



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION



AUSTRALIAN
ENERGY
REGULATOR

ACCC and AER Corporate Plan

2021-22

(For the period 2021-22 to 2024-25)

August 2021

Australian Competition and Consumer Commission
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1. Introduction

The *ACCC and AER Corporate Plan 2021-22* outlines the key strategies, activities, collaboration, capabilities and risk management that we use to achieve our purpose, and describes our operating environment and our performance measures. It has been prepared for the 2021-22 reporting period by the agency's Accountable Authority for the purposes of paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and covers the next 4 annual reporting periods from 2021-22 through 2024-25.¹

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory agency that promotes competition, fair trading and product safety for the benefit of consumers, businesses and the Australian community. The primary responsibilities of the ACCC are to enforce compliance with the competition, consumer protection, fair trading and product safety provisions of the *Competition and Consumer Act 2010* (CCA), regulate national infrastructure and undertake market studies. The ACCC's purpose can be summarised as 'making markets work for consumers, now and in the future'.

The Australian Energy Regulator (AER) is an independent decision making body responsible for regulating wholesale and retail energy markets, and energy networks, under national energy legislation and rules. The AER focuses on ensuring a secure, reliable and affordable energy future for Australia. The AER works to achieve its purpose, which is 'energy consumers are better off, now and in the future'. The AER Board is supported by employees engaged exclusively on energy matters, and also has access to specialist legal, economic and data analysis employees shared with the ACCC.

The roles of the ACCC and AER are founded on the principle that competition provides the best incentive for businesses to become more efficient, innovative and flexible and to operate in the long-term interests of consumers. Competition is a positive force that promotes economic growth and job creation. For competition to remain healthy and for businesses and consumers to have confidence in Australia's market economy, businesses need to operate within the boundaries of acceptable and fair behaviour towards their customers, competitors and suppliers. Those boundaries are set out in the CCA and sections of the other Acts and rules that the ACCC and AER enforces. Where competition is not feasible, such as for some infrastructure services, effective regulation is required to deliver outcomes in line with those achieved by competitive markets.

The agency's Outcome Statement in Treasury's Parliamentary Budget Statement is:

Enhanced welfare of Australians through enforcing laws that promote competition and protect consumers, as well as taking other regulatory and related actions including monitoring and market analysis, public education, determining the terms of access to infrastructure services, and discharging regulatory responsibilities governing energy markets and networks.

Our Corporate Plan mostly covers the work of the ACCC and AER separately, consistent with the ACCC and AER being separate programs in the PBS. However, as a single agency, the ACCC and AER share services provided by our Corporate division and Specialist Advice and Services division. Accordingly, most of the content covered in the ACCC's capability section applies to both the ACCC and the AER.

¹ The ACCC and AER are a single listed entity for the purpose of the finance law under s 44AAL of the *Competition and Consumer Act 2010*.



2. Message from ACCC Chair, Rod Sims

The COVID-19 pandemic continues to disrupt and damage the economy and have a big impact on people's lives, and this impact remains a focus for the ACCC in 2021-22.

Effective competition is fundamental for a robust recovery from the crisis, which also continues to highlight a range of important consumer issues.

As the national regulator responsible for competition law, consumer protection and economic regulation, the ACCC is focused on preventing anti-competitive conduct, promoting fair trading and protecting consumers' rights and safety. This Corporate Plan outlines our strategic objectives and priority areas that will guide our work to achieve these outcomes over the short and medium term.

The ACCC continues to use a range of compliance and enforcement tools to achieve compliance with the CCA. In enforcing the CCA, our first priority is always to achieve the best possible outcome for the community and to manage the risk of non-compliance proportionately.

Addressing cartel conduct, anti-competitive agreements and practices, and the misuse of market power will always be a priority for the ACCC. We also prioritise market conduct that impacts consumers experiencing vulnerability and disadvantage, and the welfare of Indigenous Australians.

We have extended some of our 2020 compliance and enforcement priorities into 2021. These include:

- competition and consumer issues relating to digital platforms
- consumer issues related to the promotion and sale of products in the context of the COVID-19 pandemic, including travel and event cancellations
- competition issues in the context of the COVID-19 pandemic, including in the domestic air travel market
- competition and consumer issues in the funeral services sector
- competition and consumer issues arising from the pricing and selling of essential services, with a focus on energy and telecommunications
- conduct affecting competition in the commercial construction sector, with a focus on large public and private projects and conduct impacting small business
- ensuring that small businesses receive the protections of the competition and fair trading laws, including franchising.

The impact of the pandemic on the global aviation industry and domestic travel restrictions continue to cause significant disruption to the local airline sector. The Australian Government has directed

the ACCC to monitor and regularly report on the domestic air travel market, looking for any signs of damage to competition in the domestic airline industry that could harm the long-term interests of consumers.

In 2020, at the initial peak of the crisis, we assessed more than a year's worth of authorisation applications to allow businesses to collaborate in response to the crisis. We will continue to focus on assessing these applications promptly so that Australian businesses and government can respond quickly to the pandemic.

As economies rebound in 2021-22, we also expect to see an increase in acquisition activity, which may include acquisitions involving distressed or failing firms. The ACCC will pay particular attention to acquisitions of this nature to ensure they do not substantially lessen competition. At the same time, we will make decisions on non-contentious proposals expeditiously so that the businesses can be sold in a timely fashion.

We are continuing our work in relation to digital platforms arising from our 2019 Digital Platform Inquiry. In the coming year we will complete the 18-month Digital Advertising Services Inquiry and continue to release interim reports for the 5-year Digital Platform Services Inquiry. The international regulatory community has a strong focus on competition and consumer issues relating to digital platforms, and we continue to collaborate with our international counterparts on these and other existing and emerging global issues.

Through 2020-21 we made substantial progress implementing Consumer Data Right (CDR) in banking, which enhances competition and gives consumers more control over their information and more choice in where they take their business. We will continue to implement CDR and prepare for its expansion into additional sectors of the Australian economy, such as energy. This requires us to facilitate and deliver changes to the CDR Register and Accreditation Application Platform, which provides the technical infrastructure for data holders and accredited data recipients to securely exchange data.

The agriculture sector remains an important priority, and this year we will focus particularly on a range of competition and fair trading issues in the sector. These include ensuring compliance with the Dairy Code of Conduct and the Horticulture Code of Conduct, and issues affecting water markets and the supply and servicing of agricultural machinery.

Protecting consumers from unsafe products is an enduring priority for the ACCC. We use an intelligence-led approach to assess current and emerging consumer product safety risks. This year we will pay particular attention to implementing and enforcing the new safety standards for quad bikes and button batteries, with a focus on promoting compliance through education.

Our infrastructure priorities include developing long-term regulatory arrangements to apply to the NBN, which is so important to our economy at this time. We will also promote competition and consumer outcomes in the National Electricity Market through compliance and enforcement measures, and monitoring and reporting on the supply outlook and prices in gas markets and fuel to promote efficiencies and the interests of consumers in these sectors.

We continue to take steps that will strengthen the functioning of markets and promote performance-based competition in concentrated sectors such as communications, rail, airports and bulk wheat facilities through monitoring, reporting and transparency measures. In May 2021 the Australian Government announced funding for an extension of our Monitoring Broadband Australia program until 2025. This program provides consumers with accurate and independent information about broadband speeds and makes a strong contribution to competition and consumer outcomes in broadband markets.

In undertaking our work we will continue to seek to minimise the regulatory burden imposed on businesses, especially businesses already under pressure from the pandemic.

The ACCC collaborates with a wide range of stakeholders to achieve our purpose, including other Australian and international regulators, business and industry associations, consumer advocacy groups, the Treasury and various other government departments.

This year, Significant changes in both the ACCC's organisational structure and our ways of working will assist us maximise capability across the whole agency. The ACCC adopted a new organisational structure on 1 July 2021, with dedicated Consumer and Fair Trading, Competition, and Consumer Product Safety divisions that more closely align with our new strategic objectives.

Our new structure also better supports the efficient provision of specialist advice and services across all parts of the agency. We have created a Data and Intelligence branch within our Specialist Advice and Services division to bring together a range of existing in-house expertise in data analysis, information handling and intelligence gathering. This will support the ACCC and AER in continuing to make data driven and evidence based decisions.

To support our people and allow them to perform at their best while maintaining their wellbeing and safety, we have introduced a hybrid work location policy. Our employees have the option to work from home for roughly half their time, with the policy remaining flexible while the pandemic continues to impact office attendance.

Additional funding provided in the October 2020-21 budget allows us to focus on the continuing upgrade of our Information and Communications Technology (ICT), data technologies and business systems as part of our broader Working Smarter Program. This 4-year business transformation program embraces digital and emerging trends such as automation to increase business process efficiency and data capture, to build our data skills and technology, and to improve our system resilience.

The impacts and uncertainty of the pandemic will continue to be felt across the Australian community in 2021-22. The ACCC remains flexible and adaptable in supporting our people to continue to work hard to achieve better compliance, enforcement and other regulatory outcomes for the benefit of all Australians.

Rod Sims
Chair, ACCC

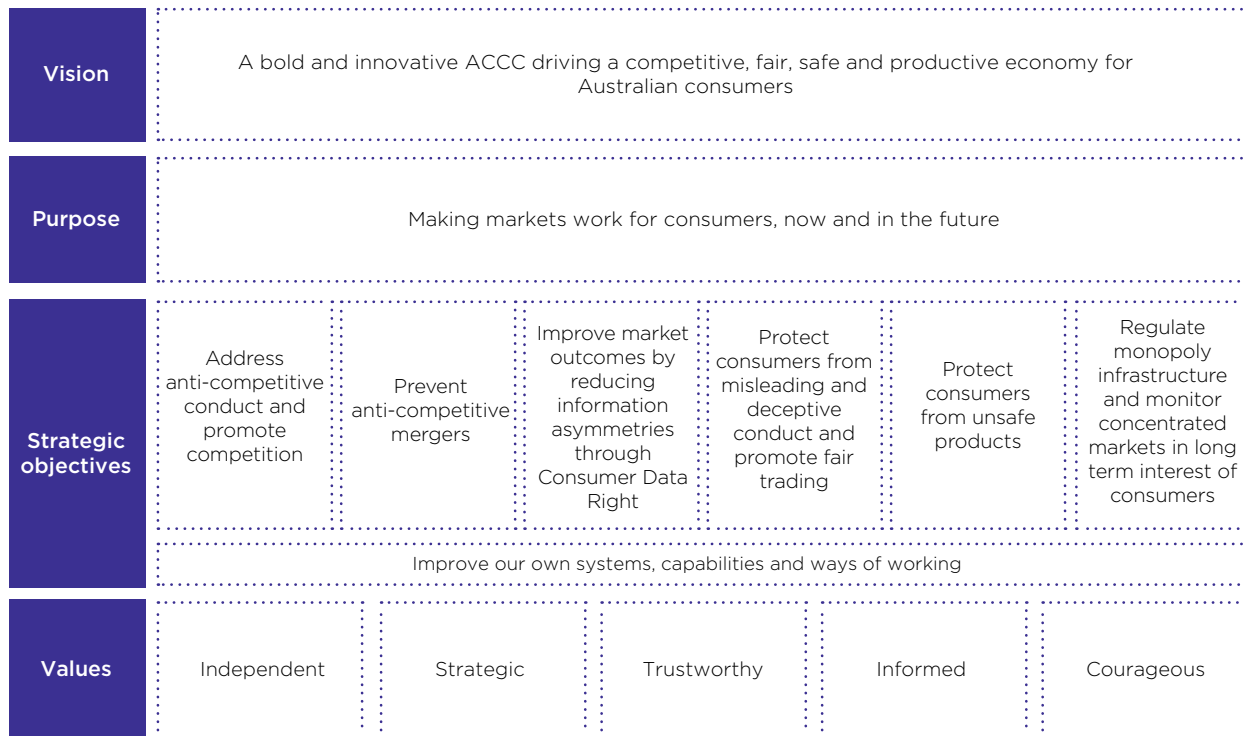
3. ACCC purpose, vision and values

The ACCC’s purpose is to make markets work for consumers, now and in the future.

Our vision is a bold and innovative ACCC driving a competitive, fair, safe and productive economy for Australian consumers. To achieve our purpose we focus our resources on key activities to achieve the 7 strategic objectives outlined in the diagram below.

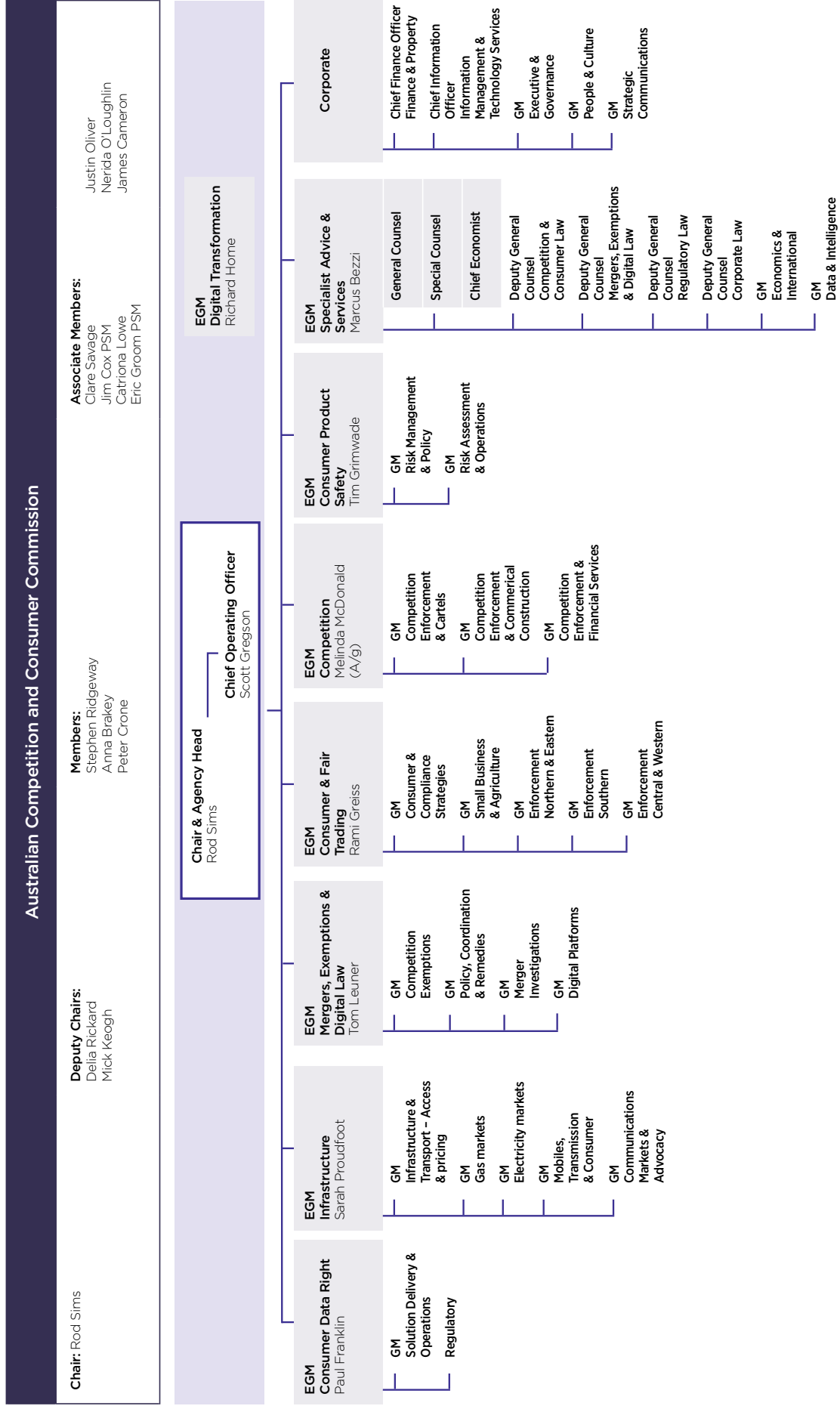
The ACCC appreciates and upholds the Australian Public Service Values of Impartial, Committed to Service, Accountable, Respectful and Ethical (ICARE). We also hold the following additional complementary values in undertaking our work:

- **Independent:** We inspire confidence in our work by being impartial and objective
- **Strategic:** Our focus is on the bigger picture, ensuring consumers are at the heart of what we do
- **Trustworthy:** We act with integrity, honesty and ethically. We are trusted by all Australians
- **Informed:** Our decisions and actions are based on data, evidence and intelligence, as well as expert knowledge.
- **Courageous:** We act in a bold and courageous way with an understanding of the impact of our actions.



The ACCC adopted a new organisational structure on 1 July 2021. Under this new structure, operational divisions are more closely aligned with our strategic objectives. This includes new, dedicated Consumer and Fair Trading, Competition, and Consumer Product Safety divisions. These changes will allow us to ensure we continue to deliver for Australian consumers and businesses.

Figure 1: ACCC structure as at 1 July 2021



4. ACCC key activities

The ACCC program is to achieve compliance with the CCA and other legislation to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians.

To achieve our purpose of 'making markets work for consumers, now and in the future', we focus our resources on the following key activities to achieve our 7 strategic objectives.

1. Address anti-competitive conduct and promote competition

- initiate enforcement and compliance actions to address harm to consumers and businesses resulting from anti-competitive conduct
- make decisions on authorisation, notification and certification trade mark applications in the public interest
- undertake market studies and inquiries to contribute to improved market outcomes.

2. Prevent anti-competitive mergers

- assess mergers to prevent changes in market structures that substantially lessen competition.

3. Improve market outcomes by reducing information asymmetries through Consumer Data Right

- facilitate the enabling technology solutions for Consumer Data Right
- support Consumer Data Right participants, including testing and on-boarding
- accredit Consumer Data Right data recipients
- promote compliance with and enforce the Consumer Data Right rules and standards.

4. Protect consumers from misleading and deceptive conduct and promote fair trading

- initiate compliance and enforcement actions to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law and industry codes
- empower small businesses by increasing awareness of their rights under the Australian Consumer Law and industry codes
- empower consumers by increasing awareness of their rights under the Australian Consumer Law and alerting them to the risk of scams.

5. Protect consumers from unsafe products

- identify safety hazards in consumer products and prioritise the risks that may result in serious injury and death
- address the highest priority risks of serious injury and death arising from safety hazards in consumer products through regulation, education, compliance and enforcement actions.

6. Regulate monopoly infrastructure and monitor concentrated markets in the long term interests of consumers

- formulate regulatory decisions that promote the long-term interests of end users and consumers
- provide industry monitoring reports to government in relation to highly concentrated or emerging markets
- improve the efficient operation of markets by enforcing industry-specific competition and market rules.

7. Improve our own systems, capabilities and ways of working

- support our people to develop and meet their full potential; and facilitate a diverse, respectful and inclusive culture
- modernise our ICT and improve the reliability, flexibility and security of our business and data systems
- adapt our ways of working to allow resources to be used flexibly to meet changing priorities and to adopt innovative practices commensurate with the level of risk
- further develop our standing as a world-class independent regulator through external engagement and internal collaboration to support robust and transparent decision making that is responsive to complex challenges and demands.

5. ACCC operating context

Environment

The ACCC operates in a complex and constantly evolving economy-wide environment. This requires us to remain abreast of best international practice in regulation, and the associated legal and economic fields. We also maintain close ties with Commonwealth and state and territory government agencies and our overseas counterparts to ensure we understand the local, national and international contexts we are operating in.

Below are some of the key environmental factors that will influence the way we operate over the next 4 years.

Continued response to impacts of the COVID-19 pandemic

The COVID-19 pandemic has dramatically changed the economic landscape in Australia and substantially affected businesses, consumers and the way we work.

The ACCC focused on early intervention for consumer and fair trading issues arising from the pandemic, largely by engaging directly with businesses, relevant state and federal government agencies, and consumer and other representative groups to achieve behavioural changes. We will continue to monitor emerging competition, consumer and fair trading issues resulting from the pandemic, such as changes to sales practices in the travel sector.

We will continue to prioritise providing consumers and business with information on topical issues arising in the context of the pandemic, including through our Infocentre's direct engagement with the public and educational initiatives such as alerts on scams and communications targeted at small business.

The ACCC also responded to the crisis by moving quickly to process applications from competing businesses to authorise collaborative activity that would ordinarily be anti-competitive. The ACCC has the ability to do this under the CCA where the likely public benefit from the activity outweighs the likely public detriment.

Over the course of the pandemic, and particularly after businesses were able to return to more normal operations following the initial crisis response, these authorisations have begun to expire as intended. In a minority of cases, businesses have asked for reauthorisation where cooperation continues to be necessary in response to short term COVID-19 disruptions.

Impact of the pandemic on transport sectors

The aviation industry globally has been severely impacted by the COVID-19 pandemic, and is a critical industry to Australia. In accordance with the direction from the Australian Government to monitor and regularly report on the domestic air travel market, the ACCC will be looking out for any early signs of damage to competition in the domestic airline industry that could harm the long-term interests of consumers. This information can then be quickly acted on by the ACCC and/or provided to the government. We will also continue to monitor and report annually on the operation of airports in Brisbane, Melbourne, Perth and Sydney.

The Australian petroleum industry has also been impacted by the pandemic, including decisions by 2 Australian fuel refineries to cease local refining operations, and the Government's fuel security package. In line with the current monitoring direction, the ACCC will monitor and report on these developments.

Increased significance of the digital economy

The digital economy has much to offer consumers. It can deliver increased choice, improved services and provides people with the convenience to shop whenever and wherever they like. It is also playing

an increasing role in how Australian consumers access information. The ACCC will continue to focus on systemic competition, consumer and product safety issues in the online marketplace.

The ACCC has a significant forward work program related to digital platforms, which has arisen from the ACCC's 2019 Digital Platform Inquiry. We are conducting 2 further inquiries – the 18-month Digital Advertising Services Inquiry and the 5-year Digital Platform Services Inquiry.

Product safety in changing consumer markets

The ACCC aims to be adaptable and flexible in its consumer product safety work in response to changes in our economic environment, such as the continuing growth of e-commerce. We will also prioritise taking action to address safety hazards identified in connection with consumer products in the context of the pandemic.

Transitioning energy markets

Australian energy markets are undergoing substantial change. We will continue to analyse and report on the functioning of gas and electricity markets from the perspective of customer affordability. We will advocate for action by governments and the energy sector as a whole to improve the operation of markets across the supply chain in the face of continuing significant change in the sector.

Australian Government's deregulation agenda

Under the Australian Government's deregulation agenda, the government is committed to a stewardship approach to ongoing regulatory reform, where ministers, secretaries and agency heads are responsible for ensuring that regulations are fit-for-purpose.

The way the ACCC undertakes our responsibilities will continue to adapt to changes in the Australian competition and consumer protection law framework. We will engage in public debates and advocate for frameworks that are enforceable and effective in promoting competition and fair trading, and making markets work for consumers. The ACCC will also continue to assist businesses and consumers by issuing guidance when laws change.

The ACCC seeks to facilitate efficient investment in key infrastructure networks and services and promote effective upstream and downstream competition in Australian markets. We will look to promote competition in infrastructure markets where competition is feasible and identify opportunities to advocate for appropriate reforms and improved regulatory frameworks.

For the period ahead, this will include developing the long-term regulatory framework for NBN Co under the special access undertaking, and a future regulatory framework for the interstate rail network. We will also continue our advocacy measures to support the developing electronic conveyancing market, reform of gas pipeline regulation to better promote efficient outcomes, and reform of the National Access Regime to address monopoly pricing.

Implementing the Consumer Data Right

The ACCC is working alongside other Commonwealth agencies to implement Consumer Data Right. The Treasury has policy responsibility for Consumer Data Right and is responsible for developing the rules and assessing future sectors of the economy for designation. The Office of the Australian Information Commissioner (OAIC) and Data Standards Body (DSB) also administer functions as part of the co-regulatory model. We work closely with these and other government agencies in performing our roles, along with industry and interested stakeholders as appropriate.

The ACCC's responsibilities include facilitating the enabling technology solutions that operate Consumer Data Right as well as promoting compliance with the CDR rules and standards, including taking enforcement action where appropriate. As the developer and operator of the technology solutions, we face increased risks of cybersecurity attacks that require us to maintain a focus on keeping those technology solutions secure.

Competition and fair trading issues in the agriculture sector

The ACCC will continue to focus on a range of competition and fair trading issues in the agriculture sector, including compliance the Dairy Code of Conduct and the Horticulture Code of Conduct, and issues affecting water markets and the supply and servicing of agricultural machinery.

Impacts of natural disasters on Australian businesses and consumers

The ACCC is conscious of changes to the social and economic structures in which we operate, and environmental factors, such as natural disasters, that impact consumers and business. We will continue to collaborate with other regulators to support recovery from the impacts of any natural disasters.

Risk oversight and management

Risk oversight and management systems

The *ACCC and AER Risk Management Framework* includes risk management policies and guidelines that communicate accountabilities, responsibilities and expectations of all employees in ensuring the management of risk across the agency. Risks are managed by regular risk assessments and implementing practical and cost-effective risk treatments commensurate with business need. We aim for best practice in controlling all risks by identifying priority exposures, addressing them through improvement strategies and contingency planning, and monitoring and reviewing ongoing risk.

The link between risk management and our strategic objectives is reinforced through the maintenance of agency and divisional risk profiles. This is further supported by the internal audit program, which provides assurance on our business processes and performance as well as our compliance with relevant statutory requirements, including those under the PGPA Act. Audit topics are selected based on an assessment of the agency's risk profile.

The agency continues to improve approaches to seek to achieve a higher level of risk maturity. This is being achieved through the continued integration of effective risk management throughout the business activities of the ACCC and AER, improved overall risk capability, and further embedding a positive risk culture. Other areas of focus continue to be the education and training of employees in risk management, delivering improved tools and guidance, further enhancing the agency's systems of monitoring and reporting risks through the business planning and reporting processes, and encouraging innovation through calculated risk taking. The Audit Committee also plays an active role in these areas by engaging with divisions around risk management.

ACCC key risks

The ACCC is managing 7 key risks, as detailed in the table below. In addition to the specific ways in which these risks are managed, the ACCC relies on its strong governance framework, including oversight from the Corporate Governance Board and Audit Committee.

Key risk	How the risk is managed
Successful cyber security breach or cyber attack	<ul style="list-style-type: none"> ▪ Oversight by the Executive Management Board and the Data, Information and Security Committee ▪ Management of ICT environment by CIO, ASA and ITSA <ul style="list-style-type: none"> – Internal policies and plan including cybersecurity incident response plan and Information Management and Technology Services (IMTS) recovery plan ▪ Internal guidance and education in relation to cybersecurity ▪ Assessment and assurance, including Essential Eight assessment, onsite support from Australian Cyber Security Centre, and response to recommendations of the cybersecurity internal audit
Failure to attract, develop, maintain and retain employees with necessary capabilities	<ul style="list-style-type: none"> ▪ Oversight by the Leadership Development Committee ▪ ACCC's strategic workforce plan (due for review in 2021-22) ▪ Individual performance development plans, including consistent application of feedback loop ▪ Implement key strategies and frameworks including the ACCC's learning and development framework and leadership development framework ▪ Support mobility of top talent between government agencies and with private sector
Digital Transformation program is poorly managed	<ul style="list-style-type: none"> ▪ Oversight by the Working Smarter Program Board and use of other governance structures to manage and monitor the program in line with ACCC's project management framework ▪ Appointment of an Executive General Manager for Digital Transformation, and key project staff including Working Smarter Program Manager and Change Manager ▪ Develop key project management artefacts including a program plan, year by year priorities, change management plan and benefits management framework
Implementing Consumer Data Right (CDR)	<ul style="list-style-type: none"> ▪ Oversight by the ACCC CDR Committee and the external CDR Board (consisting of senior officials from Treasury, the ACCC, the Office of the Australian Information Commissioner and the Data Standards Body) ▪ Detailed planning in the CDR division business plan and close management by senior CDR personnel and a dedicated program management office ▪ Working closely and consulting with key stakeholders including the relevant businesses and government ▪ Dedicated CDR cybersecurity team to identify and mitigate any gaps that may compromise system security
Agency does not develop and effectively implement new ways of working	<ul style="list-style-type: none"> ▪ Oversight by the Workplace Health and Safety Committee ▪ Implement the ACCC's Working Smarter Program and strategic workforce plan ▪ Operation of the Working Flexibly Reference Group and application of the ACCC/AER flexible working policy (including COO directive on target employee time in office) ▪ Peer Support Advisers – provide information and support to employees experiencing workplace issues

The ACCC does not maintain its reputation as an effective regulator	<ul style="list-style-type: none"> ▪ Oversight of issues impacting reputation by the Corporate Governance Board and Executive Management Board ▪ Operation of the ACCC's statutory and governance committees ▪ Update and maintain the ACCC's Statement of Intent ▪ Guidelines and protocols in relation to media speeches and engaging with parliamentary offices ▪ Robust, transparent, ethical and timely decision making by the delegated authority
Unable to sustainably access external service providers with necessary capabilities	<ul style="list-style-type: none"> ▪ Operation of a legal services panel ▪ Litigation units that support and facilitate engagement of external service providers and work between providers and business teams ▪ Corporate knowledge on managing external service providers, including identification of individuals with critical knowledge ▪ Develop processes and protocols for engaging subject-matter experts to provide specialist advice and services

Cooperation and collaboration

As a multi-function national regulator with an economy-wide remit, the ACCC collaborates and cooperates with a wide range of stakeholders to achieve our purpose, including other Australian and international regulatory agencies; other government departments and agencies; business and industry associations; and consumer advocacy groups.

The ACCC engages extensively with the Treasury, including regular meetings, updates and briefings between officers. The ACCC liaises with Treasury on policy issues, including the review and development of product safety regulations and changes to the regulatory or legislative framework that the ACCC believes would improve outcomes or reduce compliance costs for business and the community. The ACCC also engages with a range of other government departments, including providing input, briefings and liaising in relation to education and compliance initiatives.

In line with the government's Statement of Expectations and the ACCC's Statement of Intent, the ACCC provides timely and accurate information to Treasury portfolio ministers, subject to the ACCC's obligations regarding the protection of investigative information.

To assist with the enforcement and administration of the CCA and the Australian Consumer Law (ACL), the ACCC works collaboratively with other key regulators, including:

- state and territory ACL regulators
- Australian Securities and Investments Commission (ASIC)
- Australian Communications and Media Authority (ACMA)
- Office of the Australian Information Commissioner (OAIC)
- Australian Building and Construction Commission.

International engagement and collaboration with our peers is increasingly important, reflecting the need to understand and respond to emerging issues in global markets, as well as to exchange views on regulatory best practice and promote ACCC priorities.

The parties that we collaborate and cooperate with as we undertake our key activities are discussed further below under each strategic objective.

6. ACCC performance measurement framework

The ACCC uses a range of performance measurement tools and sources to measure and report on the outcomes we achieve and our effectiveness in achieving our purpose.

Each ACCC strategic objective has defined key activities with a suite of performance indicators, as outlined in the tables in sections 7 and 8 below.

The performance indicators provide stakeholders with a quantitative indication of the significant outputs from our programs and the timeliness of some of our decision making processes. We also have qualitative measures of our effectiveness and outcomes. Each indicator has a target, except a small number for which setting a target for 2021–22 would not be appropriate. We do not have any measures of efficiency² because we have not been able to identify and develop any that are appropriate for the work of the ACCC.

Results for the performance indicators are reported in the agency's annual performance statement in the ACCC and AER Annual Report. The sources of the data used to report the results are the ACCC's internal records and data management systems, the ACCC Effectiveness Survey reports (produced by the market research firm we engage to conduct the survey and published on the ACCC website), and the APS Employee Census conducted by the Australian Public Service Commission. Where the methodology for calculating an indicator requires clarification, this is included beneath the indicator or in the survey reports.

In the annual performance statement we complement the results for the performance indicators with additional context and specific examples of actions and outcomes that provide stakeholders with a more detailed understanding of the impact of our work and what we achieved during the year.

On 30 June 2021 the Australian Government launched a new [Regulator Performance Guide](#) that applies from 1 July 2021, with a transition period of 1 year. The guide replaces the 2014 Regulator Performance Framework. It sets out the government's expectations of regulator performance and reporting, with 3 principles of best practice:

- **Continuous improvement and building trust:** Regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia's regulatory settings.
- **Risk based and data driven:** Regulators manage risks proportionately and maintain essential safeguards while minimising regulatory burden, and leveraging data and digital technology to support those they regulate to comply and grow.
- **Collaboration and engagement:** Regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.

In accordance with the transitional arrangements, the ACCC will report against these best practice principles in our 2021–22 Annual Report, and include additional performance information with reference to the principles in our 2022–23 Corporate Plan.

² Efficiency measures tend to be appropriate for work involving a high volume of similar transactions. The ACCC's Infocentre is our only activity with this characteristic. However, efficiency measures need to be accompanied by measures of quality, otherwise they can fail to tell a meaningful or robust performance story. Our 'efficiency' could easily be increased by Infocentre employees spending less time on each call, but that may not meet the needs of the caller, or the requirements of the agency in capturing intelligence. We will continue to work towards developing appropriate measures that capture both the estimated cost per contact served and the quality of service.

7. ACCC strategic objectives

Address anti-competitive conduct and promote competition

Competitive markets lead to lower prices, better quality products and services, greater efficiency and more choice, all of which benefit consumers. As Australia's national competition regulator, the ACCC works to enhance the welfare of Australians by maintaining and promoting competition.

The key activities we undertake to achieve this strategic objective are:

- Initiate enforcement and compliance actions to address harm to consumers and businesses resulting from anti-competitive conduct.
- Make decisions on authorisation, notification and certification trademark applications in the public interest.
- Undertake market studies and inquiries to contribute to improved market outcomes.

The ACCC does so by enforcing laws in Part IV of the CCA that prohibit:

- cartel conduct
- anti-competitive agreements and practices, including concerted practices
- misuse of market power.

The CCA allows the ACCC to consider applications for authorisation and notifications, which provide an exemption for arrangements that may otherwise breach the competition law but are not harmful to competition or are likely to result in overall public benefit.

Relevant ministers may direct the ACCC to undertake certain activities, including market studies, inquiries and monitoring. The ACCC can also undertake self-initiated market studies. Market studies and inquiries enable the ACCC to:

- develop a sophisticated understanding of how well competition and markets are working in particular sectors
- bring transparency and awareness to issues that allow changed behaviour from businesses and consumers
- make recommendations to government about ways to improve the functioning of markets.

Priorities

The ACCC publishes its [Compliance and Enforcement Policy and Priorities](#) annually, which sets out our priorities for the calendar year and the factors we take into account when deciding whether to pursue matters. It also sets out the principles we adopt to achieve compliance with the Act, and outlines our compliance and enforcement functions, strategies and tools we use to achieve compliance with competition and consumer laws.

As Australia's peak competition agency, the ACCC has a number of enduring competition compliance and enforcement priorities: cartel conduct; anti-competitive agreements and practices and the misuse of market power.

The ACCC's competition [compliance and enforcement priorities for 2021](#) include:

- competition issues in the context of the COVID-19 pandemic, including in the domestic air travel market
- competition issues in the funeral services sector
- competition issues relating to digital platforms

- competition issues arising from the pricing and selling of essential services, with a focus on energy and telecommunications
- promoting competition and investigating allegations of anti-competitive conduct in the financial services sector
- conduct affecting competition in the commercial construction sector, with a focus on large public and private projects and conduct impacting small business
- ensuring that small businesses receive the protections of the competition laws.

The ACCC will continue to assess applications for authorisation and notification of certain anti-competitive conduct. The COVID-19 pandemic resulted in a large number of urgent applications for authorisation, with more than a year’s worth of applications received in a short period of time at the initial peak of the crisis and further applications continuing to arise. Our focus for 2021–22 will continue to be on authorisations related to COVID-19, and ensuring these are dealt with efficiently so Australian business and government responses to the pandemic that require authorisation are able to proceed as quickly as possible.

In 2021–22 the ACCC will complete the digital advertising services inquiry, as well as continue to undertake the Digital Platform Services Inquiry, the Electricity Market Monitoring Inquiry and the Gas Inquiry, which all run through to 2025.

Cooperation and collaboration

In undertaking our key activities to address anti-competitive conduct and promote competition, we cooperate and collaborate with various stakeholders, including:

- the Commonwealth Director of Public Prosecutions (CDPP) – in relation to investigations and criminal prosecutions concerning serious cartel conduct and the operation of the ACCC immunity and cooperation policy for serious cartel conduct
- the Australian Federal Police – in relation to criminal investigations and prosecutions
- other regulators, governments and agencies
- the International Competition Network (ICN) and its working groups
- the OECD Competition Committee
- international competition agencies, including those in the Asia-Pacific region
- businesses and industry associations.

Performance measures

Initiate compliance and enforcement actions to address harm to consumers and businesses resulting from anti-competitive conduct

Performance indicator	Target
Number of in-depth competition investigations completed	30
Percentage of initial competition investigations completed within 3 months	60%
Percentage of in-depth competition investigations completed within 12 months	70%
Number of competition enforcement interventions (court proceedings commenced, section 87B undertakings accepted, administrative resolutions)	6+
Effectiveness survey ‘index score’ (out of 100) that key stakeholders agree the ACCC’s compliance and enforcement actions are effective in addressing harm to consumers and businesses resulting from anti-competitive conduct	70+

Make decisions on authorisation, notification and certification trademark applications in the public interest

Performance indicator	Target
Percentage of authorisation matters where a draft determination is released within 4 months	80%
Percentage of authorisation applications assessed within statutory timeframe(s) (excluding time periods where information is outstanding)	100%
Percentage of CTM final assessments completed within 12 months	80%
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC is effective in making decisions on authorisation, notification and certification trademark applications in the public interest	70+

Undertake market studies and inquiries to contribute to improved market outcomes

Performance indicator	Target
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC's market studies and inquiries are effective in contributing to improved market outcomes.	70+

Prevent anti-competitive mergers

The ACCC enforces laws in Part IV of the CCA that prohibit mergers and acquisitions that are likely to substantially lessen competition.

The key activity we undertake to achieve this strategic objective is to assess mergers to prevent changes in market structures that substantially lessen competition.

Priorities

The ACCC will continue to assess and review mergers via both the informal clearance process and merger authorisation process to prevent permanent structural changes that substantially lessen competition. Our work in 2021-22 is expected to see an increase in acquisition activity as economies rebound, which may include acquisitions involving distressed or failing firms. The ACCC will ensure that acquisitions of assets or businesses do not substantially lessen competition. At the same time, we will make decisions on non-contentious proposals expeditiously so that the businesses can be sold in a timely fashion.

Cooperation and collaboration

In assessing mergers to prevent changes in market structures that substantially lessen competition, we cooperate and collaborate with various stakeholders, including:

- international competition regulatory agencies
- the Foreign Investment Review Board
- the ICN and its working groups
- the OECD Competition Committee.

Performance measures

Assess mergers to prevent changes in market structures that substantially lessen competition

Performance indicator	Target
Percentage of merger matters considered (under the informal merger review process) that were finalised by pre-assessment	80%
Percentage of merger matters subject to Phase 1 only of public review that were finalised within 12 weeks (excluding time periods where information is outstanding)	80%
Percentage of merger matters subject to Phase 2 of public review that were finalised within 24 weeks (excluding time periods where information is outstanding)	80%
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC's assessment of mergers is effective in preventing changes in market structures that substantially lessen competition	70+

Improve market outcomes by reducing information asymmetries through Consumer Data Right

The Consumer Data Right (CDR) provisions of Part IVD of the CCA aim to create more choice and competition by:

- allowing consumers to request businesses to disclose the consumer's own data, either to them or to an accredited person who can use that data to provide services to the consumer
- requiring businesses to make product information easily accessible to any person.

The key activities we undertake to achieve this strategic objective are:

- deliver the enabling technology solutions for the Consumer Data Right
- support participants, including testing and on-boarding
- accredit Consumer Data Right data recipients
- promote compliance with and enforce the Consumer Data Right rules and standards.

Priorities

The ACCC will continue to implement CDR in banking and prepare for its expansion into additional sectors of the Australian economy. It will also continue to promote business compliance with the CDR rules and standards.

During 2021-22 we will continue to plan, design, build, test and deploy changes to our Register and Accreditation Application Platform, which provides the technical infrastructure for data holders and accredited data recipients to securely exchange data. These changes will support the implementation of new CDR Rules, including the commencement of CDR in energy. We will also continue to protect the cybersecurity of that platform.

Alongside this, we will continue to work closely with Treasury and the Data Standards Body to understand future legislative, policy and standards requirements. This will ensure that changes to the relevant supporting technology solutions are planned, designed, and implemented in an optimal way to ensure successful delivery to set timeframes.

We will also make enhancements to further streamline the onboarding process, which prepares new participants to commence active participation in the CDR ecosystem. This will include updates to our Conformance Test Suite and other technology testing tools to accommodate changes to the CDR Rules, and to make it easier for CDR participants to join and participate in the CDR regime.

Protecting the integrity of the CDR technology solutions from cybersecurity threats is an important priority. We will continue to strengthen our cybersecurity controls, including increased focus on threat intelligence.

We will continue to encourage greater participation in CDR and growth in the number of accredited data recipients, including by providing information to prospective applicants regarding the benefits of becoming accredited. We will also continue to provide robust assessment of the fitness and propriety of potential accredited persons and ensure they are capable of performing the wide range of required activities in relation to the safety and protection of consumer data.

CDR is a significant economy-wide reform and we recognise that there may be a period of transition for CDR participants to ensure their systems and processes fully meet their obligations under the CDR regulatory framework. There are some forms of conduct that are likely to result in significant detriment to consumers and the integrity of the CDR regime. In some circumstances enforcement action may be considered, particularly in response to conduct that involves:

- data holders that repeatedly refuse to disclose, or frustrate the process of disclosure of, consumer data by intentionally circumventing the CDR Rules or Data Standards
- misleading or deceptive conduct
- misusing or improperly disclosing consumer data
- accredited data recipients collecting CDR data without valid consent
- CDR participants having insufficient controls and processes to protect CDR data.³

Cooperation and collaboration

In undertaking our CDR role, we cooperate and collaborate with various stakeholders, including:

- government and industry stakeholders, including through a range of forums and advisory committees
- Treasury
- Office of the Australian Information Commissioner (OAIC)
- Data Standards Body (DSB)
- Australian Prudential Regulation Authority (APRA).

³ In May 2020 the ACCC and the OAIC published a joint Compliance and Enforcement Policy for the Consumer Data Right. The Policy outlines the approach both agencies will take to encourage compliance with CDR Rules and prevent breaches of the CDR regulatory framework, which is underpinned by the objective of ensuring that consumers can trust the security and integrity of the CDR regime.

Performance measures

Facilitate the enabling technology solutions for Consumer Data Right

Performance indicator	Target
Fit-for-purpose technology solutions are available when required by the legislation and CDR Rules	<p>The requirement for new technology solutions and the dates by which those are required will be driven by the CDR Rules made by the Minister, and by the Data Standards made by the Chair of the DSB.</p> <p>As of 1 July 2021, the CDR Rules and Data Standards require technology solutions to be available for:</p> <ul style="list-style-type: none"> ▪ Phase 1 consumer data sharing by non-major ADIs – 1 July 2021 ▪ Phase 3 product reference data sharing by non-major ADIs – 1 July 2021 ▪ Phase 2 consumer data sharing by non-major ADIs – 1 November 2021 ▪ Consumer data sharing for non-individual partnerships, nominated reps, and secondary users by major ADIs in relation to their primary brands – 1 November 2021 ▪ Phase 3 consumer data sharing by non-major ADIs – 1 February 2022.
Percentage availability of the Register of Accredited Persons (Live or cached version)	99.9%
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively facilitates the enabling technology solutions for the Consumer Data Right	70+

Support CDR participants, including testing and on-boarding

Performance indicator	Target
Number of designated data holders and accredited data recipients on-boarded to the Register of Accredited Persons during the year	<p>No target for 2021-22</p> <p>(The number will be driven by demand)</p>
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively supports CDR participants, including testing and on-boarding	70+

Accredit Consumer Data Right data recipients

Performance indicator	Target
Number of data recipients accredited	<p>No target for 2021-22</p> <p>(The number of accreditation applications is driven by demand. New CDR participation pathways are currently being considered by Government, which could affect the number of applications received.)</p>
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively accredits CDR data recipients	70+

Promote compliance with and enforce the Consumer Data Right rules and standards

Performance indicator	Target
Number of CDR rules and standards investigations completed	No target for 2021-22 (The number of investigations will be largely driven by the degree of compliance by designated data holders and accredited data recipients.)
Number of CDR compliance and enforcement interventions (non-enforcement compliance initiatives, court proceedings commenced, section 87B undertakings accepted, administrative resolutions)	No target for 2021-22 (The number of interventions will be largely driven by the degree of compliance by designated data holders and accredited data recipients.)
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively promotes compliance with and enforces the Consumer Data Right rules and standards	70+

Protect consumers from misleading and deceptive conduct and promote fair trading

The key activities⁴ we undertake to achieve this strategic objective are:

- initiate compliance and enforcement actions to address harm to consumers and small businesses resulting from non-compliance with the ACL and industry codes
- empower small businesses by increasing awareness of their rights under the ACL and industry codes
- empower consumers by increasing awareness of their rights under the ACL and alerting them to the risk of scams.

The ACL gives the ACCC and state and territory consumer regulators a single set of provisions to respond to fair trading and consumer protection issues. The ACL also allows regulators to collectively work on broader issues and take proactive and timely compliance and enforcement action. The ACCC works closely with the Treasury, the Australian Securities and Investments Commission, and state and territory consumer protection agencies on national compliance and enforcement projects.

The ACCC also works with businesses, industry associations and consumer groups to inform businesses and consumers of their rights and obligations under the CCA through engagement, education and the provision of specialised information. The ACCC's educational campaigns also support consumers to navigate complex or difficult consumer choices to help them make smart choices. This includes alerting consumers and businesses about the risk of scams.

The ACCC helps to ensure small businesses understand and comply with their obligations and encourages them to exercise their rights under the CCA and industry codes as the customers of larger suppliers. The ACCC's aim is to promote a competitive and fair operating environment for small business and, importantly, ensure small businesses understand how the legislation can help them.

Priorities

The ACCC takes appropriate compliance and enforcement action to address alleged breaches of the ACL and industry codes. As noted under strategic objective 1, the ACCC publishes its [Compliance and Enforcement Policy & Priorities](#) annually. We have a number of enduring consumer related compliance and enforcement priorities: consumer product safety; conduct impacting consumers experiencing

⁴ The references to the ACL in the key activities and key performance indicators under this strategic objective exclude the product safety provisions of the ACL, which are dealt with under our strategic objective to protect consumers from unsafe products.

vulnerability or disadvantage; and conduct impacting Indigenous Australians, particularly in relation to challenges associated with living in remote areas.

We clearly set out the priority factors influencing the ACCC's decisions about whether to pursue a matter in our annual policy, and these include: conduct that is of significant public interest or concern; conduct that results in substantial consumer or small business detriment and national conduct by large traders, recognising the potential for greater consumer detriment and the likelihood that conduct of large traders can influence other market participants.

Each year we also review our compliance and enforcement priorities to determine where to focus our efforts to maximise impact on preventing and redressing harm to consumers and small businesses. The ACCC's consumer and fair trading [compliance and enforcement priorities in 2021](#) include:

- consumer issues related to the promotion and sale of products in the context of the COVID-19 pandemic, including travel and event cancellations
- consumer issues in the funeral services sector
- consumer issues relating to digital platforms
- consumer issues arising from the pricing and selling of essential services, with a focus on energy and telecommunications
- ensuring that small businesses receive the protections of the fair trading laws, including franchising
- ensuring compliance with mandatory industry codes of conduct in the agriculture sector, namely the Dairy Code of Conduct and the Horticulture Code of Conduct
- empowering consumers and improving industry compliance with consumer guarantees, with a focus on high value goods including motor vehicles and caravans.

Cooperation and collaboration

In undertaking our key activities to protect consumers from misleading and deceptive conduct and promote fair trading, we cooperate and collaborate with numerous stakeholders, including:

- state and territory fair trading and consumer affairs agencies
- other Australian government agencies, such as ASIC, the National Disability Insurance Agency (NDIA), Food Standards Australia & New Zealand (FSANZ), OAIC, ACMA
- Consumer Senior Officials Network and Regulatory Compliance Network⁵
- members of various committees, including the Consumer Consultative Committee, the Small Business and Franchising Consultative Committee, the Education and Information Advisory Committee, the Agriculture Consultative Committee, and the Federal Regulatory Agencies Group
- Scams Awareness Network
- International Consumer Protection and Enforcement Network (ICPEN) and its working groups
- business and industry associations and peak bodies
- consumer advocacy groups.

⁵ Our key mechanism for coordinating with other ACL regulators has been through the Council of Australian Governments (COAG) Forum on Consumer Affairs (CAF), and CAF's subcommittees. With the cessation of COAG on 1 February 2021, CAF and the supporting Consumer Affairs Australia and New Zealand (CAANZ) forum were discontinued. However the ACCC and its fellow regulators are working closely to ensure the replacement ad hoc liaison and engagement still ensures effective coordination between ACL regulators.

Performance measures

Initiate compliance and enforcement actions to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law and industry codes

Performance indicator	Target
Number of in-depth ACL and industry codes investigations completed	75
Percentage of in-depth ACL and industry codes investigations that are in the priority areas outlined in the Compliance and Enforcement Policy	60%
Percentage of initial ACL and industry codes investigations completed within 3 months	80%
Percentage of in-depth ACL and industry codes investigations completed within 12 months	80%
Number of ACL and industry codes enforcement interventions (court proceedings commenced, section 87B undertakings accepted, infringement notices issued, administrative resolutions)	40+
Number of ACL and industry codes compliance initiatives	7+
Percentage of ACL and industry codes compliance and enforcement interventions in the priority areas outlined in the Compliance and Enforcement Policy	60%
Number of surveys and audits for industry codes compliance	10
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC's compliance and enforcement actions are effective in addressing harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law and industry codes	70+

Empower small businesses by increasing awareness of their rights under the Australian Consumer Law and industry codes

Performance indicator	Target
Number of small business Infocentre contacts served (Small business contacts are contacts through separate small business phone line and web forms)	8,000
Number of new or revised business compliance and education resources (published guidance)	10
Number of times online business compliance and education resources have been accessed	1.25 million
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively empowers small businesses by increasing awareness of their rights under the Australian Consumer Law and industry codes	70+

Empower consumers by increasing awareness of their rights under the Australian Consumer Law and alerting them to the risk of scams

Performance indicator	Target
Number of new or revised consumer education resources (published guidance)	12
Number of times online consumer education resources have been accessed	3 million
Number of Infocentre contacts served (includes Infocentre contacts served and web forms received)	200,000
Number of visits to the SCAMwatch website	2.5 million
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively empowers consumers by increasing awareness of their rights under the Australian Consumer Law	70+

Protect consumers from unsafe products

The key activities we undertake to protect consumers from unsafe products are:

- identify safety hazards in consumer products and prioritise the risks that may result in serious injury and death
- address the highest priority risks of serious injury and death arising from safety hazards in consumer products through regulation, education, compliance and enforcement.

The ACCC uses an intelligence-led approach to assess current and emerging consumer product safety risks. We review a range of data sources to identify issues that may present a safety concern. Data sources include mandatory reports of serious illness, injury or death, recalls that have taken place internationally, and information received from the community. We assess information received and, where warranted, take action including:

- negotiating the recall of goods
- educating industry and consumers
- negotiating voluntary changes to packaging labelling or product design
- working to introduce changes to voluntary or mandatory requirements
- introducing and/or working to implement changes to existing product safety mandatory standards and bans
- making recommendations for regulatory action by the Minister, including in relation to making standards, bans and issuing compulsory recalls
- taking enforcement action.

Priorities

Each year we release a stand-alone product safety policy that sets out the principles we adopt to prioritise and address consumer product safety risks. State and territory ACL regulators have endorsed these as national priorities. Our [consumer product safety priorities](#) for 2021 include:

- conducting education and surveillance activities and enforcing compliance in relation to the new quad bike safety standard
- implementing the new safety standards for button batteries, with a focus on promoting compliance through education
- implementing strategies to prevent injuries and deaths to infants caused by sleeping products identified as unsafe
- strengthening product safety online through education, engagement and monitoring of compliance commitments by online marketplaces
- scoping more effective risk controls for potential intervention to prevent injuries and deaths caused by toppling furniture.

Cooperation and collaboration

In undertaking our product safety activities, we cooperate and collaborate with various stakeholders, including:

- state and territory fair trading agencies
- specialist product safety regulators
- the Therapeutic Goods Administration and other medical experts
- Kidsafe
- other federal agencies, including the Department of Home Affairs, the Department of Health, and the Department of Infrastructure, Transport, Regional Development and Communications

- Standards Australia
- industry associations
- the UN Conference on Trade and Development (UNCTAD) Working Group on Consumer Product Safety
- the OECD Committee for Consumer Policy and its Working Party on Consumer Product Safety
- international consumer protection agencies, including those in the Asia-Pacific region.

Performance measures

Identify safety hazards in consumer products and prioritise the risks that may result in serious injury and death

Performance indicator	Target
Percentage of reports about unsafe products that fall within our product safety priorities (including enduring factors) that are assessed (‘reports’ are mandatory injury reports and complaints to the ACCC of a product safety hazard; ‘assessed’ means assessed for consideration as intelligence or for consideration of escalation and possible intervention)	100%
Effectiveness survey ‘index score’ (out of 100) that key stakeholders agree the ACCC is effective in identifying and prioritising safety hazards in consumer products	70+

Address the highest priority risks of serious injury and death arising from safety hazards in consumer products through regulation, education, compliance and enforcement actions

Performance indicator	Target
Number of reviews of mandatory product safety and information standards involving industry or consumer engagement completed	4
Number of published new or substantially updated business compliance and/or consumer education resources relating to the safety of consumer products	6
Number of interventions* to address product safety risks (Compliance interventions are: trader guidance, consumer education initiatives, administrative resolutions such as a voluntary recall, ACCC media releases. Regulatory interventions are decisions made by the Minister based on an ACCC recommendation for a safety warning notice, product ban, compulsory recall, or mandatory standard. Enforcement interventions are court proceedings commenced, infringement notices issued, s 87B undertakings accepted, or administrative resolutions)	16
*Interventions captured under this indicator cover targeted actions by the ACCC to change consumer or supplier behaviour in relation to specific identified high priority risks. They exclude the following areas of activity captured under other indicators: reviews of standards, scheduled consumer or small business resources/campaign activity, and independent actions taken by industry to address product safety risks (which includes most voluntary recalls).	
Effectiveness survey ‘index score’ (out of 100) that key stakeholders agree the ACCC is effective in communicating risks of serious injury and death arising from safety hazards in consumer products	70+
Effectiveness survey ‘index score’ (out of 100) that key stakeholders agree the ACCC is effective in addressing the highest priority risks of serious injury and death arising from safety hazards in consumer products	70+

Regulate monopoly infrastructure and monitor concentrated markets in the long term interests of consumers

The key activities we undertake to achieve this strategic objective are:

- formulate regulatory decisions that promote the long-term interests of end users and consumers
- provide industry monitoring reports to government in relation to highly concentrated or emerging markets
- improve the efficient operation of markets by enforcing industry-specific competition and market rules.

The ACCC is the national economic regulator of declared infrastructure services in communication, as well as postal services and rail networks operated by the Australian Rail Track Corporation, and has specific regulatory roles in relation to bulk wheat port facilities. Fostering efficient infrastructure provision through industry-specific regulation and access conditions, under the umbrella of the long-term interest of end users, is a major focus of the economic regulatory role. Access conditions that promote competition in upstream and downstream markets increase the efficiency and productivity of the overall economy.

The ACCC monitors and reports on the price and quality of goods and services available in some concentrated, deregulated or emerging markets, or markets of significant concern to consumers, to identify market failure and promote competition. This includes the petrol, airports, gas, electricity, telecommunications and stevedoring sectors.

The ACCC also has a role in enforcing industry-specific competition and market rules in some infrastructure-based markets.

The ACCC's regulatory role also supports our competition advice and advocacy efforts directed at ensuring Australian markets operate within a policy framework that facilitates competition and efficient investment in key infrastructure networks and services.

Priorities

The ACCC's infrastructure regulation and industry monitoring priorities for 2021-22 are:

- promote effective competition in communications markets where this is feasible and otherwise regulate declared services and ensure compliance with industry-specific regulation to promote the long-term interests of end users
- develop long-term regulatory arrangements to apply to all of the national broadband network
- advise on specific spectrum allocations to promote efficient competition and consumer outcomes in communication markets
- conduct government-directed inquiries into emerging threats to competition due to the economic impacts of the COVID-19 pandemic especially in the aviation sector
- develop a future regulatory framework for the interstate rail network
- establish regulated access terms for bulk wheat facilities
- promote competition and consumer outcomes in the National Electricity Market through compliance and enforcement measures, regular reporting and appropriate advocacy
- regularly monitor and report on the supply outlook and prices in gas markets and fuel to promote consumer interests and efficiencies in these markets
- increase the scope and/or frequency of monitoring and reporting in critical sectors, and those of significant concern to consumers, to provide greater transparency for customers and the market
- promote affordability and financial hardship measures to protect consumer interests
- streamline our engagement processes with stakeholders while meeting our legislative obligations.

Cooperation and collaboration

In undertaking our infrastructure regulatory and industry monitoring activities we cooperate and collaborate with a wide range of stakeholders – many as members of the ACCC Infrastructure Consultative Committee or the ACCC Fuel Consultative Committee – including:

- various Australian Government departments, agencies and regulators
- state and territory economic regulators, including through the Utility Regulators Forum
- industry associations
- consumer representative and advocacy groups
- OECD Regulatory Policy Committee and Network of Economic Regulators.

Performance measures

Formulate regulatory decisions that promote the long-term interests of end-users and consumers

Performance indicator	Target
Percentage of regulatory decisions completed within statutory timeframes (including 'stop the clock' and timeframe extension provisions in the CCA)	100%
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC's regulatory decisions effectively promote the long-term interests of end-users and consumers	70+

Provide industry monitoring reports to government in relation to highly concentrated or emerging markets

Performance indicator	Target
Number of monitoring reports (covering electricity, gas, communications, rail, petrol, aviation, ports and stevedoring sectors)	22
Number of visits to the ACCC's industry guidance webpages	6,500
Number of visits to the ACCC Measuring Broadband Australia consumer dashboard	30,000
Number of visits to the ACCC petrol price cycle website	450,000
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC's <i>Industry monitoring reports are effective in informing government and the public about highly concentrated or emerging markets</i>	70+

Improve the efficient operation of markets by enforcing industry-specific competition and market rules

Performance indicator	Target
Number of completed investigations into potential breaches of rules	11
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC's enforcement of industry-specific competition and market rules improves the efficient operation of markets	70+

8. Capability

As a single agency, the ACCC and AER share services provided by our Corporate division and Specialised Advice and Services division. Accordingly, much of the content in the section applies to both the ACCC and the AER.

The ACCC has an additional strategic objective focussed on improving the agency's capability.

Improve our own systems, capabilities and ways of working

The key activities we undertake to achieve this strategic objective are:

- Support our people to develop and meet their full potential; and facilitate a diverse, respectful and inclusive culture.
- Modernise our ICT and improve the reliability, flexibility and security of our business and data systems.
- Adapt our ways of working to allow resources to be used flexibly to meet changing priorities and to adopt innovative practices commensurate with the level of risk.
- Further develop our standing as a world-class independent regulator through external engagement and internal collaboration to support robust and transparent decision making that is responsive to complex challenges and demands.

Our people

Our people are our key strength. They perform at their best when they are supported, encouraged, respected and trusted; when they are valued for their engagement to our work and teams; and when they have the opportunity to self-direct their expertise towards achieving the agency's purpose and priorities.

To support our people we will:

- continue to respond to the COVID-19 pandemic and support our people to maintain their wellbeing and safety
- develop and implement the our Diversity and Inclusion Strategy 2021-24 and continue to adapt the our Health and Wellbeing Approach to further build an inclusive, diverse and safe workplace
- continue to implement our Leadership and Development framework and develop content in our learning management system to assist our people reach their potential and grow their career through continually learning and enhancing their capabilities
- empower a feedback culture that is based on a continuous cycle of receiving and providing feedback to drive performance
- continue to evolve and deliver the SES talent pool program to assist high-performing EL2s identify their capability gaps and create plans to address their development opportunities
- review key components of our employment framework to ensure our terms and conditions continue to attract, motivate and retain capable people.

In early 2021 the agency introduced a hybrid work location policy to facilitate our employees having the option to work from home for roughly 50% of their time.

Our use of technology and data

The agency is transforming our ICT, data technologies and business systems in order to deliver on our purposes. The Working Smarter Program (WSP) is a 4-year business transformation program that will embrace digital and emerging trends such as automation to increase business process efficiency and data capture, to build out our data skills and technology, and continue to improve our system resilience.

The WSP is aligned to the ICT Strategy 2021-24 and Data Strategy 2021-24 that underpin the strategic objectives of the ACCC and AER. Collectively, they focus on these priority areas:

- delivering data-led insights enabled by expertise and the right tools and governance
- delivering fit for purpose business applications utilising automation where appropriate
- unlocking our information and data assets through enhanced management, re-use, sharing and discoverability
- providing stable, reliable and secure technology.

To deliver these priorities we will focus on the following capabilities:

- Innovation – developing new ways to solve real-world business problems and unlock future value with enabling technology
- Data and intelligence – continuing our data culture and capability uplift to improve efficiency and ensure that insight is at the heart of our decision making
- Strategy and architecture – ensuring our technology environment is fit-for-purpose, interoperable with other agency systems, and supports our strategic goals
- Automation – re-engineer business processes and create efficiencies with automation
- Cloud – taking a cloud-first approach to enhance flexibility
- Technology project management office – deliver outcomes-focused technology projects through effective portfolio prioritisation and project delivery management.

Through the recent restructure, the agency has created a Data and Intelligence branch, which incorporates our Strategic Data Analysis Unit (SDAU), Intelligence and Legal Technology Services teams and our Infocentre. This new branch brings together a range of existing in-house expertise to support the ACCC and AER to make data driven decisions based on insight, effective information handling and intelligence methodology.

The Data and Intelligence branch has a range of collaborative functions that assist the agency to meet its objectives, including by using data and intelligence to inform strategic decision making, providing specialist advice, advancing evidence handling procedures, data management and governance, developing tools and sources, as well as collecting, triaging and optimising the discovery, access and use of data and information.

Among other things, the branch will work closely with our CIO, Executive General Manager of Digital Transformation and IMTS branch to finalise and execute the Data Strategy 2021-24 in order to continue maturing the agency's data and information culture, capabilities and systems. The Data Strategy will focus on strengthening the our data infrastructure and solutions, maturing our data culture and literacy, and further investing in data governance and cutting edge advanced analytics and visualisation tools.

Our ways of working

In an environment of constrained resources and rapidly changing challenges, it will be increasingly crucial for the ACCC to work in a way that allows resources to be prioritised and allocated flexibly. We will do this by ensuring that:

- we allocate resources to priority areas by:
 - using data-driven intelligence to ensure that decisions are linked to impact and resources are linked to decisions
 - increasing sharing of resources across the agency
 - flexible budget allocation
- our organisational structure is adaptive and supports new ways of working and faster decision making by:
 - using agile purpose-based teams where appropriate
 - ensuring decision making structures and frameworks remain fit for purpose
 - devolved decision making where possible
- innovation and acceptable risk taking is part of our culture by
 - dedicating resources to innovation and continuous improvement
 - trialling new ways of working through experimentation and iteration
 - developing and maintaining informal processes where appropriate.

The agency's structure supports the efficient provision of specialist advice and support across all parts of the agency. The Specialist Advice and Services division is an integrated in-house service provider, delivering strategic advice and expert legal, economic and data analysis and legal technology support across all the activities of the ACCC and the AER. It also provides support to the National Competition Council.

The Legal Group assists the ACCC and AER in making legally informed decisions and to adopt processes for decision making that are appropriate for a statutory agency. It assists in managing the agency's litigation, including through facilitating, as an informed purchaser, external legal services engaged to provide assistance in matters approaching litigation. In addition, it provides integrated, specialist legal technology services to line areas across the agency, including managing high document volumes and deployment of AI. It also provides expert advice in managing the agency's corporate legal obligations.

The Economic Group facilitates the consistent and robust use of economic principles in decision making, increases the quality of economic analysis and contributes to economics-related learning and development initiatives. The Economic Group is committed to strengthening the quality of economic analysis in the organisation and to maximising the influence of economic principles including through supported capability growth.

The stewardship of the agency

The ACCC has been a successful regulator, but this is no guarantee of future effectiveness.

We will nurture our role as an independent regulator with robust and transparent decision making that is responsive to complex challenges and demands. We will do this by ensuring that:

- our role is clear in the face of expanding responsibilities
- our connections with external stakeholders provide opportunities for better outcomes for consumers
- our internal collaboration assists us to achieve better outcomes for consumers
- we remain objective by making decisions based on data and evidence
- change is managed successfully in the organisation.

The agency's corporate governance framework equips us to achieve our strategic objectives while complying with legislation and policies, maintaining performance standards and making the most cost-effective use of resources.

The ACCC makes statutory decisions through formal meetings of its Commission, assisted by subject-matter committees (such as the Enforcement Committee and the Mergers Review Committee) and various specific project boards. ACCC Commissioners are full time statutory office holders. ACCC Commissioners collectively have a clear view of the connection between their statutory decision making on particular matters and the overall staffing resources and legal expenditure implications of those decisions.

The Corporate Governance Board sits at the apex of the agency's governance structure. ACCC Commissioners and the AER Chair and Deputy Chair form the Corporate Governance Board, which is assisted by our Audit Committee and Legal Committee.

Financial management and capital investment

The ACCC and AER have a coordinated Strategic Financial Plan and a 5-year budget model that models the current financial year and out-years. This provides an outlook as to the future capacity of the agency. The model is only an indicator at a point in time, as additional functions can be assigned to the ACCC and AER with varying levels of funding attached.

Over the past few years we have grown financial management capacity and skills to achieve a significant increase in the financial maturity of the agency and our executive managers. This is filtering down to lower levels of management to ensure a thorough understanding of the importance of financial management, and to provide experience for future senior managers.

Four-year budget estimates for the ACCC and AER are published annually in the Treasury's Portfolio Budget Statements. The following tables reflect funding confirmed at the most recent budget – the Portfolio Budget Statements 2021–22 published in May 2021. The tables set out the ACCC's and AER's funding (in nominal \$) for 2021–22 and forward years of the budget estimates.

Program 1: ACCC 2021–22 to 2024–25 (\$millions)

	2021–22	2022–23	2023–24	2024–25
Appropriation	210.36	194.50	177.84	170.78

Program 2: AER 2021–22 to 2024–25 (\$millions)

	2021–22	2022–23	2023–24	2024–25
Appropriation	76.29	78.18	64.01	64.26

The agency has a capital investment management plan that provides a forward looking strategy that integrates capital asset replacement within a constrained capital budget and planning framework.

Capital investment falls into 4 discrete categories: property, ICT investment, ICT refresh, and office equipment. Across these categories, strategic decisions will be made regarding the:

- nature and composition of asset replacement (for example, relocation of offices as leases approach expiry, or the replacement of major ICT systems)
- prioritisation and scheduling of asset replacements within available capital budget
- method of acquisition – consideration of capital resourcing the current operating environment and emerging trends may predispose a lease option as opposed to a capital purchase
- funding source and budget context, particularly for projects identified as potential candidates for new policy proposal funding.

In late 2020–21 we completed a property fit out for new office accommodation in Sydney, and a property fit out in 2021–22 for our Canberra office will be funded from reserves. The fit outs have and will trial facilities to support new ways of working through experimentation and iteration.

The property refurbishments are highlighted as major decision points and planning will be undertaken to assess the agency’s ability to fund capital works from new funding or reserves (if required); however a review of the capital budget will be required going forward.

Performance measures

Support our people to develop and meet their full potential; and facilitate a diverse, respectful and inclusive culture

Performance indicator	Target
The percentage of positive responses to APS Census survey questions about whether staff have the appropriate skills, capabilities and knowledge to perform well	Higher than result from previous survey
Agency APS census ‘wellbeing’ score	Higher than result from previous survey
Percentage of employee formal quarterly performance conversations with managers completed and recorded in people management system	95% by 2 weeks after end of each quarter
Percentage of employees that spent at least 2 days in formal/approved training/development programs during the (financial) year	90%
Percentage of employees who have taken at least 10 days of annual leave during the (financial) year	95%+
Continue to reduce the agency’s gender pay gap	Gender pay gap (mean) is less than 5% for at least 2 years by 2025, and less than 3% for 2 years by 2030
Percentage of employees who identify as Indigenous	3%
Percentage of employees who identify as a person with disability	7% by 2025

Modernise our ICT and improve the reliability, flexibility and security of our business and data systems

Performance indicator	Target
Percentage of positive responses about employee satisfaction with the agency’s ICT (Source: annual IMTS survey of employees)	70+% of employees are satisfied with Information and Communications Technology
Number of security awareness activities delivered to drive a security aware culture	12
Overall ICT system availability	99.9%

Adapt our ways of working to allow resources to be used flexibly to meet changing priorities and to adopt innovative practices commensurate with the level of risk

Performance indicator	Target
<p>The percentage of positive responses to APS Census survey questions about whether staff consider that the agency:</p> <ul style="list-style-type: none"> ▪ provides opportunities for temporary moves within the agency ▪ actively promotes flexible use of staff resources across the agency 	Higher than result from previous survey
The percentage of positive responses to APS Census survey questions about whether staff consider that their workgroup can readily adapt to new priorities and tasks	Higher than result from previous survey
The percentage of positive responses to APS Census survey questions about whether staff consider that people are encouraged to come up with new and innovative ways of working	Higher than result from previous survey

Further develop our standing as a world-class independent regulator through external engagement and internal collaboration to support robust and transparent decision making that is responsive to complex challenges and demands

Performance indicator	Target
The percentage of positive responses to APS Census survey questions about whether staff consider that the agency actively creates links across the organisation to make sure knowledge and expertise is easily accessible	Higher than result from previous survey
ACCC Effectiveness Survey 'index score' that the ACCC's engagement with key stakeholders is effective	80+
ACCC Effectiveness survey 'index score' that the ACCC is responsive to changes in its operating environment to meet complex challenges and demands	70+



9. Message from AER Chair, Clare Savage

In 2020–21 we finalised the AER’s 5 year Strategic Plan. I am thrilled with the progress we have made on our objectives over the last twelve months but there is a substantial amount of work still to be done to ensure energy consumers are better off, now and in the future. The AER has received a significant uplift in funding in 2021–22 to support this additional work.

In this coming year we will continue our focus on protecting vulnerable consumers, while enabling consumers to participate in energy markets. We continue to expand our understanding of the multifaceted nature of consumer vulnerability and the challenges our sector faces in meeting the needs of those consumers who are experiencing vulnerability. To support this, we will finalise a Consumer Vulnerability Strategy this year and develop a binding Guideline to reduce the complexity of electricity bills and improve the accessibility of energy information for all customers. As we emerge from the immediate challenges of COVID-19, the AER will ensure customers in financial difficulty are transitioned to payment plans that take account of customers’ capacity to pay, and take enforcement action where necessary to protect these customers. We will also increase our focus on protecting consumers in embedded networks by ensuring they have access to dispute resolution and reviewing our Guidelines for how embedded networks operate.

The energy transition continues apace and ensuring consumers benefit from this transition has never been more important. Regulation is always a delicate balance between protecting consumers while not stifling innovation and competition. Once legislative amendments are made, the AER will develop a Guideline to support innovative new projects through a ‘Regulatory Sandbox’ that will enable new technologies and business models to be trialled in a modified Rules environment. As part of this initiative we will also launch a web platform to support the Regulatory Sandboxing service.

Data is critical to ensuring we can effectively regulate competitive markets through our monitoring and reporting, and enforcement and compliance activities. This year we will finalise our Data Strategy which will assist us in identifying how to improve our market surveillance capability and we will continue to advocate for an expansion of our powers to enable us to monitor and report on the electricity contract market. Gas markets will also be a critical part of our work program in 2021–22 with a focus on timely and accurate gas auction reporting by registered participants and monitoring service providers’ information disclosure obligations under the National Gas Rules. The Energy National Cabinet Reform Committee has proposed changes to the National Gas Law which will give the AER new monitoring and regulatory functions. The AER will start preparing for the new functions over the year.

We continue to strive to be more efficient in our regulation of monopoly infrastructure while incentivising networks to become platforms for energy services. In 2021–22, we will work with

consumers and network businesses to prepare a Statement of Expectations for revenue determinations to make it simpler and easier to develop and approve a regulatory proposal while ensuring consumers are better off as a result. We will also commence a review of the regulatory incentive framework and commission an independent review of our benchmarking techniques to further support this work. As part of a 4 yearly review cycle, we will publish a draft Rate of Return Instrument in 2021–22.

The role of networks is fundamentally changing as more and more consumers install distributed energy resources within their homes and businesses. To support this transition and enable energy networks to become platforms for energy services, it is imperative that the AER develops Guidelines for the integration of distributed energy resources and supports, via updated Ring-fencing Guidelines, the uptake of Stand-Alone Power Systems and Community Batteries. While many of these reforms are focused on distribution assets, the AER will also complete the first transparency review of the Australian Energy Market Operator’s Integrated System Plan this year.

The energy transition will require fundamental changes to the design of the energy system as we approach 2025. The AER will continue to support the work of the Energy Security Board this year and the implementation of any policy decisions by Energy Ministers.

It will be challenging to achieve all this in 2021–22 in addition to the ongoing work of the AER. I am confident though that we will succeed. The release of a Culture Plan for the AER this year will also help us to achieve our objectives through our people. The dedication and commitment of AER staff to making energy consumers better off, now and in the future is inspiring. I feel privileged to have the opportunity to Chair such a remarkable organisation.

Clare Savage
Chair, AER

10. AER vision, purpose and strategic objectives

Vision

The AER is a high-performing regulator that is independent; open and accountable; builds trust in Australia's energy system; takes considered risks; ensures the regulatory regime is fit for purpose; and engages actively with stakeholders.

Purpose and role

The AER exists so that energy consumers are better off, now and in the future.

We focus on ensuring a secure, reliable and affordable energy future for Australia. We regulate wholesale and retail energy markets, and energy networks, under national energy legislation and rules. Our functions relate mostly to energy markets in eastern and southern Australia.

Consumer protection

The AER has a key role in enabling consumers to make informed choices about their energy supplier. Our role includes: setting the Default Market Offer to protect consumers from high prices and encourage participation in the market; approving policies energy retailers must implement to assist consumers facing financial hardship and looking for help to manage their energy bills; administering a retailer of last resort scheme, which protects consumers and the market if an energy retailer fails; and soon to be conferred functions on implementing regulatory sandboxes to encourage innovation in energy technologies and new business models that benefit consumers.

We also monitor and enforce compliance with obligations in the Retail Law, Rules and Regulations. We report on performance of the market and energy businesses, including energy affordability and disconnection of customers for non-payment of energy bills.

Retail energy market regulation

The AER regulates retail electricity and gas markets in jurisdictions that have commenced the National Energy Retail Law. The Retail Law commenced in Tasmania (for electricity consumers only) and the Australian Capital Territory on 1 July 2012, South Australia on 1 February 2013, New South Wales on 1 July 2013 and Queensland on 1 July 2015. We also provide a price comparison website – Energy Made Easy – to help consumers find the best energy offers for their needs.

As part of our retail regulation role, we also assess authorisation applications from businesses that want to become energy retailers, and provide exemptions for other businesses from authorisation requirements (for example, nursing homes and caravan parks that on-sell energy to tenants).

Wholesale energy market regulation

In wholesale electricity and gas markets, we monitor, investigate and enforce compliance with national energy legislation and rules. We monitor participant bidding and rebidding, market dispatch and prices, network constraints and outages, demand forecasts and forecasts of production and capacity.

We also report on market activity, including: weekly reports on wholesale market outcomes; reports on prices outside normal thresholds; quarterly reports on the performance of the wholesale electricity and gas markets; and a biennial assessment of the effectiveness of wholesale electricity market competition.

Energy networks regulation

We regulate electricity networks and natural gas pipelines by setting the maximum amount of revenue they can earn and the price they can charge for regulated services. Network businesses submit revenue proposals. We review these proposals and make decisions after considering factors including: quality of engagement with customers; projected demand for electricity and natural gas; age of infrastructure; operating and financial costs; and network reliability and safety standards. Decisions generally apply for 5 years, and network businesses adjust their prices annually (which we approve each year during the 5-year period).

Policy and advocacy

The AER draws on its expertise in energy markets and its analysis to inform and influence debate about energy policy. By leveraging our expertise, we advocate for policy changes and improvements to energy laws and rules that protect and promote the interests of energy consumers. Effective policy advocacy on behalf of consumers is particularly important given the nature and size of the energy transition that is underway. We engage in policy development via our Chair's membership of the Energy Security Board, and through submissions on policy reviews and rule changes to the Australian Energy Market Commission.

Strategic objectives

In December 2020 the AER finalised and launched its Strategic Plan 2020–2025. The outcomes sought are grounded in the former Council of Australian Governments' *Strategic Energy Plan*. To support these outcomes the AER has articulated 4 key objectives:

- Protect vulnerable consumers, while enabling consumers to participate in energy markets.
- Effectively regulate competitive markets primarily through monitoring and reporting, and enforcement and compliance.
- Deliver efficient regulation of monopoly infrastructure while incentivising networks to become platforms for energy services.
- Use our expertise to inform debate about Australia's energy future and support the energy transition.

11. AER priorities: key activities

The AER's 5 year Strategic Plan 2020–2025, identifies 43 priorities under the umbrellas of *execute*, *tilt*, and *advocate*:

- **Execute:** We undertake our core activities efficiently and to an exceptional standard.
- **Tilt:** We use the tools at our disposal to adapt our approach in response to emerging challenges and opportunities.
- **Advocate:** We use our capabilities and experience to improve the regulatory framework.

New Policy Proposal funding provided in the 2021–22 Budget will support progress against several of our priorities:

- **Implementing the Integrated System Plan** – \$0.8 million will be available in 2021–22 to ensure the appropriate development of the Australian Energy Market Operator's Integrated Service Plan. The funding will also ensure that the transmission projects identified in the Plan are beneficial to consumers and their costs can be approved expeditiously.
- **Deregulation through sandboxing** – \$1.7 million will be used in 2021–22 to provide energy businesses (some who may be 'start-ups') with a simpler and easier regulatory environment for trialing new products and services.
- **Gas transparency measures** – \$1.3 million in 2021–22 to meet our statutory obligation of enforcing new gas market requirements and reporting on new data. This includes ensuring quality and timely

information on gas reserves and off-market gas trading is provided to assist with policy making and investment decisions.

- **Compliance and enforcement** - \$4.3 million in 2021-22 to help us continue to meet regulatory responsibilities to protect consumers through an enhanced intelligence function and greater enforcement work.
- **National Electricity Market** - \$0.3 million in 2021-22 to contribute to the detailed design of the National Electricity Market 2025 reforms through the Energy Security Board.
- **Distributed Energy Resources** - \$0.6 million in 2021-22 to ensure network investment to support exports is efficient and optimises household investment in distributed energy resources for the benefit of all energy consumers.
- **Energy Made Easy** - \$3.8 million in 2021-22 to further enhance the Energy Made Easy website, making it the ultimate independent comparator site for energy consumers.
- **Consumer Data Right** - \$1.5 million in 2021-22 to progress the build phase to share product data under the Consumer Data Right regime.
- **Financial sustainability** - \$0.7 million in 2021-22 to ensure we are adequately resourced to meet our legislative requirements and support the expansion of the AER Board.

We note that many of our New Policy Proposals support new (ongoing) statutory obligations. However, the associated funding currently terminates after 2 years. We are committed to delivering these initiatives, demonstrating their value and seeking funding beyond 2022-23.

Key activities to be achieved in 2021-22, for each of our 4 Strategic Objectives are:

Protect vulnerable consumers, while enabling consumers to participate in energy markets

Execute	<ul style="list-style-type: none"> Set the Default Market Offer (DMO) 2022-23 to protect consumers from high prices and encourage participation in the market 	April 2022
	<ul style="list-style-type: none"> Process applications for retailer authorisation and manage retailer exits 	As required
	<ul style="list-style-type: none"> Process applications for exemptions by businesses to on-sell energy 	As required
	<ul style="list-style-type: none"> Review the AER Guidelines for retail and network exemptions 	Quarter 2
	<ul style="list-style-type: none"> Deliver 2021-22 consumer-related compliance and enforcement priorities that focus on consumers in financial difficulty and embedded networks 	Ongoing
	<ul style="list-style-type: none"> Manage litigations on foot 	Ongoing
	<ul style="list-style-type: none"> Promote Energy Made Easy (AER's energy price comparison website) through social media campaigns, media engagement, correspondence, and stakeholder forums. 	Ongoing
Tilt	<ul style="list-style-type: none"> Publish a consumer vulnerability strategy to inform work across the AER 	Quarter 2
	<ul style="list-style-type: none"> Implement iterations of the Statement of Expectations 	Ongoing
	<ul style="list-style-type: none"> Boost the use of consumer and behavioural insights across the AER's work program⁶ 	Ongoing
	<ul style="list-style-type: none"> Publish the AER Guideline to the Better Billing rule 	April 2022
	<ul style="list-style-type: none"> Deliver user experience improvements to Energy Made Easy, to improve consumer experience and collect better data to provide more personalised plan estimates 	Quarter 4
	<ul style="list-style-type: none"> Develop a consumer engagement plan that includes improved consumer engagement tools and capabilities for greater consistency across the AER 	Quarter 4
	<ul style="list-style-type: none"> Publish an AER Guideline for Regulatory Sandboxing Trial Projects 	Quarter 4
	<ul style="list-style-type: none"> Launch the Regulatory Sandboxing service web platform 	Quarter 4
	<ul style="list-style-type: none"> Deliver education activities, including industry workshops, in support of 2021-22 consumer-related compliance and enforcement priorities 	Quarter 4
<ul style="list-style-type: none"> Enhance sources and uses of market intelligence in compliance and enforcement by continuing our collaboration with energy ombudsman schemes and consumer intermediaries 	Ongoing	
Advocate	<ul style="list-style-type: none"> Expand Consumer Data Right applications as required through the energy supply chain to increase consumers' choice 	Ongoing

⁶ For example: Consumer vulnerability strategy, Better Bills guideline development, Energy Made Easy redevelopment.

Performance measures

Performance Indicator	Target
<p>1.1 AER stakeholders' agreement with the following statements:</p> <ul style="list-style-type: none"> ■ The AER supports and protects energy consumers, particularly those in vulnerable circumstances. ■ The AER demonstrates a sound knowledge and understanding of energy consumers. 	Maintained or improved compared to previous year
<p>Method: Proportion of AER Stakeholder Survey responses of 7 or higher in response to questions about the AER protecting vulnerable energy consumers and understanding the needs of energy consumers</p>	
<p>1.2 Customers experiencing payment difficulty are identified early and provided with appropriate supports</p>	<p>No target</p> <p>Rationale: Watching brief, the many external influences in addition to AER levers make setting annual targets inappropriate.</p>
<p>Method: Analysis of retail performance reporting data held by the AER to calculate the proportion of payment plans completed.</p>	
<p>1.3 Consumer (household and small business) confidence that the energy market is working in their long-term interests</p>	Maintained or improved compared to previous year
<p>Method: Proportion of respondents to the Energy Consumers Australia consumer sentiment survey who give this a rating of 7 or higher.</p>	
<p>1.4 a) Number of plan searches conducted on the Energy Made Easy website</p> <p>b) Number of people who switched providers after completing a search on Energy Made Easy</p>	Improved compared to previous year
<p>Method: For a) analysis of website data held by AER. For b) analysis of Australian Energy Market Operator data.</p>	
<p>1.5 New and amended retailer hardship policies assessed within 12 weeks of AER receiving all relevant information</p>	100%
<p>Method: Analysis of AER records</p>	
<p>1.6 Retail authorisation and exemptions applications to sell energy assessed within 16 weeks of receiving all relevant information</p>	<p>100%</p> <p>Note: 16 week service standard may not be met for complex applications that have greater due diligence requirements</p>
<p>Method: Analysis of AER records</p>	

<p>1.7 Work delivered against AER <i>consumer</i> related compliance and enforcement priorities</p>	<p>No target</p> <p>Rationale: While we monitor our focus on stated priorities, AER must enforce all regulatory requirements. Annual targets are not appropriate.</p>
<p>Method: Percentage of work undertaken in accordance with AER <i>consumer</i> related compliance and enforcement priorities: audits undertaken; audit results published; reviews, forums and workshops undertaken; compliance programs published; enforcement outcomes announced; general guidance issued.</p>	
<p>1.8 Stakeholder awareness of the AER's current compliance and enforcement priorities</p>	<p>Maintained or improved compared to previous year</p>
<p>Method: Proportion of AER Stakeholder Survey responses of 7 or higher in response to an awareness question about the AER's compliance and enforcement priorities.</p>	

Effectively regulate competitive markets primarily through monitoring and reporting, and enforcement and compliance

Execute	<ul style="list-style-type: none"> ■ Oversee the Retailer Reliability Obligation (including monitoring and enforcing the Market Liquidity Obligation) Ongoing
	<ul style="list-style-type: none"> ■ Produce insightful market reports: <ul style="list-style-type: none"> - Wholesale Markets Weekly - Retail & Wholesale Market Performance Quarterly - Annual Retail Performance November 2021 - State of the Energy Market June 2022 - High Price Events As they occur
	<ul style="list-style-type: none"> ■ Manage disputes, via the Wholesale Energy Market Dispute Resolution Advisor (WEMDRA) Ongoing
	<ul style="list-style-type: none"> ■ Deliver 2021-22 competitive market-related compliance and enforcement priorities that focus on compliance with AEMO's dispatch instructions and generator offers, disclosure obligations in the gas rules, and gas auction reporting Ongoing
	<ul style="list-style-type: none"> ■ Undertake retail compliance audits in support of annual compliance and enforcement priorities and complete 2 generator performance compliance audits Quarter 4
	<ul style="list-style-type: none"> ■ Manage litigations on foot Ongoing
	<ul style="list-style-type: none"> ■ Better coordinate reporting with other government bodies⁷ Ongoing
	Tilt
<ul style="list-style-type: none"> ■ Expand our understanding of wholesale markets, by undertaking training in financial market operations and contracts for relevant staff Quarter 4 	
<ul style="list-style-type: none"> ■ Deliver reforms to the gas market through developing and using new surveillance tools to meet National Gas Rules obligations Ongoing 	
<ul style="list-style-type: none"> ■ Develop and implement an information management framework for compliance intelligence Ongoing 	
<ul style="list-style-type: none"> ■ Support the enhancement of the retail performance framework through an update to the AER Retail Performance Reporting Procedures and Guidelines Quarter 3 	
<ul style="list-style-type: none"> ■ Publish the revised AER Compliance and Enforcement Policy to reflect the new risk-based model for prioritisation and assessment of non-compliance Quarter 2 	
<ul style="list-style-type: none"> ■ Publish the 2020-21 Annual Compliance and Enforcement Report July 2021 	

⁷ For example regular engagement with the Department of Industry, Science, Energy and Resources on Gas and Electricity information; work with the Australian Energy Market Commission and Australian Energy Market Operator on the proposed Energy Security Board Data Strategy.

Advocate	<ul style="list-style-type: none"> Review the purpose and focus of high priced event reporting and submit a rule change proposal if required 	Quarter 3
	<ul style="list-style-type: none"> Increase the scope of AER powers so we can monitor, understand and report on contract markets 	Ongoing

Performance measures

Performance Indicator	Target
2.1 Extent to which performance of retail and wholesale energy markets is identified as an issue	No target Rationale: Due to the qualitative nature of this measure, an annual target cannot be set.
Method: Qualitative analysis of AER and Australian Energy Market Commission reports.	
2.2 Proportion of all market reports published within agreed/statutory timeframes	100%
Method: Analysis of AER records in relation to reports on: Weekly Wholesale Markets, Quarterly Retail & Wholesale Market Performance, Annual Retail Markets, Annual Retail Compliance, Annual State of the Energy Market, Biennial Wholesale Electricity Market, High Price Events	
2.3 Work delivered against AER <i>effective regulation of market</i> related compliance and enforcement priorities	No target Rationale: While we monitor our focus on stated priorities, AER must enforce all regulatory requirements. Annual targets are not appropriate.
Method: Percentage of work undertaken in accordance with AER <i>market regulation</i> related compliance and enforcement priorities: Audits undertaken; Audit results published; Reviews, forums and workshops undertaken; Compliance programs published; Enforcement outcomes announced; General guidance issued.	
2.4 The AER's market performance reports are useful to stakeholders	Maintained or improved compared to previous year
Method: Proportion of AER Stakeholder Survey responses of 7 or higher in response to questions about: <ul style="list-style-type: none"> producing reports that are clear and easy to understand the usefulness of its information about wholesale market activity the usefulness of its reporting on the performance of retail energy markets. 	

Deliver efficient regulation of monopoly infrastructure while incentivising networks to become platforms for energy services

Execute	<ul style="list-style-type: none"> ■ Undertake revenue and price control processes that promote the National Electricity Objectives/National Gas Objectives: <ul style="list-style-type: none"> - Complete the Ausnet transmission reset - Complete the Powerlink transmission reset - Complete the Roma Brisbane Pipeline transmission reset - Commence the TransGrid, Electranet and Murraylink resets - Process cost pass through applications - Process applications to the Demand Management Incentive Scheme and Demand Management Innovation Allowance Mechanism - Approve pricing proposals/tariff variations for all electricity distributors and Victorian gas distribution and transmission 	<ul style="list-style-type: none"> January 2022 April 2022 April 2022 January 2022 As required As required Nov 2021 (gas) May 2022 (electricity) April 2022 	
	<ul style="list-style-type: none"> - Complete the AEMO electricity transmission reset 	<ul style="list-style-type: none"> April 2022 	
	<ul style="list-style-type: none"> ■ Publish the draft Rate of Return Instrument for public consultation 	<ul style="list-style-type: none"> June 2022 	
	<ul style="list-style-type: none"> ■ Prepare and consult on transmission and distribution network benchmarking reports 	<ul style="list-style-type: none"> Quarter 4 	
	<ul style="list-style-type: none"> ■ Undertake large Integrated System Plan project assessments to support efficient and timely investment 	<ul style="list-style-type: none"> As required 	
	<ul style="list-style-type: none"> ■ Produce network performance reports and actively monitor regulatory asset base growth: <ul style="list-style-type: none"> - Electricity network performance report - Gas distribution network performance report 	<ul style="list-style-type: none"> September 2021 December 2021 	
	<ul style="list-style-type: none"> ■ Revise and enhance financial reporting guidelines for gas pipelines 	<ul style="list-style-type: none"> Quarter 3 	
	<ul style="list-style-type: none"> ■ Deliver 2021-22 monopoly infrastructure compliance and enforcement 	<ul style="list-style-type: none"> Ongoing 	
	Tilt	<ul style="list-style-type: none"> ■ Prepare AER's Statement of Expectations for Networks 	<ul style="list-style-type: none"> Quarter 2
		<ul style="list-style-type: none"> ■ Be more efficient in our regulation by: <ul style="list-style-type: none"> - Commencing a review of our annual data requirements for regulated electricity transmission and distribution businesses, including establishing stakeholder consultation processes - Commencing a review of the incentive mechanisms - Finalising a standardised model for annual pricing and capital expenditure for use by electricity distribution businesses - Commissioning an independent review of AER's approach to benchmarking 	<ul style="list-style-type: none"> Quarter 2 Quarter 3 Quarter 2 Quarter 2

	<ul style="list-style-type: none"> ■ Ensure the regulatory regime and our network performance reporting evolves to support the energy transition by: <ul style="list-style-type: none"> - Publishing a draft of the AER Distributed Energy Resources Integration Expenditure Guideline - Developing a framework for adapting to potential changes in utilisation of gas networks - Publishing the updated AER Ring-fencing Guideline, Electricity Distribution - Publishing the updated AER Ring-fencing Guideline, Electricity Transmission ■ Complete the transparency review of the (Australian Energy Market Operator's) Integrated System Plan 2022 ■ Support the delivery of the NSW Government's Electricity Infrastructure Roadmap 	<p>Quarter 1</p> <p>Quarter 4</p> <p>Quarter 1</p> <p>Quarter 3</p> <p>March 2022</p> <p>Ongoing</p>
Advocate	<ul style="list-style-type: none"> ■ Advocate for network charging reform to deliver greater cost reflectivity in consumption and export tariffs for more efficient network investment and optimal distributed energy resources deployment 	<p>Ongoing</p>

Performance measures

Performance Indicator	Target
<p>3.1 The AER promotes efficient investment in, operation and use of energy services for the long-term interests of consumers</p>	Maintained or improved compared to previous year
<p>Method: Proportion of AER stakeholder survey responses of 7 or higher in response to the question about AER promoting efficient investment in energy services.</p>	
<p>3.2 Revenue reset determinations for electricity networks and gas pipelines completed within statutory timeframes</p>	100%
<p>Method: Percentage of resets completed within statutory timeframes</p>	
<p>3.3 Customers with a retailer exposed to cost reflective network tariff</p>	<p>No target</p> <p>Rationale: Watching brief, the many external influences in addition to AER levers make setting annual targets inappropriate.</p>
<p>Method: Analysis of networks pricing data held by the AER to calculate the proportion of customers.</p>	
<p>3.4 The AER undertakes efficient regulation of network businesses by focusing on high impact actions that matter to consumers</p>	Maintained or improved compared to previous year
<p>Method: Proportion of AER stakeholder survey responses of 7 or higher in response to the question about AER efficiently regulating networks by focusing on high impact actions.</p>	
<p>3.5 The AER encourages the evolution of the regulatory framework to provide network customers with the services that they value at efficient prices</p>	Maintained or improved compared to previous year
<p>Method: Proportion of AER stakeholder survey responses of 7 or higher in response to the question about AER encouraging the evolution of the regulatory framework to provide network customers with the services they value at efficient prices.</p>	

Use our expertise to inform debate about Australia’s energy future and support the energy transition

Execute	<ul style="list-style-type: none"> Contribute to policy processes and reviews that impact on competition, consumers, and the role of the AER including Australian Energy Market Commission rule changes. 	Ongoing
	<ul style="list-style-type: none"> Provide timely and insightful contributions to the Energy Security Board and Energy Ministers 	Ongoing
	<ul style="list-style-type: none"> Engage actively in external forums including: <ul style="list-style-type: none"> Regulatory conference Utility Regulators Forum 	Quarter 1 Quarters 2 & 4
Tilt	<ul style="list-style-type: none"> Contribute to the implementation of the National Energy Market 2025 project following Ministerial consideration of Energy Security Board Recommendations 	Ongoing
	<ul style="list-style-type: none"> Use consumer insights to inform input to external processes (eg in comments on draft rules) 	Ongoing
	<ul style="list-style-type: none"> Enhance our outward-looking focus by increasing engagement with external professional forums 	Ongoing
Advocate	<ul style="list-style-type: none"> Continue to analyse the competitive positions and margins of different classes of generators 	Ongoing
	<ul style="list-style-type: none"> Input to the Australian Energy Market Commission’s review of timely and efficient transmission investment 	Ongoing
	<ul style="list-style-type: none"> Advocate to ensure arrangements governing distributed energy resources standards are proportionate, align with the interests of consumers and do not lead to inefficient network investment. 	Ongoing

Performance measures

Performance Indicator	Target
<p>4.1 The AER's reports inform debate about Australia's energy future and regulatory landscape</p>	Maintained or improved compared to previous year
<p>Method: Proportion of AER stakeholder survey responses of 7 or higher in response to question about the AER's contribution to the debate about Australia's energy future and regulatory landscape.</p>	
<p>4.2 AER stakeholders' agreement with the following statements:</p> <ul style="list-style-type: none"> ■ The AER engages effectively with its stakeholders. ■ The AER shows leadership in pursuing or promoting priority issues in the energy sector. 	Maintained or improved compared to previous year
<p>Method: Proportion of AER stakeholder survey responses of 7 or higher in response to questions about engagement with stakeholders and showing leadership.</p>	
<p>4.3 Reach of AER communication activities</p>	Maintained or improved compared to previous year
<p>Method: Analysis of AER Strategic Communications and Engagement data to calculate the growth in audience of AER-owned communication channels</p>	
<p>4.4 Number of rule change proposals that have successfully influenced or prompted change</p>	<p>No target</p> <p>Rationale: While it is useful to monitor trends, it is not appropriate to set annual targets.</p>
<p>Method: Quantitative trend over time based on market body (primarily Australian Energy Market Commission) feedback.</p>	

12. AER operating context

Environment

The energy system is undergoing rapid change. The key drivers of this change influence the context in which the AER is operating. These drivers include policy ambiguity, lack of faith in markets, changes in community and consumer expectations, large scale renewable energy, distributed energy resources, technological change and uncertainty, price rises, and demand uncertainty. There is also continued debate with regard to climate change policy and emissions targets with varied jurisdictional approaches.

The national energy policy landscape is becoming increasingly complex as states and territories move in different directions and exceptions to the national framework increase. Further, while the energy system framework is founded on a market-based model, the community does not necessarily trust markets, or large institutions. Increasing intervention is shifting the balance from a market-driven approach to a more hybrid model.

The community's expectations of the energy system are evolving, with growing expectations of regulators. Vulnerable consumers are a key focus. Consumer preferences, choices and behaviours are also changing, and the importance of recognising diverse needs is heightened. More and more consumers are being empowered and seeking to contribute to decision-making in the energy system.

With the increased penetration of large scale renewable energy, it is evident that the market may not value everything the system values, and the uncertain future of coal is leading to questions of orderly and safe retirement. Beyond large scale renewables, Australia is also moving towards distributed energy resources (DER), driving a fundamental change in networks, and the need to closely consider asset stranding and the potential for price shocks. Beyond renewables and DER there is a trend towards digitisation and new services, with new market participants emerging, and interest in other fuels such as hydrogen.

Underpinning this are concerns regarding price increases and uncertainty about the future shape of demand – which has implications for the future grid.

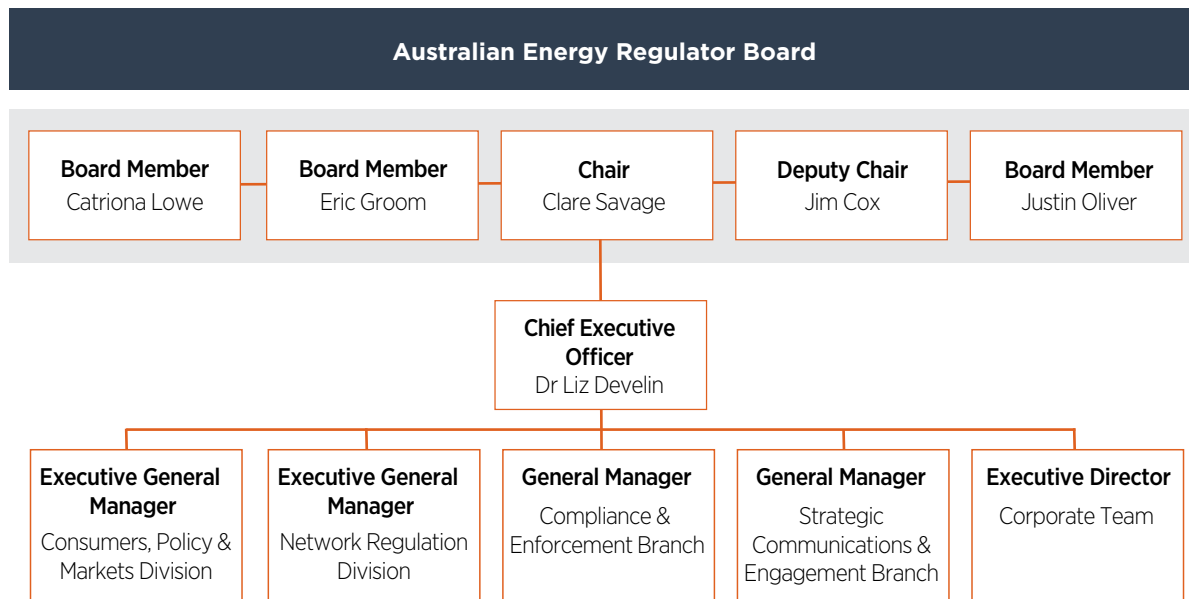
The AER will adapt its priorities and the delivery of its work program as the operating environment evolves, while doing all it can to ensure energy consumers are better off, now and in the future.

Capability

In 2021-22 a key focus for the AER will be embedding its new organisational design, recruiting to a number of new roles, and releasing a Culture Plan.

The new organisational design reflects the growth of the AER and consists of: Consumers, Policy & Markets Division; Network Regulation Division; Compliance & Enforcement Branch; Strategic Communications & Engagement Branch; and the Corporate Services Team.

AER organisation chart



In our Strategic Plan we committed to developing a dedicated AER Culture Plan based on Carolyn Taylor’s 6 different cultural archetypes: people first, greater good, 1 team, customer centric, achievement and innovation. We already have strong elements of the ‘People first’ and ‘Greater good’ culture and these will be maintained but we also need to maintain and grow elements of a ‘One team’ and ‘Customer centric’ culture. Our ‘call to action’ is to focus and grow elements of ‘Achievement’ and ‘Innovation’ archetypes. Through our Culture Plan we will commit to concrete actions that will bring the archetypes to life.

Governance

The AER Board is an independent statutory entity, comprising 5 members: Clare Savage (Chair), Jim Cox (Deputy Chair), Eric Groom, Catriona Lowe and Justin Oliver. They are appointed under Part IIIA of the Competition and Consumer Act 2010, following a process outlined in the Australian Energy Market Agreement.

The Board has 4 core functions:

- provide early guidance and direction for staff/committee work on issues of strategic importance
- make decisions under statutory powers including to initiate proceedings or issue infringement notices
- set high-level strategy, risk appetite and approach to stakeholder engagement, and
- oversee AER performance.

Board members also contribute to the governance and work of the ACCC as a whole. The AER Chair and Deputy Chair are formally members of the ACCC Corporate Governance Board. The AER reports to it twice per year and may do so more regularly in relation to specific matters. Jim Cox sits on the ACCC Infrastructure Committee and Electricity Inquiry Board. Eric Groom sits on the ACCC Gas Inquiry Board.

The Board is not responsible for the day-to-day management of the AER. This is the responsibility of the AER CEO and senior leadership team. The CEO of the AER reports to the Chair of the AER.

Financial management

Four-year budget estimates for the ACCC and AER are published annually in The Treasury's Portfolio Budget Statements. The following table sets out the AER program's funding (in nominal \$s) for 2021-22 and forward years of the budget estimates:

AER Program 2021-22 to 2024-25 (\$millions)

	2021-22	2022-23	2023-24	2024-25
Annual appropriation (including successful new policy proposals)	76.286	78.175	64.011	64.259

The 2021-22 Budget included \$26.9 million over 2 years in New Policy Proposal (NPP) funding, which will provide us with further support to successfully deliver on our Strategic Plan 2020-25 objectives, noting that ongoing funding will be required:

Successful new policy proposals 2021-22 to 2022-23 (\$millions)

	2021-22	2022-23	Total
Compliance and Enforcement	4.3	2.6	6.9
Energy Made Easy	3.8	5.0	8.8
Integrated System Plan Implementation	0.8	0.9	1.7
Implementing Gas Market Changes	1.3	1.6	2.9
NEM 2025	0.3	0.4	0.7
Distributed Energy Resources	0.6	0.7	1.3
AER Financial Sustainability	0.7	0.7	1.4
Deregulation through sandboxing	1.7	1.5	3.2
Total	13.5	13.4	26.9

The AER program's annual appropriation supports funding to the AER as a division within the ACCC, as well as providing funding for overheads and corporate support functions (such as IT and accommodation) which goes to the ACCC.

13. Risk oversight and management

Risk management is an integral part of ensuring the AER's success in achieving our strategic objectives, priorities and key activities. We are committed to managing risk and are working to integrate risk management priorities into our strategic planning, decision making and business operations. This commitment is underpinned by the *ACCC and AER Enterprise Risk Management Framework*, modelled on best practice requirements of the Commonwealth Risk Management Policy.

Our governance committees play an important role in ensuring we have effective risk management practices:

- The AER Board determines our risk appetite and tolerance.
- The AER CEO provides reports to Board members on our strategic risks and on realised operational risks that are of a serious nature.
- The ACCC & AER Audit Committee provides independent advice and assurance on AER's risk oversight and management approach and outcomes.

Our people – at every level and on every day – are responsible for identifying, assessing, reporting and managing risks. We recognise that our culture is critical in supporting our people to manage risk effectively. In 2020–21, in collaboration with ACCC, we undertook an assessment of our risk culture. In 2021–22 we will ensure that the findings of this assessment are considered in the development of our Culture Plan, business planning, project management and learning and development program.

AER strategic risks

The AER has identified 9 key strategic risks, as detailed below.

Strategic risks	Management strategies
<p>Conferral of significant new functions on the AER without appropriate staffing and funding increases</p> <p><i>Shared risk: with Australian Energy Market Commission and governments</i></p>	<p>Our business planning and budgeting processes ensure the alignment of people and resources with the areas of greatest priority.</p> <p>Our relationships with key stakeholders responsible for regulation setting (principally the Australian Energy Market Commission and Governments) ensure AER awareness of and participation in legislative and rule making processes.</p> <p>We participate in Government’s annual Budget process to secure additional resources where appropriate, and demonstrate value for money whenever Government makes those investments.</p> <p>We will explore alternate funding sources; as well as the express consideration by ministers of AER costs associated with new requirements.</p>
<p>Failure to grow a culture of ‘frank and fearless’ advice to ensure the Board are well informed in their decision-making</p>	<p>Our 4 Board Committees (Policy, Enforcement & Compliance, Markets and Networks) have been expressly established for brainstorming and debate with staff.</p> <p>We are developing a Culture Plan which will support our commitment to growing the ‘Innovation’ element of our culture – where brainstorming is valued and mistakes are welcomed within the boundaries of good risk management processes – which will ensure deliberations by our Board are fully informed.</p> <p>We ensure that staff have appropriate tools and training and embed the expectation of frank and fearless advice in staff performance planning.</p> <p>We will develop risk appetite statements for relevant functions/ activities.</p>
<p>Failure to develop capability, with regard to changing complexity and expectations on the AER</p>	<p>Recruitment to support the delivery of New Policy Proposals in 2021–22 and 2022–23 is providing an opportunity to enhance AER’s skills mix.</p> <p>We cultivate new sources of advice, for example by actively managing the depth of our key consultants pool, as well as information exchange with other regulators.</p> <p>We provide training opportunities to ensure that staff maintain and build appropriate skills.</p> <p>We will develop and implement new HR initiatives, for example capability and skills mapping, talent mapping and succession planning.</p>

<p>Breakdown in AER culture producing a disengaged workforce, poor behaviours and/or harm to staff</p>	<p>We are developing an AER Culture Plan based on Carolyn Taylor's 6 cultural archetypes. Through our Culture Plan we will commit to concrete actions that will bring the desired archetypes to life.</p> <p>In consultation with staff, we develop and implement action plans in response to the findings of the annual APS Census.</p> <p>We build and maintain coherent leadership through training, a commitment to helping staff to prioritise and manage workload, and cultural initiatives.</p> <p>In support of COVID-19 recovery, we encourage office attendance, and wherever possible host and promote activities and events that foster a sense of connection and engagement.</p> <p>We support staff to understand how their roles and work contributes to AER's strategic plan – further building the shared vision/purpose and understanding of changes to work programs/practices.</p>
<p>Failure to focus on the areas where the AER can make the greatest impact, given limited resources</p>	<p>Our business planning and budgeting processes ensure the alignment of people and resources with the areas of greatest priority.</p> <p>We set annual compliance and enforcement priorities which ensures our enforcement and proactive compliance work is targeted.</p> <p>Individual (staff) performance plans link to the AER Strategic Plan/Corporate Plan, with progress monitored quarterly.</p>
<p>Further fragmentation of the national energy market and loss of functions, losing scope to exist as a national energy regulator</p> <p><i>Shared risk: with other national energy market bodies</i></p>	<p>We actively support the Energy Security Board with its work on the National Energy Market 2025.</p> <p>We deliver timely, high quality regulatory services, ensuring that we are recognised as the regulator-of-choice for both the national energy market and any state-based energy regulatory requirements.</p>
<p>Error in key regulatory decisions or processes (e.g. annual pricing processes, or poorly executed enforcement action) especially those that cannot be easily rectified</p>	<p>Our business planning and budgeting processes ensure the alignment of people and resources with the areas of greatest priority.</p> <p>We ensure that lessons are learned through active review when there are close calls and prioritise quality assurance.</p> <p>We are developing a data strategy that increases systemisation and reduces the opportunity for human error.</p> <p>We will enhance our project and risk management practices so that weaknesses and risks are identified early.</p>

<p>Inadequate systems/processes to support key agency operations, which may cause process inefficiencies, or be vulnerable to human error and IT failure</p>	<p>We are developing a data strategy that increases systemisation and reduces the opportunity for human error. With a dedicated resource (Chief Data Strategist) responsible for leading implementation.</p> <p>We will develop a business case (seeking funding) to improve AER's data handling, storage and use via implementation of the data strategy.</p> <p>We ensure that lessons are learned through active review when there are close calls and promote a culture of challenging processes and empowering staff to proactively identify process enhancements.</p>
<p>Failure to be perceived as a fair and independent regulator</p>	<p>We consult widely and ensure that our processes are accessible to all relevant stakeholders – including securing a consumer voice through our Customer Consultative Group, Consumer Challenge Panel, and Consumer Reference Group.</p> <p>Our decision making processes are robust. Regulatory decisions are made by our 5 member, independent Board informed by the detailed evidence and analyses compiled by staff. Our regulatory decisions and other activities specify how stakeholder input has been used.</p> <p>We regularly monitor our performance. Every 1-2 years we seek feedback via a Stakeholder Survey including perceptions about our impartiality and transparency.</p>

14. Cooperation and collaboration

The Stakeholder Engagement Framework, agreed by our previous Board in 2017 and published on the AER's website, continues to guide our approach to stakeholder engagement. The AER's work is informed by regular dialogue with a range of stakeholders, including other market bodies, industry bodies, consumer groups and governments.

The AER recognises that we must:

- proactively engage with stakeholders and seek to listen to and understand diverse perspectives
- embrace creative ways of engaging that work for stakeholders, not just us
- clearly communicate decisions and make it easy to engage with us
- work in partnership with other energy market bodies and the Energy Council/governments on matters of common interest

National engagement

The AER Chair is a member of the Energy Security Board, and we work particularly closely with the other market bodies, the Australian Energy Market Commission and Australian Energy Market Operator, as well as Energy Consumers Australia. The AER is a member of the Utility Regulators Forum. We have established memorandums of understanding with state-based energy ombudsman schemes, Energy Safe Victoria, ARENA and other regulators such as the Essential Services Commission in Victoria. Consumer engagement is a key part of the AER's stakeholder engagement work. In addition to regularly receiving direct feedback via our Contact Centre, in 2021–22 the AER will continue to engage nationally through 3 key consumer engagement groups:

- **Consumer Consultative Group:** The CCG currently has 14 members, each of which is an organisation representing a range of consumer interests. The CCG's role is to provide advice to the AER in relation to our functions under the energy laws affecting small energy consumers across participating jurisdictions. The CCG is a critical mechanism for the AER to ensure a consumer voice is heard in the AER's processes, with a particular emphasis on vulnerable consumers. The AER will soon begin recruitment of a new CCG, which will operate until 2024. In addition, the AER is appointing a CCG Chair, external to the AER, to support the CCG to function as an effective consumer consultation body, working as an important link between the group and the AER. The Chair will also work in partnership with the group to ensure that consumer voices inform the AER's work.
- **Consumer Challenge Panel:** The CCP plays a key role in assisting the AER incorporate consumer insights and perspectives into network determinations. Members are individuals with significant local and international expertise, spanning fields including economic regulation, energy networks and consumer insight and engagement. The AER has recently begun recruitment of a new panel of experts, who will engage with network businesses and the AER until 2024. Future CRG members will be drawn from this Panel.
- **Consumer Reference Group:** The CRG is a project-specific consultation body established by the AER to seek consumer input into our Inflation Review 2020 and Rate of Return Instrument 2022. Members are individuals with significant relevant experience who are appointed by the AER. The CRG advice on consumer perspectives informed the AER's final position on the treatment of inflation in the regulatory framework. In 2021–22, the CRG will continue to advise the AER on consumer perspectives relevant to the next Rate of Return Instrument.

International engagement

We aim to develop and maintain an active AER role in international networks relevant to AER strategic priorities and objectives and those of the Energy Security Board, and to advance these priorities and objectives. This will continue to occur through engagement with the Energy Intermarket Surveillance Group and the World Energy Forum, however, this strategy includes other international organisations such as the OECD Network of Economic Regulators, Asia Pacific Energy Regulatory (APER) Forum and ad hoc events. We have also established memorandums of understanding with fellow regulators in other countries, such as Ofgem (UK), the Commerce Commission (New Zealand), the Federal Energy Regulatory Commission (United States) and the Electricity Regulatory Authority of Vietnam.

15. AER performance framework

In 2020–21 we revised our performance framework to align with the AER's new Strategic Plan. For each AER Objective we will define annual deliverables (see Key Activities), with routine internal reporting in place to monitor progress. We have also identified a suite of performance indicators for each AER Objective, which have been collocated with the Key Activities.

The key performance indicators not only measure the outputs of our work, but also seek to illustrate the impact and outcomes. Moving to a framework which considers impacts and outcomes means that we have included measures that are not wholly within the AER's control, and rather we are a contributor to a multi-factorial impact/outcome which requires the focus of numerous bodies within the energy system.



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION



AUSTRALIAN
ENERGY
REGULATOR