



2018 Strategic Statement of the Utilities Commission of the Northern Territory

Strategic Statement

The Utilities Commission seeks to protect the long-term interests of consumers of services provided by regulated industries with respect to price, reliability and quality.

The Commission will seek to ensure consumer requirements are met by enhancing the economic efficiency of regulated industries through promoting competition, fair and efficient market conduct and effective independent regulation.

The Commission

Authority

The Utilities Commission is a statutory authority established under the *Utilities Commission Act* (Act) as an independent economic regulator for the Northern Territory.

The Act (s. 5) provides that the commission is constituted by the Utilities Commissioner (chair of the commission) and by any person appointed as an Associate Commissioner.

Scope

The object of the Act (s. 2) is to create an economic regulatory framework for regulated industries that promotes and safeguards competition, and fair and efficient market conduct or, in the absence of a competitive market, promotes the simulation of competitive market conduct and the prevention of the misuse of monopoly power.

The Act (s. 6(1)) defines a general set of functions for the commission. However, the commission's specific roles in regulated industries are defined in industry-specific legislation. At present, the commission's regulatory roles encompass the electricity, water/sewerage, and ports industries in the Territory. Specifically:

Electricity industry

The commission administers a licensing regime and industry codes for industry participants, administers pricing orders made by the Government, prepares an annual Power System Review for the Territory and deals with complaints from industry participants.

Water and sewerage industry

The commission administers a licensing regime and pricing order.

Ports industry

The commission administers a pricing and access regime for prescribed services provided by the operator of declared ports (currently only the Port of Darwin). The commission is also empowered to provide advice to the Minister on any matter as requested from time to time.

The Act (s. 6(2)) provides that, in the conduct of its functions, the commission must have regard to various factors, these give particular emphasis to the achievement of economic efficiency and protection of consumers. The commission must also regard any relevant objectives contained within industry-specific legislation.

The commission's Strategic Statement is consistent with s. 2, s. 6(1) and s. 6(2) of the Act.

Performance standards

The following performance standards will be targeted by the commission:

1. Statutory requirements: it will meet all of its statutory requirements
2. Service: it will provide a high level of service to the Government, licence holders and stakeholders
3. Compliance: it will strive to ensure licence holders achieve a high level of compliance with relevant legislation, regulation and codes
4. Relevancy: it will ensure its codes, guidelines and licences are up to date (reviewed at least every five years) and relevant.

Commission behaviour

The commission places a priority on building trust with licence holders and stakeholders by engaging genuinely and being transparent with its various stakeholders (including regulated businesses, consumers of the services provided by those businesses, and government).

The commission seeks to ensure regulated businesses are held accountable through monitoring and transparency (including public reporting) of performance.

The commission works closely with economic regulators from other jurisdictions to encourage regulatory consistency and best practice regulation.

The commission will continue to be engaged and provide advice to the Territory Government on policy developments that may impact consumers and the commission's regulatory functions.

Resources

The legislation (s. 13) provides for staff of the commission to comprise Territory public servants assigned to assist the commission. The budget for the commission (\$1.29 million for 2017/18) is approved by the Treasurer. The commission is required to submit an annual report to the Treasurer. This report is subsequently tabled in Parliament and available on the commission's website.

Strategic Priorities 2018

The Commission has developed the following strategic priorities for 2018:

1. Ports Regime Review: complete the review of access and pricing regime for Port of Darwin by November 2018.
2. Transparency - Power System Review: finalise the 2016-17 Power System Review by the second quarter of 2018.
3. Advice – Market Reforms: participate in developing and implementing the Government's electricity reform program and renewable energy plan.
4. Licencing and technical issues – consider and consult on licence applications in a timely manner, work with System Control to develop and implement necessary technical standards and review licensing requirements.
5. Compliance: compliance monitoring and reporting (including necessary auditing).
6. Regulation: undertake ongoing regulatory functions in an efficient and effective manner.
7. Resourcing: ensure the commission has the resources necessary to undertake its regulatory functions in an effective manner.

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