMA and the *Financial Management Guidelines* issued under the Act, requires that a Territory Authority's financial statements 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) such other statements as are necessary to fairly reflect the financial operations of the Territory Authority during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared to comply with 'Generally Accepted Accounting Principles' (GAAP) as required by the FMA. These financial statements have been prepared in accordance with:

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

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.

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

The Commission is an individual reporting entity.

##### (b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Commission for the year ended 30 June 2016 together with the financial position of the Commission as at 30 June 2016.

##### (c) Comparative Figures

###### *Budget Figures*

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Statement of Intent. The budget numbers are as per the Statement of Intent.

###### *Prior Year Comparatives*

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

##### (d) 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. Column totals may not add due to figures being rounded to the nearest thousand dollars.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 2 Significant Accounting Policies - Continued

##### (e) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. In addition, the following specific recognition criteria must also be met before revenue is recognised:

- Government Payment for Outputs (GPO) are recognised as revenue when the Commission gains control over the funding. Control over appropriated funds is obtained upon the receipt of cash;
- User charges are recognised when the stage of completion of the services at the reporting date can be measured reliably and the costs of rendering those services can be measured reliably. In the event that at the reporting date the stage of completion cannot be reliably measured, but the cost of rendering the services can be reliably measured and the costs are recoverable, revenue is recognised to the extent of recoverable costs incurred; and
- 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 27 Third Party Monies.

Significant judgements and assumptions are included in the estimation of revenue recognised as User Charges and Utility Licence Fees. The Commission estimates 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. Further information about Revenue estimates is provided in Note 2(u) Significant Accounting Judgements and Estimates - Revenue and Revenue Received in Advance.

##### (f) Taxation

The Commission's activities are exempt from all forms of taxation except Fringe Benefits Tax and Goods and Services Tax.

##### (g) Current and Non-Current Items

Assets and liabilities 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. 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. Assets or liabilities which do not fall within the current classification are classified as non-current.

##### (h) Cash and Cash Equivalents

Cash includes cash at bank, cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

##### (i) Receivables

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

The Commission assesses at each reporting date whether there is any indication that receivables may be impaired. If any indication of impairment is identified an allowance for doubtful debts is recorded in the Balance Sheet with the corresponding entry recognised as a doubtful debts expense in the Operating Statement.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 2 Significant Accounting Policies - Continued

##### (j) Acquisition and Recognition of Plant and Equipment

Plant and equipment is initially recorded at cost. Where plant and equipment is acquired at no, or minimal cost, it is recognised at fair value as at date of acquisition. Plant and equipment with a minimum value of \$5,000 is capitalised.

##### (k) Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred.

##### (l) Measurement of Plant and Equipment After Initial Recognition

The Commission measures plant and equipment at cost.

##### (m) Depreciation of Non-Current Assets

Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment.

Depreciation for non-current assets is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Plant and Equipment	Straight Line	10 Years

The useful lives of all assets are reassessed on an annual basis.

##### (n) Impairment of Assets

The Commission assesses at each reporting date whether there are any indicators that plant and equipment assets may be impaired.

Any identified impairment losses for plant and equipment are recognised as an expense in the Operating Statement with a corresponding adjustment to the carrying value for plant and equipment.

The Commission measures plant and equipment at cost. Assets are considered to be impaired when there are indicators that the recoverable value of the asset is less than its carrying value.

##### (o) 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. Amounts are usually settled within 30 days after the invoice date.

Payables include Trade Payables and Accrued Expenses.

##### (p) Leases

The Commission has entered into operating leases.

##### *Operating Leases*

Operating leases do not effectively transfer to the Commission substantially all the risks and rewards incidental to ownership of the asset. Operating lease payments are recorded as an expense in the Operating Statement on a straight-line basis over the term of the lease.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 2 Significant Accounting Policies - Continued

##### (q) Employee Benefits

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 related services;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

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

##### *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 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 they will be wholly settled within three years. In 2015-16 the rate used to estimate the present value of future annual leave payments is 101.4% (101.0% in 2014-15).

In 2015-16, the rate used to estimate the present value of future payments for long service leave is 114.70% (104.2% in 2014-15).

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

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

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the 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

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 2 Significant Accounting Policies - Continued

##### (r) Superannuation

Superannuation payments are made to the Territory Banking Account each year to cover the Commission's superannuation liability for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). This payment covers the CSS/PSS employer contributions but does not include the productivity component. The productivity component is paid directly to the Commonwealth Superannuation Corporation (CSC) by the Commission. The CSS and PSS are defined benefit superannuation plans, meaning that the defined benefits received by employees of the Commission are based on the employee's years of service and average final salary.

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice.

The ACT Government's Superannuation Provision Account recognises the total Territory superannuation liability for CSS, PSS and CSC. External schemes recognise the superannuation liability for the PSSAP and other schemes respectively.

The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the CSS and PSS in respect of the ACT Government service after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

##### (s) Insurance

The Commission insures its insurable risks through the ACT Insurance Authority. The excess payable, under this arrangement, varies depending on each class of insurance held by the Commission.

##### (t) Budgetary Reporting - Explanations of Major Variances Between Actual and Original Budget amounts

Explanations of major variances between the 2015-16 original budget and the 30 June 2016 actual results are discussed in Note 28 Budgetary Reporting. The definition of 'major variances' is provided in Note 2(u) Significant Accounting Estimates and Judgements – Budgetary Reporting - Explanations of Major Variances Between Actual and Original Budget amounts.

##### (u) Significant Accounting Estimates and Judgements

In the process of applying the accounting policies listed in this note, the Commission has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements.

###### *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 May 2014. The assessment by an actuary is performed every 5 years. However it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2014 report. The next actuarial review is expected to be undertaken by May 2019.

###### *Utility Licence Fees and Regulatory Costs*

Significant judgements have been applied in estimating Utility Licence Fees and Regulatory Costs. Fees charged to utility providers are calculated on the basis of the estimated costs expected to be incurred by the Commission, the Technical Regulator and the ACT Civil and Administrative Tribunal (ACAT) in undertaking their respective utility regulatory activities. While the Commission determines the fees charged to the utility providers on behalf of the Commission, the Technical Regulator and ACAT, the Commission only recognises fees relating to its own activities in these financial statements. Adjustments are made to fees at the end of each financial year based on revised estimated costs. Adjustments are also reflected in the amounts transferred to the Technical Regulator and ACAT. Any variance between the estimate and the actual figures is adjusted in the Utilities Licence Fee Determination in the following year. Further information on the Commission's recognition of utility licence fees is included in Note 2(e) Revenue Recognition and information on utility licence fees collected and paid to the Technical Regulator and ACAT is included in Note 27 Third Party Monies.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 2 Significant Accounting Policies - Continued

##### *Budgetary Reporting - Explanations of Major Variances Between Actual and Original Budget Amounts*

Significant judgements have been applied in determining what variances are considered as 'major variances' requiring explanations in Note 28 Budgetary Reporting. Variances are considered to be major variances if both of the following criteria are met:

- The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or 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.

Further information on this is provided in Note 2(t) Budgetary Reporting - Explanations of Major Variances Between Actual and Original Budget amounts.

#### **(v) Impact of 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 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 15 Revenue from Contracts with Customers (application date 1 Jan 2018);  
AASB 15 is the new standard for revenue recognition. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 111 Construction Contracts and AASB 118 Revenue. The Commission is currently assessing the impact of this standard and has identified there could be a potential impact on the timing of the recognition of revenue for user charges. At this stage the Commission is not able to estimate the impact of this new standard on its financial statements. The Commission will make a more detailed assessment of the impact over the next 12 months.
- AASB 16 Leases (application date 1 Jan 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. At this stage the Commission is not able to estimate the impact of this new standard on its financial statements. The Commission will make a more detailed assessment of the impact over the next 12 months.
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049] (application date 1 July 2016)  
This standard extends the scope of AASB 124 Related Party Transactions to the not-for-profit sector and updates AASB 124 to include implementation guidance (including illustrative examples) to assist not-for-profit entities to apply the new requirements. While there is no material financial impact in implementing this standard there will be increased disclosure required by the Commission.

It has been assessed that other new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board that apply to future reporting periods will not have a material financial impact on the Commission's future financial statements.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 3 Changes in Accounting Policy

During the current financial year the Commission reconsidered its accounting treatment in relation to utility licence fees that it collects in accordance with the *Utilities Act 2000*. These fees represent contributions towards the costs of relevant regulatory activities undertaken by the Commission, the Technical Regulator and the ACT Civil and Administrative Tribunal (ACAT). Historically the Commission has recorded all fees collected as income and the resulting transfer of fees to the Technical Regulator and ACAT as expenses. This ultimately led to the recording of income, expenses, assets and liabilities over which the Commission had no control. The Commission subsequently considered the requirements of the relevant accounting standards and related guidance and has concluded that it does not control the economic benefits embodied in the fees that are collected on behalf of the Technical Regulator and ACAT and therefore should not record those amounts in its operating statement or its balance sheet. Accordingly, the financial statements have been adjusted to exclude the income and associated expenses, assets and liabilities relating to the utility licence fees that are attributable to the costs incurred by the Technical Regulator and ACAT. The Commission believes that this change in policy better reflects the activities of the Commission. Information on the utility licence fees collected and paid to the Technical Regulator and ACAT is included in Note 27 Third Party Monies.

The change in accounting policy has resulted in the following changes to line items in the financial statements:

#### 30 June 2016 (Current year)

	Note No.	Under Previous Accounting Policy 2016 \$'000	Change in Acc. Policy Adjustment 2016 \$'000	As Presented 2016 \$'000
<b>Operating Statement (Extract)</b>				
<b>Income</b>				
Fees	6	1,596	(883)	713
<b>Total Income</b>		<b>2,274</b>	<b>(883)</b>	<b>1,391</b>
<b>Expenses</b>				
Supplies and Services	11	1,411	(883)	528
<i>Total Expenses</i>		2,339	(883)	1,455
<b>Operating (Deficit)</b>		<b>(64)</b>	<b>-</b>	<b>(64)</b>
<b>Cash Flow Statement (Extract)</b>				
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Fees		1,510	(898)	612
<b>Total Receipts from Operating Activities</b>		<b>2,426</b>	<b>(898)</b>	<b>1,528</b>
<b>Payments</b>				
Supplies and Services		1,662	(1,103)	559
<b>Total Payments from Operating Activities</b>		<b>2,654</b>	<b>(1,103)</b>	<b>1,551</b>
<b>Net Cash (Outflows) from Operating Activities</b>	22(b)	<b>(228)</b>	<b>205</b>	<b>(23)</b>



**Independent Competition and Regulatory Commission**  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 3 Changes in Accounting Policy - Continued**

30 June 2015 (Comparative year)

	Note No.	Actual 2015 \$'000	Change in Acc. Policy Adjustment 2015 \$'000	Restated Actual 2015 \$'000
<b>Operating Statement (Extract)</b>				
<b>Income</b>				
Fees	6	828	(646)	182
<b>Total Income</b>		<b>2,144</b>	<b>(646)</b>	<b>1,497</b>
<b>Expenses</b>				
Supplies and Services	11	1,170	(646)	524
<i>Total Expenses</i>		<i>2,209</i>	<i>(646)</i>	<i>1,563</i>
<b>Operating (Deficit)</b>		<b>(65)</b>	<b>-</b>	<b>(65)</b>
<b>Balance Sheet (Extract)</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	15	2,148	(760)	1,388
<b>Total Current Assets</b>		<b>2,326</b>	<b>(760)</b>	<b>1,565</b>
<b>Total Assets</b>		<b>2,674</b>	<b>(760)</b>	<b>1,913</b>
<b>Current Liabilities</b>				
Other Provisions - Current	20	760	(760)	-
<b>Total Current Liabilities</b>		<b>1,039</b>	<b>(760)</b>	<b>279</b>
<b>Total Liabilities</b>		<b>1,119</b>	<b>(760)</b>	<b>359</b>
<b>Net Assets</b>		<b>1,554</b>	<b>-</b>	<b>1,554</b>
<b>Cash Flow Statement (Extract)</b>				
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Fees		830	(700)	130
<b>Total Receipts from Operating Activities</b>		<b>2,506</b>	<b>(700)</b>	<b>1,806</b>
<b>Payments</b>				
Supplies and Services		1,024	(483)	541
<b>Total Payments from Operating Activities</b>		<b>2,196</b>	<b>(483)</b>	<b>1,713</b>
<b>Net Cash Inflows from Operating Activities</b>	22(b)	<b>310</b>	<b>(217)</b>	<b>93</b>

**Independent Competition and Regulatory Commission**

**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 3 Changes in Accounting Policy - Continued**

01 July 2014 (Comparative year opening balances)

	Note No.	Actual 2014 \$'000	Change in Acc. Policy Adjustment 2014 \$'000	Restated Actual 2014 \$'000
<b>Balance Sheet (Extract)</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	15	1,838	(544)	1,294
<b>Total Current Assets</b>		<b>2,270</b>	<b>(544)</b>	<b>1,726</b>
<b>Total Assets</b>		<b>2,669</b>	<b>(544)</b>	<b>2,125</b>
<b>Current Liabilities</b>				
Other Provisions - Current	20	544	(544)	-
<b>Total Current Liabilities</b>		<b>973</b>	<b>(544)</b>	<b>429</b>
<b>Total Liabilities</b>		<b>1,051</b>	<b>(544)</b>	<b>507</b>
<b>Net Assets</b>		<b>1,618</b>	<b>-</b>	<b>1,618</b>

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 4 Government Payment for Outputs

	2016 \$'000	2015 \$'000
<b>Revenue from the ACT Government</b>		
Government Payment for Outputs <sup>(a)</sup>	260	534
<b>Total Government Payment for Outputs</b>	<u><u>260</u></u>	<u><u>534</u></u>

Government Payment for Outputs (GPO) meets the estimated cost of the Commission's regulatory activities under the *Utilities Act 2000* in relation to prescribed electricity and gas distribution and National Energy Retail Law (NERL) retailers supplying energy who are subject to the energy industry levy.

a) The Commission identified in 2015-16 the cost of industry references (refer to Division 3.1 of the *Independent Competition and Regulatory Commission Act 1997*, for an explanation of 'industry references') relating to local energy regulatory matters are more appropriately recovered through direct billing (User Charges) than funded through appropriation, reducing the Commission's ongoing appropriation requirements. On this basis the Commission did not need to draw the full appropriation in anticipation of receiving industry references.

**Independent Competition and Regulatory Commission**

**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 5 User Charges**

	2016 \$'000	2015 \$'000
<b>User Charges – ACT Government</b>		
General Government Sector <sup>(a)</sup>	387	459
Public Trading Enterprises <sup>(b)</sup>	-	270
<b>Total User Charges – ACT Government</b>	<b>387</b>	<b>729</b>
<b>User Charges – Non-ACT Government</b>		
Service Revenue	-	1
<b>Total User Charges – Non-ACT Government</b>	<b>-</b>	<b>1</b>
<b>Total User Charges for Services</b>	<b>387</b>	<b>730</b>

User Charges – Revenue derived by providing services to ACT Government and Non-ACT Government entities. The services in 2015-16 were provided under a purchase agreements with the Chief Minister, Treasury and Economic Development Directorate for activities under the *Independent Competition and Regulatory Commission Act 1997*.

a) The decrease in revenue from General Government Sector entities is due to the 4 year service agreement with the Environment and Planning Directorate (EPD) for greenhouse gas annual reports being completed in November 2014.

b) The Commission did not work on any industry references (refer to Division 3.1 of the *Independent Competition and Regulatory Commission Act 1997*, for an explanation of 'industry references') or provide any other regulatory services involving Public Trading Enterprises in 2015-16 that could be directly recovered, so no revenue has been recognised. The revenue from Public Trading Enterprises in 2014-15 related to the Commission working on a biennial price review for Regulated Water and Sewerage Services.

# Independent Competition and Regulatory Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### Note 6 Fees

	2016 \$'000	Restated <sup>(a)</sup> 2015 \$'000
<b>Revenue from Regulatory Activities</b>		
Utility Licence Fees <sup>(b)</sup>	713	182
<b>Total Fees</b>	<b>713</b>	<b>182</b>

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 Note 2(e), the above fees only include the fee income relating to the Commission's own activities.

Further details on the total utility licence fees collected and disbursed by the Commission under the *Utilities Act 2000* are provided in Note 27 Third Party Monies.

a) Amounts have been restated for the change in accounting policy set out in Note 3 relating to the recognition of Utility Licence Fees.

b) The increase in Utilities Licence Fees of \$531,000 in 2015-16 relates to:

- review of Icon Water's water and sewerage services tariff (\$416,000); and
- review and processing an application to vary TransGrid's (NSW Electricity Networks Operations Pty Ltd's) licence (\$106,000).

**Independent Competition and Regulatory Commission**  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 7 Interest**

	2016 \$'000	2015 \$'000
<b>Revenue from Non-ACT Government Entities</b>		
Interest Revenue on Cash at Bank <sup>(a)</sup>	27	52
<b>Total Interest Revenue from Non-ACT Government Entities</b>	<u>27</u>	<u>52</u>
<b>Total Interest Revenue</b>	<u><u>27</u></u>	<u><u>52</u></u>

a) The decrease in Interest Revenue of \$25,000 in 2015-16 corresponds with the Commission holding less cash, which generated less interest revenue.

**Independent Competition and Regulatory Commission**  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 8 Resources Received Free of Charge**

	2016 \$'000	2015 \$'000
<b>Revenue from ACT Government Entities</b>		
Legal Services <sup>(a)</sup>	4	-
<b>Total Revenue from ACT Government Entities</b>	<u>4</u>	<u>-</u>

a) The Commission obtained legal advice free of charge from the ACT Government Solicitor in 2015-16 on utilities licence applications.

**Independent Competition and Regulatory Commission**

**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 9 Employee Expenses**

	2016 \$'000	2015 \$'000
Annual Leave Expense	(9)	(21)
Fringe Benefits Tax	8	7
Long Service Leave Expense <sup>(a)</sup>	32	(38)
Wages and Salaries <sup>(b)</sup>	751	942
Workers' Compensation Insurance Premium	8	7
<b>Total Employee Expenses</b>	<b>790</b>	<b>897</b>

a) The increase in the Commission's Long Service Leave Expense of \$70,000 in 2015-16 relates to staff movements. In 2014-15, two long-term ACT Government employees with significant Long Service Leave balances (approximately \$64,000 combined) left the Commission. Allowing for these staff movements, the Long Service Leave expense between the two years is consistent.

b) The decrease in Wages and Salaries of \$191,000 in 2015-16 reflects the cyclical nature of the Commission's activities. Due to the Commission having a reduced workload in 2015-16, vacant positions were not filled and the Commission's average full-time equivalent (FTE) employees were lower (2016: 4.78 FTE; 2015: 5.65 FTE).



**Independent Competition and Regulatory Commission**  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 10 Superannuation Expenses**

	2016 \$'000	2015 \$'000
Superannuation Contributions - Defined Benefit Schemes	-	7
Superannuation Contributions - Defined Contribution Schemes	81	87
<b>Total Superannuation Expenses <sup>(a)</sup></b>	<b>81</b>	<b>94</b>

a) The decrease in Superannuation Expenses of \$13,000 in 2015-16 reflects the cyclical nature of the Commission's activities. Due to the Commission having a reduced workload in 2015-16, vacant positions were not filled and the Commission's average full-time equivalent (FTE) employees were lower (2016: 4.78 FTE; 2015: 5.65 FTE).

**Independent Competition and Regulatory Commission**

**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 11 Supplies and Services**

	2016 \$'000	Restated <sup>(a)</sup> 2015 \$'000
Audit Fees	25	24
Information and Communication Technology	89	84
Office Rental and Operating Costs	179	185
Professional Services	150	151
Recruitment Costs	10	-
Stationery	7	5
Subscriptions, Membership and Conferences	31	37
Other	37	38
<b>Total Supplies and Services</b>	<b>528</b>	<b>524</b>

a) The 2014-15 amounts have been restated for the change in accounting policy set out in Note 3 relating to the recognition of Utility Licence Fees. This change in accounting policy has removed 'Utilities Act - External Administrative Costs' from Supplies and Services and reduced 2015-16 expenses by \$883,000 (2014-15: \$646,000). No other balances have been restated.

**Independent Competition and Regulatory Commission**

**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 12 Depreciation**

	2016 \$'000	2015 \$'000
<b>Depreciation</b>		
Office Furniture and Equipment	52	52
<b>Total Depreciation</b>	<u>52</u>	<u>52</u>

**Independent Competition and Regulatory Commission**

**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 13 Borrowing Costs**

	2016 \$'000	2015 \$'000
<b>Borrowing costs</b>		
Finance Cost on Make Good <sup>(a)</sup>	5	(4)
<b>Total Borrowing Costs</b>	<u>5</u>	<u>(4)</u>

a) The Commission's borrowing costs relate to changes in the estimated future cost of 'Make Good' for the Commission's office accommodation. Refer Note 20 for further information on Provision for Make Good.

**Independent Competition and Regulatory Commission**  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 14 Auditor's Remuneration**

	2016 \$'000	2015 \$'000
<b>Audit Services</b>		
Audit Fees for Audit Services Performed by the ACT Audit Office	25	24
<b>Total Audit Fees</b>	<u>25</u>	<u>24</u>

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 2016

#### Note 15 Cash and Cash Equivalents

	2016 \$'000	Restated <sup>(a)</sup> 2015 \$'000
Cash at Bank	1,365	1,388
<b>Total Cash and Cash Equivalents</b>	<b>1,365</b>	<b>1,388</b>

a) The amounts have been restated for the change in accounting policy set out in Note 3 relating to the recognition of Utility Licence Fees.

Excluded from cash and cash equivalents is an amount of \$580,000 (2015: \$760,000) relating to Utility Licence Fees which have been collected by the Commission but not transferred to the Technical Regulator or the ACT Civil and Administrative Tribunal (ACAT) at year end. Utility Licence Fees are collected under the *Utilities Act 2000* to cover the estimated costs incurred by the Commission, the Technical Regulator and ACAT for regulatory activities in relation to water, sewerage, and gas transmission utilities. See also Note 2(e) Revenue Recognition, Note 2(u) Significant Accounting Estimates and Judgements and Note 27 Third Party Monies.

The Commission managed two bank accounts in 2015-16 and these accounts were with Westpac Banking Corporation, being the ACT Government's preferred provider of bank services. The first account was the Commission's operating account and a second bank account was opened during 2015-16 for Third Party Monies. Details of transactions relating to Third Party Monies are provided in Note 27. Interest revenue earned on Third Party Monies during 2015-16 have not been included in the Commission's Financial Statements.

# Independent Competition and Regulatory Commission

## Notes to and forming part of the financial statements for the year ended 30 June 2016

### Note 16 Receivables

	2016 \$'000	2015 \$'000
<b>Current Receivables</b>		
Accrued Revenue <sup>(a)</sup>	155	178
<b>Total Current Receivables</b>	<u>155</u>	<u>178</u>
<b>Total Receivables</b>	<u><u>155</u></u>	<u><u>178</u></u>

a) The \$23,000 reduction in accrued revenue for 2015-16 is reflective of Commission's activities not being annually recurrent and the complexities involved in predicting the costs to be recovered and the timing of those recoveries. The \$155,000 will be recovered in 2016-17 as Utility Licence Fees under the *Utilities Act 2000*.

### Ageing of Receivables

	Not Overdue \$'000	Over Due			Total \$'000
		Less Than 30 Days \$'000	30 to 60 Days \$'000	Greater Than 60 Days \$'000	
<b>2016</b>					
<b>Not Impaired<sup>(b)</sup></b>					
Receivables	155	-	-	-	155
<b>2015</b>					
<b>Not Impaired<sup>(b)</sup></b>					
Receivables	178	-	-	-	178

b) 'Not Impaired' refers to net receivables (that is gross receivables less impaired receivables). The Commission has no impaired receivables.

### Additional Guidance

The above table should be read in conjunction with the Commission's accounting policy in relation to receivables (see Note 2(i)). The Commission's policy regarding the normal credit terms of receivables is that debtors must pay an invoice within 30 days.

<b>Classification of ACT Government/Non-ACT Government Receivables</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Receivables with ACT Government Entities</b>		
Accrued Revenue	155	90
<b>Total Receivables with ACT Government Entities</b>	<u>155</u>	<u>90</u>
<b>Receivables with Non-ACT Government Entities</b>		
Accrued Revenue	-	88
<b>Total Receivables with Non-ACT Government Entities</b>	<u>-</u>	<u>88</u>
<b>Total Receivables</b>	<u><u>155</u></u>	<u><u>178</u></u>

**Independent Competition and Regulatory Commission**  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 17 Plant and Equipment**

	2016 \$'000	2015 \$'000
<b>Plant and Equipment</b>		
Office Furniture and Equipment at Cost <sup>(a)</sup>	509	510
Less: Accumulated Depreciation	(213)	(162)
<b>Total Written Down Value of Plant and Equipment</b>	<u><u>296</u></u>	<u><u>348</u></u>
	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
<b>Reconciliation of Plant and Equipment</b>		
<b>Carrying Amount at the Beginning of the Reporting Period</b>	348	399
Depreciation	(52)	(51)
<b>Carrying Amount at the End of the Reporting Period</b>	<u><u>296</u></u>	<u><u>348</u></u>

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



**Independent Competition and Regulatory Commission** *Financial statements and audit report*  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 18 Payables**

	2016 \$'000	2015 \$'000
<b>Current Payables</b>		
Trade Payables	13	26
Net Goods and Services Tax Payable <sup>(a)</sup>	-	33
Accrued Expenses	33	26
<b>Total Current Payables</b>	<b>46</b>	<b>85</b>
<b>Total Payables</b>	<b>46</b>	<b>85</b>
 <b>Payables are aged as follows:</b>		
Not Overdue	46	85
<b>Total Payables</b>	<b>46</b>	<b>85</b>
 <b>Classification of ACT Government/Non-ACT Government Payables</b>		
<b>Payables with ACT Government Entities</b>		
Accrued Expenses	26	24
<b>Total Payables with ACT Government Entities</b>	<b>26</b>	<b>24</b>
 <b>Payables with Non-ACT Government Entities</b>		
Trade Payables	13	26
Net Goods and Services Tax Payable <sup>(a)</sup>	-	33
Accrued Expenses	7	2
<b>Total Payables with Non ACT Government Entities</b>	<b>20</b>	<b>61</b>
<b>Total Payables</b>	<b>46</b>	<b>85</b>

a) The Commission was not liable to remit any Goods and Services Tax (GST) to the Australian Taxation Office at 30 June 2016.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 19 Employee Benefits

	2016 \$'000	2015 \$'000
<b>Current Employee Benefits</b>		
Annual Leave	83	92
Long Service Leave <sup>(a)</sup>	75	56
Accrued Salaries and Superannuation <sup>(b)</sup>	25	47
<b>Total Current Employee Benefits</b>	<b>183</b>	<b>195</b>
<b>Non-Current Employee Benefits</b>		
Long Service Leave	32	19
<b>Total Non-Current Employee Benefits</b>	<b>32</b>	<b>19</b>
<b>Total Employee Benefits</b>	<b>215</b>	<b>214</b>

<b>Estimate of when Leave is Payable</b>	2016 \$'000	2015 \$'000
<b>Estimated Amount Payable within 12 Months</b>		
Annual Leave	78	73
Long Service Leave	24	20
Accrued Salaries and Superannuation	25	47
<b>Total Employee Benefits Payable within 12 Months</b>	<b>127</b>	<b>140</b>
<b>Estimated Amount Payable after 12 Months</b>		
Annual Leave	5	19
Long Service Leave	82	55
<b>Total Employee Benefits Payable after 12 Months</b>	<b>88</b>	<b>74</b>
<b>Total Employee Benefits</b>	<b>215</b>	<b>214</b>

a) The increase in Long Service Leave is mainly due to staff accruing an additional year of entitlements, with no staff utilising Long Service Leave during the year.

b) The decrease in Accrued Salaries and Superannuation costs is due to the 2015-16 year end accrual being 1 day (2014-15: 9 days).

**Independent Competition and Regulatory Commission** *Financial statements and audit report*  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 20 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'). The ACT Government Accommodation Framework requires agencies to account for fit-outs and Australian Accounting Standard AASB 116 Property, Plant and Equipment paragraph 16(c) requires the cost of dismantling and removal of items (also known as Make Good) to be included.

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of the Provision for Make Good</b>		
Provision for Make Good at the Beginning of the Reporting Period	60	64
Increase/(Decrease) in Provision due to Unwinding of Discount	5	(4)
<b>Provision For Make Good as at the End of the Reporting Period</b>	<b>65</b>	<b>60</b>

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 21 Financial Instruments

##### Interest Rate Risk

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

The majority of the Commission's financial assets are held in floating interest rate arrangements. However, the Commission has no financial liabilities that are subject to a floating interest rate. This means that the Commission's only exposure is to movements in interest receivable. The weighted average interest rate decreased from 3.09 percent for the year ended 30 June 2015 to 2.81 percent for the year ended 30 June 2016.

Interest rate risk for financial assets is managed by the Commission by only investing in floating interest rate investments that are low risk.

##### Sensitivity Analysis

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

##### 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 allowance for impairment. Credit risk is managed by investing surplus funds with a high credit quality financial institution (Westpac Bank).

All receivables consist of fees charged to ACT Government entities. 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.

##### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Commission has assessed its exposure to price risk as low given the nature and limited amount and values of its financial instruments.

## Notes to and forming part of the financial statements for the year ended 30 June 2016

## Note 21 Financial Instruments - Continued

## Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents is the carrying value recorded in the Balance Sheet. The carrying amounts and fair values of financial assets and liabilities at the end of the reporting period are:

	Note No.	Carrying Amount 2016 \$'000	Fair Value 2016 \$'000	Restated <sup>(a)</sup>	
				Carrying Amount 2015 \$'000	Restated <sup>(a)</sup> Fair Value 2015 \$'000
<b>Financial Assets</b>					
Cash and Cash Equivalents	15	1,365	1,365	1,388	1,388
Receivables	16	155	155	178	178
<b>Total Financial Assets</b>		<b>1,520</b>	<b>1,520</b>	<b>1,565</b>	<b>1,565</b>
<b>Financial Liabilities</b>					
Payables	18	46	46	85	85
<b>Total Financial Liabilities</b>		<b>46</b>	<b>46</b>	<b>85</b>	<b>85</b>

a) The amounts have been restated for the change in accounting policy set out in Note 3 relating to the recognition of Utility Licence Fees.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 21 Financial Instruments - Continued

The following tables set out the Commission's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2015 and 30 June 2016. All financial assets which have a floating interest rate or are non-interest bearing will mature in one year or less. All financial assets and liabilities appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note No.	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed Interest maturing in:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
<b>2016</b>								
<b>Financial Instruments</b>								
<b>Financial Assets</b>								
Cash and Cash Equivalents	15	2.81%	1,365	-	-	-	-	1,365
Receivables	16		-	-	-	-	155	155
<b>Total Financial Assets</b>			<b>1,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155</b>	<b>1,520</b>
<b>Financial Liabilities</b>								
Payables	18		-	-	-	-	46	46
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>46</b>
<b>Net Financial Assets</b>			<b>1,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>1,474</b>
<b>2015</b>								
<b>Financial Instruments</b>								
<b>Financial Assets</b>								
Cash and Cash Equivalents <sup>(a)</sup>	15	3.09%	1,388	-	-	-	-	1,388
Receivables	16		-	-	-	-	178	178
<b>Total Financial Assets</b>			<b>1,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178</b>	<b>1,565</b>
<b>Financial Liabilities</b>								
Payables	18		-	-	-	-	85	85
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>85</b>
<b>Net Financial Assets</b>			<b>1,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>1,481</b>

a) The amounts have been restated for the change in accounting policy set out in Note 3 relating to the recognition of Utilities Licence Fees.

**Independent Competition and Regulatory Commission** *Financial statements and audit report*  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 21 Financial Instruments - Continued**

		2016 \$'000	2015 \$'000
<b>Carrying Amount of Each Category of Financial Asset and Financial Liability</b>			
<b>Financial Assets</b>	<b>Note No.</b>		
Loans and Receivables Measured at Amortised Cost	16	155	178
<b>Financial Liabilities</b>			
Financial Liabilities Measured at Amortised Cost	18	46	85

The Commission does not have any financial assets in the 'Financial Assets at fair value through Profit and Loss' category, 'Available for Sale' category or the 'Held to Maturity' category. As such these categories are not included above. Also, the Commission does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category. As such, this category is also not included above.

**Fair Value Hierarchy**

The Commission does not have any financial assets or liabilities measured at fair value. As such no Fair Value Hierarchy disclosures have been made.

**Independent Competition and Regulatory Commission**

**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 22 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.

	2016 \$'000	Restated <sup>(a)</sup> 2015 \$'000
Total Cash and Cash Equivalents Recorded in the Balance Sheet	1,365	1,388
<b>Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement</b>	<b>1,365</b>	<b>1,388</b>

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

Operating (Deficit)	(64)	(65)
<b>Add Non-Cash Items</b>		
Depreciation of Plant and Equipment	52	52
Borrowing Costs	5	(4)
<b>Cash Before Changes in Operating Assets and Liabilities</b>	<b>(7)</b>	<b>(17)</b>
<b>Changes in Operating Assets and Liabilities</b>		
Decrease in Receivables	23	254
(Decrease)/Increase in Payables	(39)	25
Increase/(Decrease) in Employee Benefits	1	(86)
(Decrease) in Other Liabilities	-	(83)
<b>Net Changes in Operating Assets and Liabilities</b>	<b>(15)</b>	<b>110</b>
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>	<b>(23)</b>	<b>93</b>

a) The amounts have been restated for the change in accounting policy set out in Note 3 relating to the recognition of Utilities Licence Fees.



*Financial statements and audit report*

**Independent Competition and Regulatory Commission**  
**Notes to and forming part of the financial statements for the year ended 30 June 2016**

**Note 23 Commitments**

	2016 \$'000	2015 \$'000
<b>Operating Lease Commitments - Plant and Equipment</b>		
Non-cancellable operating lease commitments are payable as follows:		
Within one year	6	5
Later than one year but not later than five years	13	13
<b>Total Operating Lease Commitments - Plant and Equipment</b>	<b>19</b>	<b>18</b>

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	86	83
Later than one year but not later than five years	66	152
<b>Total Other Commitments</b>	<b>152</b>	<b>236</b>

All of the Commission's Other Commitments relate to outsourced accounting services. The Commission outsources accounting services due the diversity of accounting services required, 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.

**Note 24 Waivers, Impairment Losses and Write-Offs**

No waivers, impairment losses or write-offs have occurred during the 2015-16 reporting period for the Commission (2014-15: Nil).

**Note 25 Contingent Liabilities**

There are no known contingent liabilities as at 30 June 2016 (30 June 2015: Nil).

**Note 26 Events Occurring After Balance Date**

There were no events occurring after balance date that had a material effect on the Financial Statements in the current reporting period or in future reporting periods.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 27 Third Party Monies

The Commission holds the following third party monies:

	2016	2015
	\$'000	\$'000
<b>Utility Licence Fees</b>		
<b>Balance at the Beginning of the Reporting Period</b>	<b>760</b>	<b>544</b>
Cash Receipts		
- East Australian Pipeline Limited	64	32
- Icon Water Limited	1,341	796
- TransGrid (NSW Electricity Networks Operations Pty Ltd)	105	-
- Interest Received	24	-
Cash Payments		
- Independent Competition and Regulatory Commission	(612)	(130)
- ACT Civil and Administrative Tribunal (ACAT).	(153)	-
- Environment and Planning Directorate (technical regulation)	(602)	(482)
- Access Canberra (technical regulation)	(348)	-
<b>Balance at the End of the Reporting Period</b>	<b>580</b>	<b>760</b>

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. The fees are therefore not recorded as income of the Commission in accordance with the accounting policy described in Note 2(e).

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

Notes to and forming part of the financial statements for the year ended 30 June 2016

**Note 28 Budgetary Reporting**

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are considered to be major variances if **both** of the following criteria are met:

(a) The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and

(b) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

Operating Statement Line Items	Actual 2016 \$'000	Original Budget 2016 \$'000	Variance \$'000	Variance %
Government Payment for Outputs <sup>(a)</sup>	260	541	(281)	-52%
User Charges - ACT Government <sup>(b)</sup>	387	537	(150)	-28%
Supplies and Services <sup>(c)</sup>	528	942	(414)	-44%

**Variance Explanations**

a) Government Payment for Outputs: The budget variance of minus \$281,000 relates to the budget being based on the pre July 2012 energy regulatory framework. From July 2012 regulatory responsibility for retail energy (electricity and gas) markets was transferred to the Australian Energy Regulator (AER) under the National Energy Customer Framework (NECF). The Commission has not drawn the full amount appropriated due to its reduced regulatory responsibilities.

b) User Charges - Non ACT Government: The budget variance of minus \$150,000 is reflective of Commission activities not being annually recurrent and the complexities involved in predicting the costs to be recovered and the timing of those recoveries.

c) Supplies and Services: The budget variance of minus \$414,000 relates to the change in accounting policy set out in Note 3, which was not anticipated in the budget.

Balance Sheet Line Items	Actual \$'000	Original Budget \$'000	Variance \$'000	Variance %
Cash and Cash Equivalents <sup>(d)</sup>	1,365	2,111	(746)	-35%
Receivables <sup>(e)</sup>	155	10	145	1,450%
Payables <sup>(f)</sup>	46	60	(14)	-23%
Other Provisions - Current <sup>(g)</sup>	-	576	(576)	-100%
Employee Benefits - Non Current <sup>(h)</sup>	32	21	11	52%

**Variance Explanations**

d) Cash and Cash Equivalents: The budget variance of minus \$746,000 relates to the change in accounting policy set out in Note 3, which was not anticipated in the budget.

## Independent Competition and Regulatory Commission

### Notes to and forming part of the financial statements for the year ended 30 June 2016

#### Note 28 Budgetary Reporting - Continued

e) Receivables: The budget variance of \$145,000 relates to the review and processing of TransGrid's (NSW Electricity Networks Operations Pty Ltd's) licence variation application, which was not anticipated in the budget. These costs will be recovered through the 2016-17 Licence Fee Determination.

f) Payables: The budget variance of minus \$14,000 is reflective of invoices being received and paid in a timely manner.

g) Other Provisions - Current: The budget variance of minus \$576,000 relates to the change in accounting policy set out in Note 3, which was not anticipated in the budget.

h) Employee Benefits - Non Current: The budget variance of \$11,000 relates to Long Service Leave entitlements and is mainly due to staff accruing an additional year of entitlements, with no staff utilising Long Service Leave during 2015-16. The budget was prepared on the assumption that staff would take a portion of their long service leave entitlements.

Statement of Changes in Equity	Actual \$'000	Original Budget \$'000	Variance \$'000	Variance %
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*These line items are covered in other financial statements variance explanations*

Cash Flow Statement Line Items	Actual \$'000	Original Budget \$'000	Variance \$'000	Variance %
Government Payment for Outputs <sup>(i)</sup>	260	541	(281)	-52%
Fees <sup>(j)</sup>	612	778	(166)	-21%
User Charges - ACT Government <sup>(k)</sup>	421	537	(116)	-22%
Supplies and Services <sup>(l)</sup>	559	931	(372)	-40%

#### Variance Explanations

i) Government Payment for Outputs: The budget variance of minus \$281,000 relates to the budget being based on the pre July 2012 energy regulatory framework. From July 2012 regulatory responsibility for retail energy (electricity and gas) markets was transferred to the Australian Energy Regulator (AER) under the National Energy Customer Framework (NECF). The Commission has not drawn the full amount appropriated due to its reduced regulatory responsibilities.

j) Fees: The budget variance of minus \$166,000 relates to the change in accounting policy set out in Note 3, offset by recovery of additional Commission costs relating to:

- review of Icon Water's water and sewerage services tariffs; and
- review and processing of TransGrid's (NSW Electricity Networks Operations Pty Ltd's) licence variation application.

k) User Charges - Non ACT Government: The budget variance of minus \$116,000 is reflective of Commission activities not being annually recurrent and the complexities involved in predicting the costs to be recovered and the timing of those recoveries.

l) Supplies and Services: The budget variance of minus \$372,000 relates to the change in accounting policy set out in Note 3, which was not anticipated in the budget.

## REPORT OF FACTUAL FINDINGS

### INDEPENDENT COMPETITION AND REGULATORY COMMISSION

To the Members of the ACT Legislative Assembly

#### Report on the statement of performance

The statement of performance of the Independent Competition and Regulatory Commission (the Commission) for the year ended 30 June 2016 has been reviewed.

#### Responsibility for the statement of performance

The Chief Executive Officer is responsible for the preparation and fair presentation of the statement of performance of the Commission in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate records and internal controls that are designed to prevent and detect fraud and error, and the systems and procedures used to measure the results of the accountability indicators reported in the statement of performance.

#### The auditor's responsibility

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2016*, I am responsible for providing a report of factual findings on the statement of performance.

This review was conducted in accordance with the Australian Auditing Standards applicable to review engagements, to provide assurance that the results of the accountability indicators reported in the statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Commission, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets.

No opinion is expressed on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

### **Electronic presentation of the statement of performance**

Those viewing an electronic presentation of this statement of performance should note that the review does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the statement of performance. If users of the statement of performance are concerned with the inherent risks arising from the electronic presentation of information, then they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.

### **Independence**

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting this review.

### **Review opinion**

Based on the review procedures, no matters have come to my attention which indicate that the results of the accountability indicators, reported in the statement of performance of the Commission for the year ended 30 June 2016, are not fairly presented in accordance with the *Financial Management Act 1996*.

This review opinion should be read in conjunction with the other information disclosed in this report.

Bernie Sheville  
Director, Financial Audits  
11 August 2016

## Appendix 2 Section 9 reporting requirements

Section 9 of the ICRC Act sets out specific reporting requirements we must address in our 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

The Commission undertakes investigations under Part 3 of the ICRC Act. On 22 June 2016, the Commission received a terms of reference from the Treasurer to undertake and investigation and determine a Price Direction for *Standing offer prices for the supply of electricity to small customers 1 July 2017 to 30 June 2020*.

The terms of reference is available at <http://www.legislation.act.gov.au/di/2016-138/current/pdf/2016-138.pdf> Final reports and special reports

### Price directions

See above section on Investigations.

### Access agreements

Our responsibilities for access agreements, in relation to infrastructure facilities, are set out in Part 5 of the ICRC Act. During 2015–16, we did not provide advice on any proposed access agreements and no access agreements were notified to us.

### Arbitration of disputes

Part 6 of the ICRC Act provides for the referral of disputes to us in relation to an access regime for arbitration. During 2015–16, no disputes were referred to us.

## **Notices issued under section 41**

Section 41 of the ICRC Act provides that we can, by written notice, require a person to give us information or a document that may assist us in exercising our functions. During 2015–16, we did not issue any notices under section 41.

## **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 2015–16:<sup>21</sup>

- approval of standard customer contracts (NI2016-290, NI2016-291, NI2016-292 and NI2016-304);
- determination of licence fees (NI2015-563 and NI2015-692);
- determination of energy industry levy (NI2015-564, NI2015-565 and NI2015-566);
- transfer of licence (NI2015-711);
- utility licence annual reporting under section 25(2)(d) of the Utilities Act;<sup>22</sup>

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<sup>21</sup> Note: Notifiable (NI) and disallowable (DI) instruments are available at the ACT Legislation website at <http://www.legislation.act.gov.au/>.

<sup>22</sup> See Appendix 4 Utility Licence Annual Report 2014-15 summary



## Appendix 3 Annual Reports (Government Agencies) Notice 2015 (NI2015-207) compliance index<sup>23</sup>

<b>Annual Reports (Government Agencies) Notice 2015 (NI2015-207) requirements</b>	<b>Page</b>
<b>A: Transmittal certificate</b>	<b>1</b>
<b>B:</b>	<b>3</b>
<b>Organisational overview and performance</b>	
B.1 Organisational overview	4
B.2 Performance analysis	6
B.3 Scrutiny	7
B.4 Risk management	7
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B.6 Fraud prevention	8
B.7 Work health and safety	8
B.8 Human resources management	8
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<b>C: Financial management reporting</b>	<b>11</b>
C.1 Financial management analysis	11
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<b>D: Notices of non compliance</b>	<b>23</b>
D.1 Dangerous substances	23
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<b>Annual Reports (Government Agencies) Notice 2015 (NI2015-207) requirements</b>	<b>Page</b>
<b>E: Education and training</b>	<b>23</b>
E.1 Investigation of complaints	23
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<b>O: Public sector standards and workforce profile</b>	<b>29</b>
O.1 Culture and behaviour	29
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<b>P: Territory records</b>	<b>30</b>

## Appendix 4 Utility licence annual report 2014-15 summary<sup>24</sup>

### 1 Introduction

Under section 25(2)(d) of the Utilities Act a licensed utility must provide, in accordance with any written requirements of the Commission an annual report for each financial year in relation to:

- the exercise of its functions under the Utilities Act; and
- compliance with the conditions of its licence.

This attachment summarises the Utility Licence Annual Reports (ULAR) provided by licensed utilities. Licensed utilities operating during 2014-15 in the ACT included:

- electricity distribution and connection (ActewAGL Electricity);
- gas distribution and connection (ActewAGL Gas);
- gas transmission (EAPL);
- electricity transmission (Transgrid) and
- water and sewerage services (Icon Water).

#### 1.1 The reporting framework

The Utilities Act provides a framework under which the Commission regulates certain aspects of the provision of utility services in the ACT. To provide a utility service in the Territory, a utility must be licensed. The Commission is responsible for the licensing process and monitoring the compliance of licensees with their legislative and licence obligations. The obligations for licensees originate from a number of sources including:

- the Utilities Act;
- the UTR Act;
- conditions imposed by the utility licence;
- industry codes determined by the Commission under Part 4 of the Utilities Act; and
- technical codes determined by the technical regulator under the UTR Act.<sup>25</sup>

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<sup>24</sup> While the annual report relates to the Commission's functions for 2015-16, the ULAR is reported by utilities for 2014-15 in October 2015 of the annual report year period. Any references to figures in this summary are 2014-15 figures unless otherwise specified.

<sup>25</sup> Whilst compliance with technical codes and the *Utilities (Technical Regulation) Act 2014* is a licence requirement, the responsibility to monitor, and report on, technical compliance falls with the technical regulator.

## **1.2 Outline of the summary**

Section 2 of this summary outlines the regulatory framework licensed utilities must comply with and how the Commission monitors compliance. It also provides a broad overview of utility compliance with the industry codes, Part 7 of the Utilities Act and advice sought from other ACT government directorates. Sections 3–7 set out in detail the compliance of the licensed utilities with the Consumer Protection Code and environmental considerations.

## **2 Compliance overview**

As part of the review of utility compliance the Commission required information from utilities regarding their compliance with:

- licence conditions;
- the Utilities Act; and
- industry codes.

As was the case in 2013–14, licensees did not report any material breaches of their regulatory requirements in 2014–15.

### **2.1 Customer Service**

The Commission examined each utility's compliance with Schedule 1 (Minimum Service Standards) of the Consumer Protection Code. The Consumer Protection Code sets out a number of rights and protections for customers; Schedule 1 includes standards for consumer connection times, responding to complaints and notification of problems or concerns, and planned and unplanned interruptions to utility services.

Each licensed utility provided figures for complaints received, planned and unplanned interruptions, responses to complaints and notification of problems. This information is set out for each relevant licensed utility in sections 3, 4 and 5 below.

### **2.2 Rebates paid under the Consumer Protection Code**

The Consumer Protection Code specifies 5 minimum service standards. Where a utility fails to reach a minimum service standard, customers are entitled to a rebate.

Table 1 summarises the payment of rebates for failure to meet minimum service standards in 2013–14 and 2014–15. In 2014–15, \$2,617 in rebates were paid compared to \$2,800 in 2013–14.

**Table 1 Payment of performance rebates, 2013–14 and 2014–15**

Utility	2013–14			2014–15		
	Number of claims made (no.)	Number of rebates paid (no.)	Value of rebates (\$)	Number of claims made (no.)	Number of rebates paid (no.)	Value of rebates (\$)
Icon Water (water)	0	0	0	0	1	50
Icon Water (sewerage)	0	0	0	0	0	0
ActewAGL Distribution (electricity)	0	56	2,800	0	46	2,567
ActewAGL Distribution (gas)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>56</b>	<b>2,800</b>	<b>0</b>	<b>47</b>	<b>2,617</b>

Clause 11 of the Consumer Protection Code requires utilities to inform their customers of the minimum service standards and of their entitlement to a rebate if these standards are not met. The Code requires this information be provided in the customer contract, or for energy customers, in the statement of rights and responsibilities provided to customers under the code. As was the case in 2013–14, Table 1 shows that all rebates were paid without any claims being made.

## 2.3 Network operations

Part 7 of the Utilities Act places obligations on network operators to take reasonable steps to minimise inconvenience to landowners and damage to property when undertaking network operations. The Act specifies minimum notice requirements to land holders and also requires network operators to restore property affected by the work of the utility.

To assess compliance with the notice and land restoration requirements, the Commission considers the number of complaints made against each utility regarding the performance of its network operations. Complaints received by each network licensee in relation to these concerns are set out in sections 3.1, 4.1 and 5.1 below.

To consider compliance with a utility's obligations with respect to network performance under Division 7.3, the Commission requires information regarding network operations on public or private land and the notice provided to landholders. This includes specifics regarding the number of network operations, tree lopping or other work performed in urgent circumstances. Utilities are permitted to enter land without giving notice to the landholder where network operations are required in 'urgent circumstances'.<sup>26</sup> Information on work occurring in urgent circumstances was first included in the 2012–2013 ULAR so the Commission could gain an appreciation of the scale of the utilities employing the 'exception' to commission works without adhering to notice requirements. This is the third year the Commission has requested information on work performed in urgent circumstances. Based on the information collected over the past three years, there has been no need to seek a reduction or more explanation on the 'urgent circumstances' work. It is also important to note that the Commission has received no complaints (nor complaints through ACT

<sup>26</sup> Utilities Act, sections 109(5), 110(8), 110A(2) and 111(6).

directorates) that work undertaken in urgent circumstances is of a concern to consumers. The Commission will continue to collect this data over the coming years and monitor any trends or issues that may arise.

## **2.4 Network boundary codes**

The Electricity and Water and Sewerage Network Boundary Codes require notification to be given to the technical regulator and the Commission of any agreement between the utility and land holder for setting an alternative to the default point as the network boundary. The Gas Network Boundary Code sets the boundary at the point of supply (i.e. alternative boundaries are not permitted for gas).

The Commission asked utilities whether any alternative boundaries had been agreed on (between the utility and customer) during 2014–15. As was the case in 2013–14, none of the utilities reported making alternative network boundaries, nor had the Commission received any notifications of agreed alternative boundaries during the year.

## **2.5 Environmental performance**

Network losses refer to the difference in the amount of electricity, gas, or water entering a network and the amount exiting the network for consumption. Network losses are referred to as unaccounted for gas and unaccounted for water.

Unaccounted for gas decreased from 1.91 per cent reported in 2013–14, to 1.5 per cent in 2014–15. In 2014–15, the percentage of unaccounted for water increased from 5.2 per cent in 2013–14 to 7.8 per cent.

The Commission does not gather data on electricity network losses as it is not specifically required by ActewAGL Electricity Distribution's utility licence. Instead, this data is gathered and reported on by the Australian Energy Market Operator.

## **2.6 ACT directorates**

Every year, the Commission invites ACT agencies/directorates including Access Canberra (which consists of several agencies including the Office of Regulatory Services and the Environmental Protection Agency), the ACAT and ACT Health to comment on the performance and compliance of the licensed utilities in the Territory. In 2014–15, the Commission also invited a response from the ACT Asbestos Response Taskforce (the Taskforce), as the Taskforce has had significant interaction with the utilities relating to the disconnection of services.

Access Canberra reported that in 2014–15, it had received no formal complaints regarding the marketing activities of utilities or their agents. However it received 39 enquiries via email or telephone regarding essential services in general. The majority of these enquiries related to disputes about invoice billing. Access Canberra reports that they advised

enquirers to raise the dispute in writing with the utility and to contact the ACAT if they were unable to reach a solution.

In relation to the environmental performance of utilities or their agents in 2014–15, Access Canberra reported the occurrence of five incidents, all of which were promptly reported and managed in accordance with the protocols of the relevant environmental authorisation.

The ACAT reported that there were no industry wide or specific compliance issues in 2014–15 relating to gas and electricity supply, although it did note an increase in complaints relating to transfers between retailers in the ACT. The ACAT also reported no material compliance issues with respect to water supply in 2014–15.

ACT Health reported that it had not received any complaints from the public about the operation of Icon Water drinking water services in 2014–15, other than for the use of fluoride in the water. Icon Water is required to report incidents to the Chief Health Officer within set timeframes under the *Public Health (Drinking Water) Code of Practice 2007*. Icon Water made 5 notifications of adverse events during 2014–15 and ACT Health was satisfied with the incident responses undertaken by Icon Water.

The Taskforce reported liaising with Icon Water and ActewAGL Electricity and Gas in relation to the disconnection of services to premises. The Taskforce reported no issues with compliance or performance from these utilities.

### 3 Water and sewerage

Icon Water supplied 42,938 ML of water to the ACT during 2014–15 (total of 46,904 ML to the ACT and Queanbeyan). This was a small decrease on the 44,488 ML of water supplied to the ACT during 2013–14 (total of 48,731 ML to the ACT and Queanbeyan). Residential use, as a proportion of total water supplied to the ACT, decreased slightly from 69.7 per cent to 68.6 per cent. The total volume of water supplied to Queanbeyan for 2014–15 was 3,966 ML, down from 4,243 ML in 2013–14.

#### 3.1 Customer service

##### Water supply complaints

In 2014–15, Icon water received 522 complaints about water supply to premises in the ACT, a small increase from the previous year. Table 2 lists the categories of complaints received by Icon Water over the past four years. The Commission sought comments from Icon Water in relation to the nine per cent increase in complaints relating to water quality in 2014–15 as compared to 2013–14. Icon Water stated that the increase in the number of complaints related to planned water connection works undertaken in the suburbs of Lawson and Gungahlin.

**Table 2 Complaints, water supply 2011-12 to 2014-15**

Complaint item	2011-12	2012-13	2013-14	2014-15	Change in current year from previous year (number)
Water quality	131	121	187	204	+17
Water supply reliability	48	36	15	2	-13
Property damage / restoration of property	78	82	62	64	+2
Accounts / billing / retail <sup>1</sup>	49	62	66	53	-13
Metering / meter reading	97	85	69	74	+5
Failure to provide, or insufficient, notice	47	42	19	26	+7
Unplanned interruptions	27	44	5	19	+14
Other network <sup>2</sup>	73	110	76	80	+4
<b>Total</b>	<b>550</b>	<b>582</b>	<b>499</b>	<b>522</b>	<b>+23</b>

1. Icon Water does not separately record complaints for 'accounts, billing and retail' for water and sewerage for 2012-13 onwards. The total category has been split evenly across water and sewerage.
2. Other network category includes: water pressure, water hammer/noisy pipes, driving/parking, other, damage/fault our asset, safety/health, water leak, service request not met, noise/unsightly, information wrong, staff rude, work faulty, reimbursement assessment.

### Sewerage service complaints

In 2014–15, 290 complaints were received in relation to sewerage services, which was an increase on the previous year's levels. Table 3 sets out the complaints relating to sewerage services. The main areas of complaint remained property damage and accounts and billing.

**Table 3 Complaints, sewerage services 2011-12 to 2014-15**

Complaint item	2011-12	2012-13	2013-14	2014-15	Change in current year from previous year (number)
Sewage odour	6	14	4	20	+16
Sewerage services reliability and quality	30	22	35	43	+8
Property damage / restoration of property	85	61	106	132	+26
Accounts / billing / retail <sup>1</sup>	71	61	66	53	-13
Failure to provide, or insufficient, notice	3	7	5	1	-4
Unplanned interruptions	0	0	0	0	-
Other networks <sup>2</sup>	95	87	28	41	+13
<b>Total sewerage services</b>	<b>290</b>	<b>252</b>	<b>244</b>	<b>290</b>	<b>+46</b>

1. Icon Water does not separately record complaints for 'accounts, billing and retail' for water and sewerage from 2012-13 onwards. The total category has been split evenly across water and sewerage.
2. Other network complaints incorporates categories: reimbursement assessment, safety/health, other, damage/fault our asset, notices offended, driving/parking, service request not met, failed to reply, telephone service poor.



### 3.2 Planned and unplanned interruptions to services

Table 4 compares the number of planned and unplanned interruptions to Icon Water's water services from 2012–13 to 2014–15. The number of planned interruptions increased by 1,675 and the number of unplanned interruptions increased by 75 compared to those reported in 2013–14. Icon Water reported that the significant increase in planned interruptions was due to a 'new planned 20mm meter replacement project'.

**Table 4 Planned and unplanned interruptions to services, water supply, 2012-13 to 2014-15**

Interruptions to water supply services	2012-13	2013-14	2014-15	Change in current year from previous year (number)
<b>Planned interruptions to services</b>	<b>3,893</b>	<b>880</b>	<b>2,555</b>	<b>+1675</b>
Instances where licensee did not provide at least 2 days' notice of the planned interruption to each of the premises affected	5	0	1	+1
Instances where supply was not restored within 12 hours of the initial interruption	0	0	0	-
Average water supply interruption duration (minutes)	14	39.1	19	-20.1
Total interruption faced by an average customer (minutes per property)	0.51	0.21	0.39	+0.18
<b>Unplanned interruptions to services</b>	<b>758</b>	<b>489</b>	<b>564</b>	<b>+75</b>
Instances where supply was not restored within 12 hours of the initial interruption	0	0	0	0
Average water supply interruption duration (minutes)	148	148	114.7	-33.3

As was the case for the past two reporting periods, Icon Water reported no planned interruptions to sewerage services in 2014–15, and reported all interruptions as unplanned. Table 5 shows the number of unplanned interruptions decreased by 73 to 1,561 in 2014–15 compared to the previous year.

**Table 5 Planned and unplanned interruptions to services, sewerage services, 2012-13 to 2014-15**

Unplanned interruptions items	2012-13	2013-14	2014-15	Change in current year from previous year (number)
<b>Total number of unplanned interruptions</b>	<b>1,197</b>	<b>1,634</b>	<b>1,561</b>	<b>-73</b>
Instances where supply was not restored within 12 hours of the initial interruption	0	0	0	-
Sewer main breaks and chokes	1,344	1,844	1,678	-166
Sewer main breaks and chokes caused by tree roots	1,166	1,672	1,536	-136
Property connection sewer main breaks and chokes	1,192	1,629	1,552	-77
Property connection sewer main breaks and chokes caused by tree roots	1,034	1,425	1,385	-40

### **3.3 24-hour emergency telephone service**

Icon Water's utility licence requires it to maintain a 24-hour emergency telephone service. In 2014–15, Icon Water reported four outages to the service, including for maintenance on the telephone platform.

### **3.4 Customer safety net arrangements**

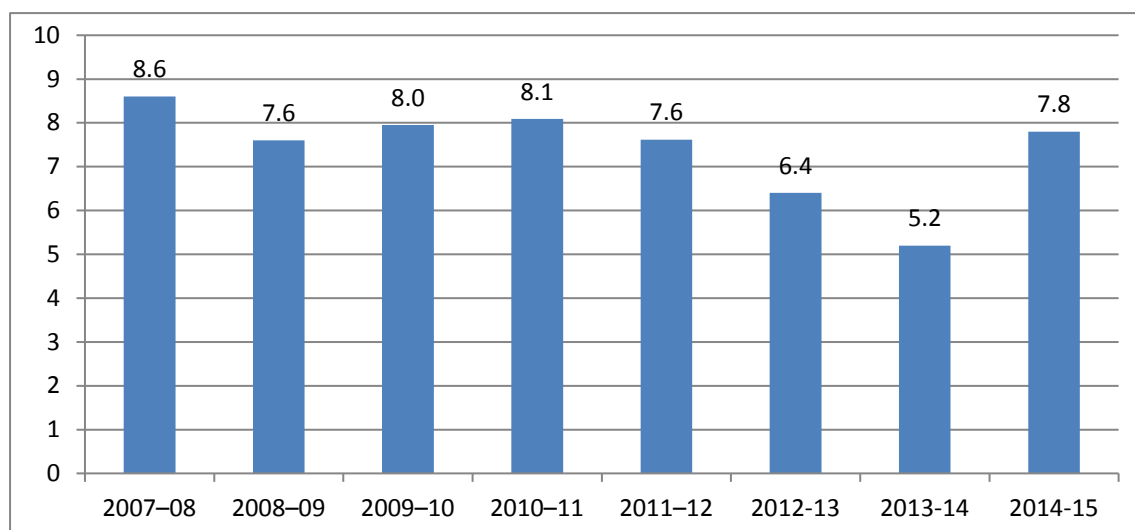
Under the Consumer Protection Code, a utility is not permitted to disconnect water supply or withdraw sewerage services for failure to pay an account. However, it may restrict the water flow sufficient for essential uses only. Icon Water did not restrict the water flow to any customer for failure to pay an account in 2014–15. Under the direction of the ACAT under section 180(1) of the Utilities Act, Icon Water discharged a customer debt for the amount of \$2,263.24.

### **3.5 Unaccounted for water**

Water network losses arise mainly through water lost or wasted through leakages, bursts or evaporation from open-air treatment and storage facilities. The amount of water lost may also be due to other factors such as metering and billing irregularities. Icon Water reports annually to the Commission on the amount of unaccounted for water in its network.

Figure 1 shows the annual quantity of unaccounted for water in the ACT as a proportion of the total volume of water supplied by Icon Water from 2007–08 to 2014–15. The percentage of unaccounted for water increased from 5.2 per cent in 2013–14 to 7.8 per cent in 2014–15. Icon Water explained that this sharp increase in unaccounted for water was mainly due to billing issues and as a result of estimates for unbilled authorised consumption (such as fire use) and unauthorised consumption being included in this figure. Icon Water stated that although estimates and delays in meter readings were not always within their control, they have taken a number of measures to manage/reduce their unaccounted for water. These include:

- Planned large meter replacement program – 25mm–150mm meters typically serving large residential, commercial and industrial customers;
- Planned small meter replacement program – 20mm residential meters; and
- Planned water mains replacement program.

**Figure 1 Unaccounted for water, proportion of total volume 2007-08 to 2014-15**

## 4 Electricity Distribution

ActewAGL Electricity supplies electricity network services to customers in the ACT in relation to connection and metering of premises, emergency response, maintenance of quality and reliability of supply, and meter reading and maintenance.

### 4.1 Customer Service

#### Customer complaints

ActewAGL Electricity received 491 complaints in 2014–15, an increase of 10.5 per cent on the previous year. Table 6 shows complaints relating to network operations is once again the largest category of complaint. A marked increase in complaints were also reported in relation to connection/disconnection, which ActewAGL Electricity have explained were caused by an internal restructure resulting in customer connection processes being segregated into three different work sections. Complaints in relation to meters and meter readings more than tripled from the previous year. According to ActewAGL Electricity, this was due to the implementation of the new 'Velocity' meter data and billing system which had resulted in meter data 'not being sent out to retailers in a timely fashion creating delays for retailers being able to process and issue accounts to their customers'.

**Table 6 Customer complaints, electricity distribution 2012-13 to 2014-15**

Complaint item	2012-13	2013-14	2014-15	Change in current year from previous year (number)
Connection/disconnection	9	11	21	+10
Notice of work and outages	145	168	153	-15
Network operations	114	188	217	+29
Meters and meter reading	8	5	19	+14
Customer Service	19	15	25	+10
Fees and charges	0	1	7	+6
Network and service quality	28	35	23	-12
Other	19	21	26	+5
<b>Total</b>	<b>342</b>	<b>444</b>	<b>491</b>	<b>+47</b>

### Planned and unplanned interruptions to services

Table 7 compares the number of planned and unplanned interruptions to ActewAGL Electricity services from 2011-12 to 2014-15. Planned interruptions increased by 11 per cent compared to 2013-14, while unplanned interruptions decreased by 1.4 per cent. The Consumer Protection Code requires ActewAGL Electricity to give customers at least 4 days' notice of planned interruptions to services. Although the number of planned interruptions increased, the number of failures to provide at least 4 days' notice for these interruptions decreased by 21 per cent. ActewAGL Electricity is required to restore electricity supply within 12 hours of the interruption. It failed to meet this requirement in four instances of planned interruptions and 19 instances of unplanned interruptions.

**Table 7 Planned and unplanned interruptions to electricity distribution services, 2011-12 to 2014-15**

	2011-12	2012-13	2013-14	2014-15	Change in current year from previous year (number)
<b>Planned interruptions to services</b>	<b>1,555</b>	<b>1,317</b>	<b>1,330</b>	<b>1,479</b>	<b>+109</b>
Times licensee did not provide at least 4 days notice	156	159	377	298	-79
Times supply not restored within 12 hours of the initial interruption	0	0	2	4	+2
<b>Unplanned interruptions to services</b>	<b>822</b>	<b>1,070</b>	<b>2,365</b>	<b>2,331</b>	<b>-34</b>
Times supply not restored within 12 hours of the initial interruption	-	-	18	19	+1

### Response to notification of network problem or concern

In 2014-15, ActewAGL Electricity received 8,299 notifications of network problems, an increase of 13 per cent from the period 2013-14. Of these notifications, 191 related to network damage, faults or problems likely to affect public health, cause or potentially cause substantial harm or damage (serious notifications) including electric shock and lines down. The Consumer Protection Code requires responses to serious notifications within six hours and 48 hours for minor problems. In 2014-15, ActewAGL Electricity responded to all serious

notifications within six hours and failed to respond within 48 hours to minor problems on eight occasions.

## 5 Gas Distribution

ActewAGL Gas supplies natural gas network services to customers in the ACT and is responsible for maintenance, upgrade and extension of the network, connections, supply continuity, meter reading and responding to enquiries and complaints relating to gas network management.

At 30 June 2015, the ActewAGL Gas network comprised of 3,775 km of medium pressure and 260 km of high pressure mains, a total pipeline length of 4,035 km. In 2014–15, ActewAGL Gas distributed 8,374 TJ of gas to 138,833 delivery point identifiers.

### 5.1 Customer Complaints

#### Customer Service

ActewAGL Gas received 45 complaints in 2014–15 as shown in Table 8, an increase of three from the previous year. Complaints were spread across ten categories: billing, damage, restoration, customer service, meter, new connection, gas supply, claim, estimated account and service order. All complaints were responded to in the required timeframe.

The number of notifications of network problems increased by 405 in 2014–15 as compared to the previous year. According to ActewAGL Gas, this figure represents publically reported leaks. They noted that there has been a general upward trend in the number of publically reported leaks and that there are several factors that could affect this, such as ‘ageing network, additional customers, additional meter sets, network growth, weather conditions and duplicate notifications for the same leak’.

**Table 8 Customer Complaints, gas distribution 2011-12 to 2014-15**

Complaint and notification response item	2011-12	2012-13	2013-14	2014-15	Change from previous year (number)
Total number of complaints	24	50	42	45	+3
Number responded to in 20 business days	24	50	42	45	
Number of notifications of network problems or concerns about licensee’s network received	2,036	2,163	2,302	2,707	+405
Notifications likely to affect public health, or cause damage to person/property	238	15	168	215	+47
Number of responses not made within 6 hours	0	0	0	0	-
Notifications not likely to affect public health, or cause damage to person or property	1,798	1,932	2,134	2,492	+358
Number of responses not made within 48 hours	222	266	225	390	+165

## Planned and unplanned interruptions to services

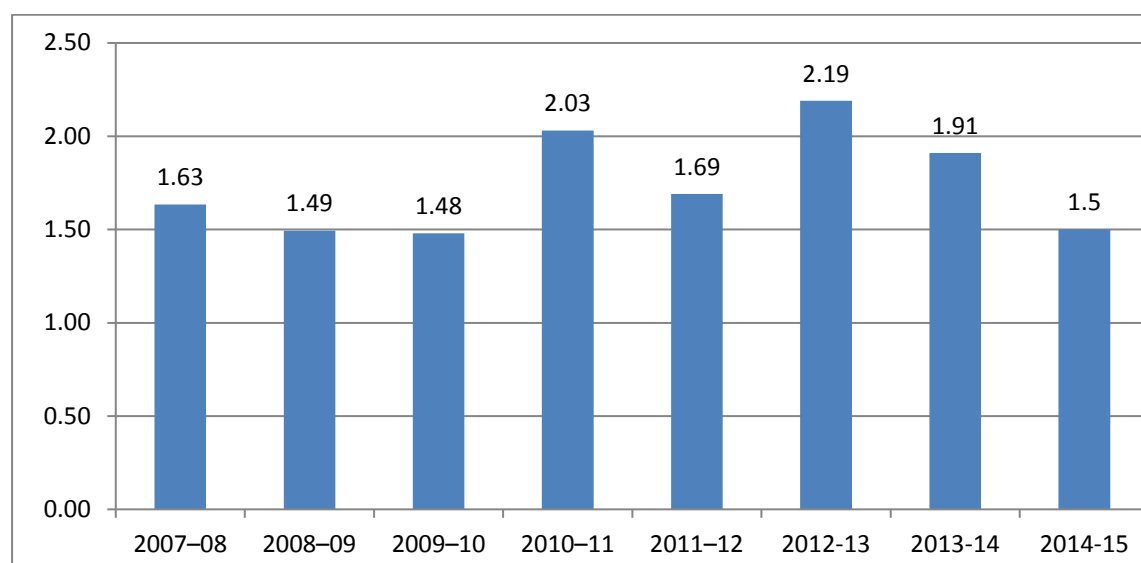
Table 9 details the number of planned and unplanned interruptions to gas services from 2011–12 to 2014–15. The number of planned interruptions in 2014–15 decreased by 20 per cent compared to last year. In 2014–15 unplanned interruptions decreased by 65 per cent from 2013–14, continuing the downward trend of the past two years. The number of notifications relating to damage to, or a fault or problem with the network likely to affect public health, or cause or potentially cause damage rose to 215 from 168 in 2013–14.

**Table 9 Planned and unplanned interruptions to gas distribution services 2011-12 to 2014-15**

Interruption Item	2011-12	2012-13	2013-14	2014-15	Change from previous year (number)
<b>Planned interruptions to services</b>	<b>2,572</b>	<b>4,179</b>	<b>4,231</b>	<b>3,385</b>	<b>-846</b>
Instances where licensee did not provide at least 4 days' notice of the planned interruption to each of the premises affected	0	0	0	0	-
Instances where supply was not restored within 12 hours of the initial interruption	0	0	0	0	-
<b>Unplanned interruptions to services</b>	<b>76</b>	<b>47</b>	<b>37</b>	<b>13</b>	<b>-24</b>
Instances where supply was not restored within 12 hours of the initial interruption	0	0	0	0	0
Burst or leaking pipes that affected public health, or were causing, or likely to cause, substantial damage or harm to people or property	238	15	168	215	+47

## 5.2 Unaccounted for Gas

Gas network losses mainly arise through leakages. ActewAGL Gas reports annually to the Commission on the amount of unaccounted for gas lost from its network. Figure 2 summarises ActewAGL Gas's unaccounted for gas as a proportion of total gas entering its network from 2007–08 to 2014–15. Unaccounted for gas decreased from 1.91 per cent in 2013–14 to 1.5 per cent in 2014–15.

**Figure 2 Unaccounted for gas, proportion of total volume entering the distribution network 2007-08 to 2014-15**

## 6 Electricity Transmission

TransGrid has only been licensed under the Utilities Act to carry out electricity transmission services in the ACT since 24 February 2015. As such, they were only obliged to report to the Commission from that date until the end of the financial year.

During the 4 month period from 24 February 2015 to 30 June 2015, TransGrid reported entering private land to undertake operations 21 times. They reported zero failures to provide adequate notice to landholders and received no complaints from its sole customer (ActewAGL Electricity). They reported conducting no operations in urgent circumstances during the reporting period.

The bulk of regulation that TransGrid is subject to under its licence is technical, which is dealt with by the technical regulator.

## 7 Gas Transmission

The ACT receives its gas through two points of gas transmission supply: the Moomba to Sydney gas pipeline (intersection at Gungahlin North) and the Eastern Gas Pipeline (intersection at Fyshwick). The pipelines are owned by the Australian Pipeline Trust and operated by East Australian Pipeline Limited (EAPL). EAPL is licensed under the Utilities Act to carry out the transmission operation.

The pipelines service one customer (ActewAGL Gas). During 2014–15 EAPL did not enter private land to undertake operations and did not record any complaints from its sole customer.

As with TransGrid, the bulk of regulation that EAPL is subject to is technical, which is dealt with by the technical regulator.

## **Appendix 5 Commission's publications 2015–16**

### **Reports**

- Report 6 of 2015: [Annual Report 2014–15 \(September 2015\)](#)
- Report 7 of 2015: [Issues Paper – Tariff Review 2016 \(November 2015\)](#)
- Report 1 of 2016: [Technical Paper 1 – Price Elasticity of water demand in the ACT – Tariff Review 2016 \(February 2016\)](#)
- Report 2 of 2016: [Final decision – Retail electricity price recalibration 2016–17 – Standing offer prices for the supply of electricity to small customers \(June 2016\)](#)
- Report 3 of 2016: [Regulated Water and Sewerage Services – 2016–17 Price Adjustment \(June 2016\)](#)
- Report 4 of 2016: [Technical Paper 2 – Marginal Cost Pricing in the ACT – Tariff Review 2016 \(June 2016\)](#)

### **ACT Electricity Feed-in Scheme summary reports**

[ACT Electricity Feed-in Scheme Summary Report \(1 March 2009 – 30 June 2015\) \(July 2015\)](#)



## Glossary and Abbreviation

ABN	Australian Business Number
ACAT	ACT Civil Administrative Tribunal
ACT	Australian Capital Territory
ACTPS	ACT Public Service
CEO	Chief Executive Officer
CNG	Compressed natural gas
CPC	Consumer Protection Code
DI	Disallowable instrument
DDO	Designated Disclosure Officer
EAPL	East Australian Pipeline Limited
EPD	Environment and Planning Directorate
EPA	Environment Protection Authority
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>
ICER	International Committee of Energy Regulators
ICRC	Independent Competition and Regulatory Commission
ICRC Act	<i>Independent Competition and Regulatory Commission Act 1997</i>
ML	Megalitre
MLA	Member of the Legislative Assembly
NEMMCO	National Electricity Market Management Company
NERL	National Energy Retail Law

## *Glossary and Abbreviations*

NSW	New South Wales
NI	Notifiable instrument
OECD	Organisation for Economic Co-operation and Development
ORS	Office of Regulatory Services
PO	Post Office
SERBIR	Senior Executive Responsible for Business Integrity Risk
TJ	Terajoule
ULAR	Utility Licence Annual Report
Utilities Act	<i>Utilities Act 2000</i>
UTR Act	<i>Utilities (Technical Regulation) Act 2014</i>

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