



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION



AUSTRALIAN
ENERGY
REGULATOR

ACCC and AER Corporate Plan

2022-23

(For the period 2022-23 to 2025-26)

August 2022

Australian Competition and Consumer Commission
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Acknowledgement

The Australian Competition and Consumer Commission (ACCC) and Australian Energy Regulator (AER) acknowledge the traditional owners and custodians of Country throughout Australia and recognise their continuing connection to the land, sea and community. We pay our respects to them and their cultures, and to their Elders past, present and future.

Our vision for reconciliation

Our vision for reconciliation is to create a culture that embraces unity and respect between Aboriginal and/or Torres Strait Islander peoples and other Australians. We seek to continue to foster a positive culture that represents equality and equity and acknowledgement of our shared history. We seek to build meaningful relationships and overall improved accountability and ownership of deep listening to Aboriginal and/or Torres Strait Islander peoples and supporting truth telling stories. We are committed to our actions, roles and responsibilities, to both improving engagement and employment outcomes and enhancing consumer empowerment for Aboriginal and/or Torres Strait Islander peoples.

1. Introduction

The *ACCC and AER Corporate Plan 2022–23* outlines the key activities, collaboration, capabilities and risk management that we use to achieve our purposes through strategic objectives. It also describes our operating environment and details our performance measures.

It has been prepared for the 2022–23 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 four annual reporting periods from 2022–23 through 2025–26.¹

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory agency that promotes competition, fair trading, protection of consumers rights 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 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 Portfolio Budget Statement (PBS) 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, Gina Cass-Gottlieb

I am delighted to introduce the ACCC's 2022-23 Corporate Plan, my first as ACCC Chair. I, the ACCC Commissioners and our full ACCC team are dedicated to maintaining community trust in the ACCC as a bold and effective enforcer protecting consumers and promoting competition and fair trading across the Australian economy.

The ACCC's statutory responsibilities span national competition, consumer and product safety regulation, economic regulation of national infrastructure, implementation and enforcement of the Consumer Data Right and undertaking market inquiries to provide greater transparency of key industry sectors.

This Corporate Plan outlines our work program and priorities to fulfil our responsibilities for the period 2022-23 to 2025-26.

There are some forms of conduct so detrimental to competition, consumer welfare, and the protection of small business from unfair trading practices that the ACCC will always regard them as a priority.

Our enduring enforcement priorities include addressing cartel conduct, anti-competitive mergers and agreements, and misuse of market power.

The ACCC will always prioritise product safety issues which have the potential to cause serious harm to consumers. This year the ACCC is focusing on product safety issues affecting young children and strategies for reducing instances of fires and injuries from lithium-ion batteries.

We also prioritise investigation and enforcement against business practices that target consumers experiencing vulnerability and disadvantage, and better understanding and protecting the welfare of Indigenous Australians.

Our economy and community are facing the impact of global and domestic supply chain disruption from the COVID 19 pandemic, climate change and the war in Ukraine and a range of inflationary pressures. As we are all experiencing, these factors are driving up the cost of living for households in staples like energy bills and food.

In this context competitive, informed and (in the case of essential services) well-regulated markets are critical to achieving competitive prices, better quality products and services and more choice. The ACCC 2022–23 priorities and work program are informed by this economic and community context.

Claims about environmental benefits and sustainability are an important priority for the ACCC and for the community more broadly. Many consumers and businesses prioritise sustainability concerns in their purchasing and procurement decisions. But in most cases, consumers cannot independently verify a product's green credentials. They must take it on trust that they are not being misled. If they are being misled it is not only the consumer who suffers – it is also the competitor who has undertaken genuine investment to make their product more sustainable.

For this reason, the ACCC regards this as an important competition issue as well as a key consumer protection priority.

The ACCC has specific monitoring and reporting roles in relation to the National Electricity Market and the East Coast Gas Market.

The current challenging state of energy markets led to a direction from the Treasurer in June 2022 to use the ACCC's full information gathering powers to provide greater transparency around the factors influencing electricity and gas prices.

In June 2022 the ACCC published the seventh report in our ongoing inquiry into prices, profits and margins in the National Electricity Market, and in August 2022 we published the latest East Coast Gas Interim Report on gas supply forecasts, their potential impact on energy security and pricing. The ACCC will conduct its monitoring and reporting role throughout the period of this Corporate Plan.

We are working closely with our colleagues at the Australian Energy Regulator to monitor market participants' behaviours and to investigate and respond to conduct harming competition or consumers. At the application of the Australian Energy Market Operator, the ACCC also granted authorisation for a range of measures allowing participants in the gas and electricity markets to work together to support Australia's security of energy supply and systems.

Our infrastructure regulatory priorities include delivering effective network regulation across a number of key sectors. The ACCC regulates NBN access arrangements, where we are charged to achieve a regulatory framework that serves the long-term interests of end users and we also regulate access terms for the interstate rail network and certain bulk wheat facilities.

The ACCC also has monitoring and reporting responsibilities to promote performance-based competition in concentrated sectors such as communications, petrol, airports, and airlines.

The ACCC, in common with competition and consumer protection agencies in other jurisdictions has a close focus on the conduct of business in an increasingly digital world, with a particular focus on the large digital platforms.

While many businesses and consumers have benefitted from digital services, the ACCC has observed concerning instances of conduct impacting consumers, including manipulative practices from some of the large digital platform companies that harm consumers as well as competition.

In addition to taking enforcement action in relation to such practices, the ACCC has been undertaking inquiries into Digital Platforms operations in Australia.

Following its 2019 Digital Platforms Inquiry, the ACCC has reported under the Digital Platform Services Inquiry into ad-tech, online private messaging, app marketplaces, choice screens and general online retail marketplaces.

In the coming months the ACCC is to report on whether a specific regulatory framework is required to address competition and consumer issues involving digital platforms. We have also recently released an issues paper to examine the state of competition for social media services in Australia as part of the sixth interim report in this inquiry.

The ACCC is committed to the significant efforts it is taking to disrupt and prevent scams, in cooperation with other regulatory and law enforcement agencies and the private sector.

The ACCC's objective in the period of this Corporate Plan is to make Australia the world's hardest target for scammers to prevent the serious financial and emotional damage being wrought on victims. This is one of a number of areas where conduct disproportionately impacts older Australians, culturally and linguistically diverse (CALD) Australians, and increasingly Indigenous Australians.

As the ACCC July 2022 Targeting Scams report revealed, last year the ACCC Scamwatch received 4,958 reports from Indigenous Australians with \$4.8 million reported lost. This represents a 43% increase in reports and 142% increase in losses. The median loss for people from CALD communities was higher than for the overall median across all reporters – \$1,200 vs \$845. People aged 65 and over made the most reports (46,286) to Scamwatch and lost more money than any other age group.

The ACCC collaborates with a wide range of stakeholders to achieve its stated purpose, including other Australian and international enforcement and regulatory agencies; consumer advocacy groups, business and industry associations; the Treasury and various other government departments and agencies.

The ACCC also consults with a range of consumer, business and industry sector consultative committees which contribute valuable information, trends and feedback to inform the ACCC work program and strategic priority setting process.

Collaboration with our international counterparts is also key to our effectiveness as a regulator and the ACCC remains committed to maintaining and building those relationships. ACCC team members regularly discuss issues of importance and intersection with overseas counterparts both bilaterally and through networks such as the International Competition Network, including approach to international cartels, mergers and emerging issues.

Our global engagement includes active participation in joint international programs such as the Competition Law Implementation Program (CLIP), which supports ASEAN Member States to effectively implement national competition laws and policies.

This coming year, Australia will take up the presidency of the International Consumer Protection and Enforcement Network (ICPEN) which plays an important role in sharing information and combatting consumer issues that arise in international conduct, such as e-commerce fraud and international scams.

The ACCC continues to focus on its strategic objective to improve its systems, capabilities and ways of working to allow resources to be used flexibly to meet changing priorities and support robust and transparent decision making.

As part of the Working Smarter program we seek to stay in front of and respond to emerging issues. We continue to invest in data analytical specialists and skills as well as cyber resilience capabilities.

Through a range of capability projects we will prioritise programs and offerings to support, develop and retain our key strength – our people. The ACCC and the AER continue our commitment to an inclusive culture, safe workplace and a diverse workforce that reflects the rich diversity of the communities that we serve.

Our roles in competition and consumer protection are more than complementary – they reinforce each other.

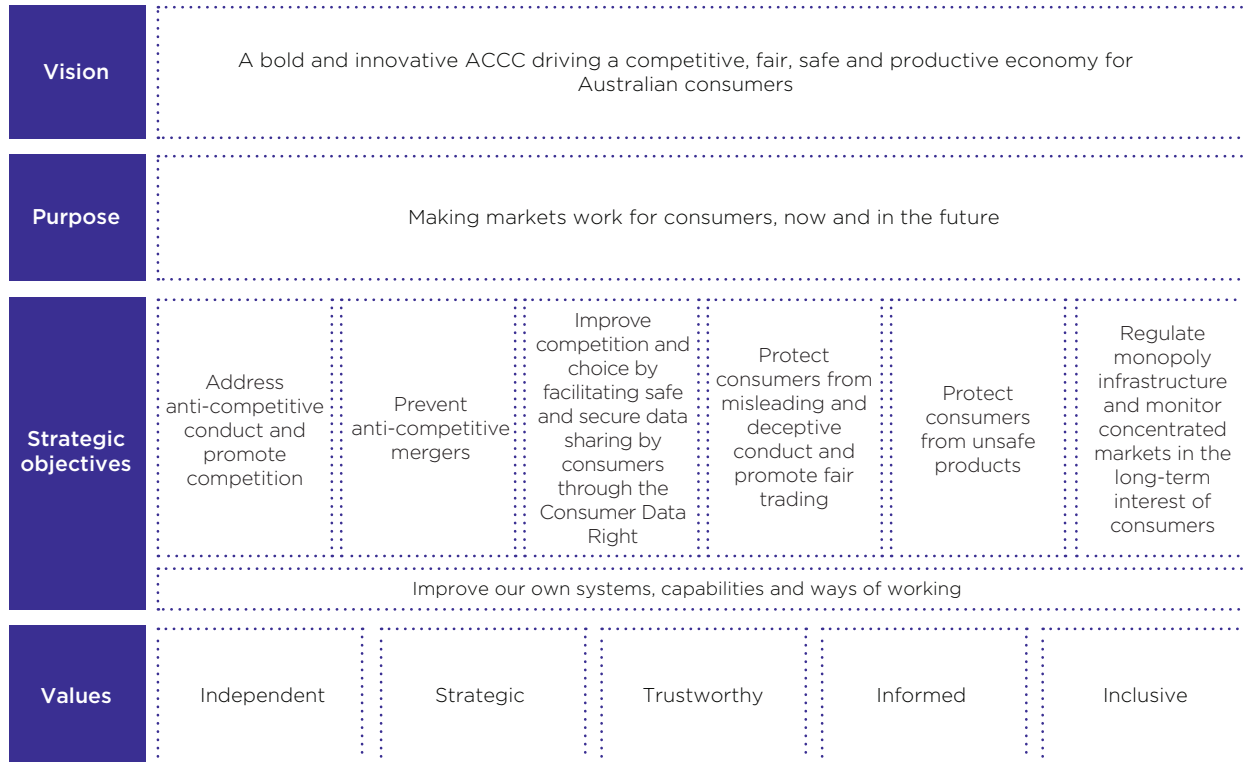
Competition law is critical for preserving the integrity of markets, so that businesses have the incentive to operate more efficiently, price competitively and offer better products and services to their customers. This delivers benefits to the community through lower prices, innovation, and higher quality products. In turn, one of the fundamental requirements for the efficient operation of markets is that consumers are well informed and able to act in their own self-interest to purchase goods and services that best meet their needs and budgets.

As the national regulator responsible for competition law, consumer protection and economic regulation, the ACCC will continue to focus our capabilities and resources on action that best promotes the proper functioning of Australian markets, addresses conduct that is anti-competitive or harmful to consumers or small business and thereby enhances the welfare of Australians now and into the future.

3. ACCC purpose, vision and values

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

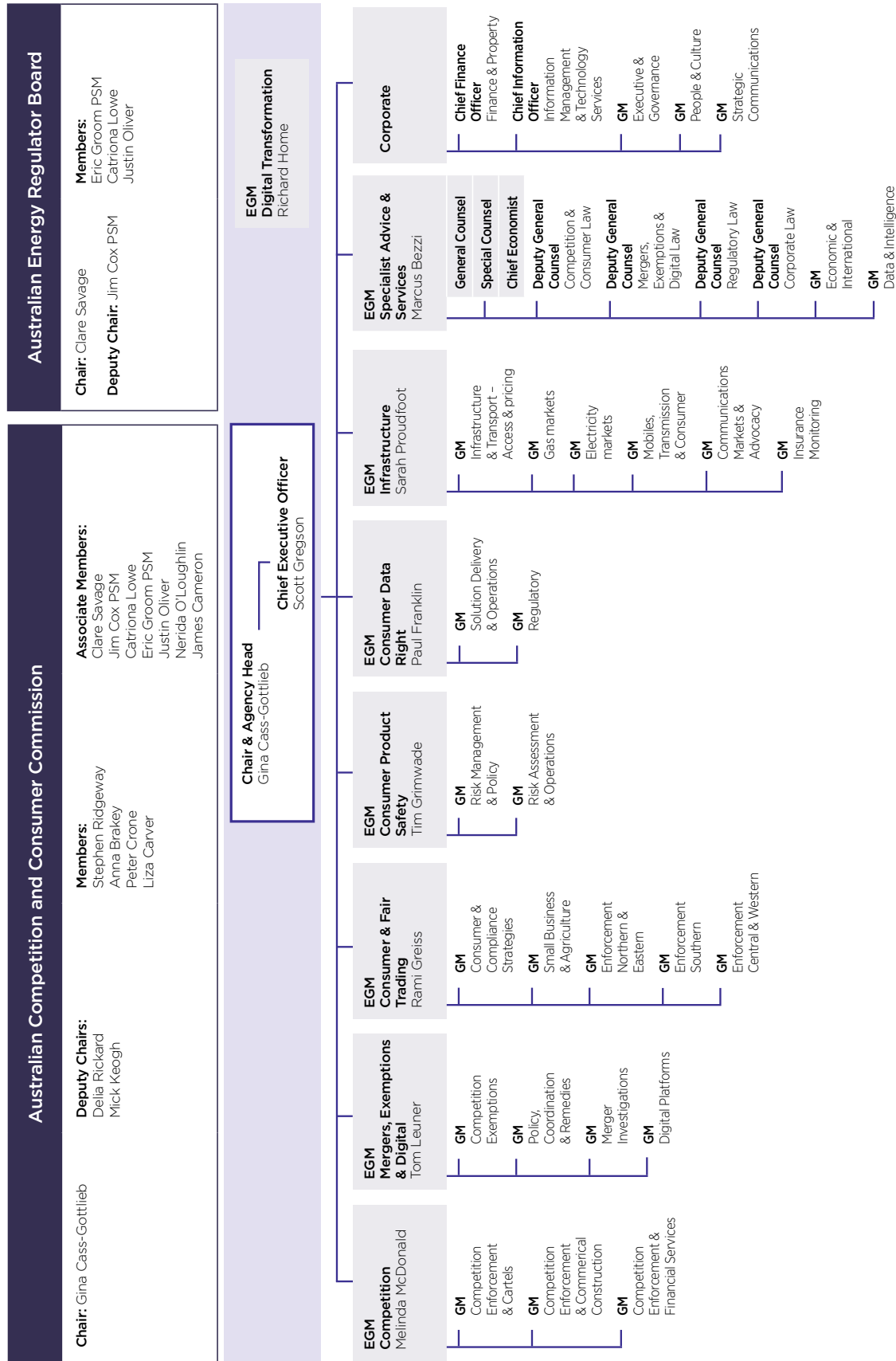
Our vision is a bold and innovative ACCC driving a competitive, fair, safe and productive economy for Australian consumers. To achieve our purpose we focus our resources on key activities to achieve the 7 strategic objectives outlined in the diagram below.



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.
- **Informed:** Our decisions and actions are based on data, evidence and intelligence, as well as expert knowledge.
- **Inclusive:** We commit to an inclusive and respectful culture and a diverse workforce reflecting the communities that we serve.

Figure 1: ACCC structure



4. ACCC key activities to achieve our purpose

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 competition and choice by facilitating safe and secure data sharing by consumers through the Consumer Data Right

- deliver the enabling technology solutions for Consumer Data Right
- support Consumer Data Right participants, including through assistance with testing and onboarding
- 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, improve the reliability, flexibility and security of our business and data systems, and enhance our data capabilities
- 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 across the economy in a complex and constantly evolving environment.

Our agenda for the next few years will be shaped by a number of issues that are having a transformative effect on Australia's economy and society. Demographic changes continue in our own population, which is becoming both older and more diverse.

Competitive markets lead to lower prices, better quality products and services, greater efficiency and more choice, all of which benefit consumers. Small business continues to play a key role in our modern market economy to deliver these outcomes.

Globally and in Australia, economies are in transition to a lower-emissions future. At the same time, the impacts of climate change are becoming more apparent and frequent. We will continue to analyse and report on the functioning of gas and electricity markets from the perspective of customer affordability.

Consumers are reflecting these heightened concerns about the environment and sustainability in the spending choices they make. Businesses are responding by offering new products and new business models that are, or claim to be, more sustainable or green. Sustainability-related risk and opportunities are increasingly featuring in corporate reporting, including to investors.

This is resulting in a significant shift in how many products are produced, marketed and delivered to consumers. This shift creates both opportunities and risks, for example, the risk of businesses making misleading claims about green credentials, or the risk that unsafe products will be developed and released.

Regulators are recognising these risks and responding. In our 2022–23 Compliance and Enforcement priorities, the ACCC signalled we would be scrutinising claims about environmental benefits and sustainability.

The ACCC has a wider role in this transition beyond consumer law focused issues. The transformation to a greener economy will change industries and create demand for new infrastructure. This creates potential for anti-competitive behaviour from incumbents, or disruption that may impact the provision of products and services. Coordination in support of new technology may require competition exemptions.

The continued expansion of digital products and services throughout our economy and society is producing new challenges and opportunities for consumers, business and government. 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.

Data is the new essential infrastructure. The ability of platforms to collect, store, use and sell consumer data creates the risk of anti-competitive conduct at the expense of consumer welfare, meaning there is a clear need for oversight and regulatory intervention. Links between competition, consumer and privacy laws will continue to intersect.

The online economy and the economy are now very much entwined. Indeed, our whole way of participating in the community has a strong online influence. Access to the internet at efficient pricing with speed and reliability has never been as important for consumers and business alike.

Consumers and small business today are empowered with greater choice. There is an increasing preference towards digital modes of delivery and consumption of financial services. The future of financial services (including the nature of credit) continues to evolve driven by innovation, technology advancements, open data, and disintermediation of the payments value chain.

New entrants, platforms, channels, products and services, and use of outsourcing are gaining momentum and evolving the competitive landscape as alternatives to traditional offerings. New forms of digital currencies, wallets, stored value and payment methods are challenging the role of financial institutions as intermediaries and increasing access, speed and ease of fund transfers. Data transformation is rapidly accelerating with greater use of Artificial Intelligence (AI) and technology enabling quicker, more automated, and assisted decision-making.

The COVID-19 pandemic continues to have myriad impacts, for example on global supply chains, in aviation and healthcare sectors. A range of factors, including disrupted supply chains, geopolitical issues and higher inflation are contributing to cost of living concerns for Australian households. As the national consumer law regulator, we are increasingly looked to for further input on cost of living issues. The ACCC's work on energy, telecommunications, petrol, insurance, personal lending and other key areas of expenditure will continue to be a focus over the coming years to ensure we deliver for Australians and the economy.

The ACCC will continue to conduct its work with regard to the broad policy aims of the Government of the day. This means that we will prioritise any role the Government may ask the ACCC to undertake in respect of reforms to the provision of childcare to ensure access, affordability and quality in this vital sector.

Many of these issues are in turn contributing to a significant surge in merger and acquisition activity, including a trend of more mergers involving cross ownership of minority interests, and more mergers in the supply chain sector. This is the case globally as well as in Australia.

Despite the combined efforts of many organisations across government, the not-for-profit sector and business, scams are becoming more prevalent and continuing to wreak significant financial and emotional damage. We will be an active participant in the Government's proposal for an Anti-Scam centre.

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

Risk oversight and management

Risk oversight and management systems

The ACCC and AER risk management systems are based on the three lines of defence model, which uses multiple strategies to identify and manage risk. These include clear accountabilities, responsibilities and expectations for employees in ensuring the management of risk across the agency. Risks are managed by regular risk assessments and by implementing practical and meaningful risk controls and treatments commensurate with business need. We aim for fit for purpose approaches 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 enterprise 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 informed by the agency's risk profile.

The agency continues to seek to achieve higher levels 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. Areas of focus continue to be the education and training of employees in risk management, better tailoring risk tools and approaches to the agency's circumstances, enhancing the agency's systems for identifying, monitoring and reporting on risks, and encouraging meaningful engagement with risk and risk taking. The ACCC and AER Audit & Risk Committee also plays an active role in these areas by engaging with senior management and 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 & Risk 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 information technology environment by Chief Information Officer and IT security personnel ▪ Internal policies and plans 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 ▪ Delivery of priority project to uplift cybersecurity capabilities
Failure to attract, develop, maintain and retain the necessary capabilities and levels of wellbeing and engagement in the agency's workforce	<ul style="list-style-type: none"> ▪ Proactive measures aimed at attracting and retaining employees with the necessary capabilities, including development and implementation of an Employee Value Proposition, and large-scale recruitment project ▪ Creation of a learning and development strategy focused on building complex capabilities and reducing capability gaps ▪ Finalisation of the ACCC's hybrid working framework, which is intended to be an inclusive, collaborative, flexible and innovative working environment that includes in-person and remote work ▪ Continue proactive support for workplace wellbeing initiatives with a focus on psychosocial hazards, including the Program and Peer Support Advisers (providing information and support to employees experiencing workplace issues) and the Employee Assistance Program ▪ Continue to support mobility, development of leadership cohort, and work on the agency's pay gap project
Evolution of arrangements between the ACCC and AER is not appropriately managed	<ul style="list-style-type: none"> ▪ The ACCC and the AER are resetting the arrangements by which the ACCC supports the operations of the AER ▪ Oversight of resetting process by senior management and dedicated working groups ▪ Strong communication and liaison between key ACCC and AER stakeholders ▪ Clear and effective communications with affected employees regarding the resetting process

Failure to deliver aspects of the Consumer Data Right (CDR) over which the ACCC has responsibility	<ul style="list-style-type: none"> ▪ Oversight by the ACCC CDR Committee, ACCC CDR Internal Governance Board and the CDR Board (comprising 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 and reporting by senior CDR personnel, and a dedicated program management office ▪ Working closely and consulting with key stakeholders including relevant businesses and government entities ▪ Dedicated CDR cybersecurity team to identify and mitigate any gaps that may comprise system security
Failure to respond effectively to the increased frequency, scale or confluence of changes presently occurring in the external environment	<ul style="list-style-type: none"> ▪ Oversight by the ACCC's governance and management processes of agency work program ▪ Detailed business and corporate planning processes ▪ Implementation of Strategic Communications projects, including review and updates to the ACCC website, brand and visual identity ▪ Regular strategic planning and prioritising process (including horizon scanning), as well as regular engagement with key external stakeholders
Series of adverse findings or outcomes in litigation or other formal processes damage the agency's reputation as an effective regulator	<ul style="list-style-type: none"> ▪ Strong internal decision-making and prioritisation processes ▪ Oversight by Enforcement Committee or other relevant Commission sub-committees, Corporate Governance Board and Executive Management Board ▪ Attraction and retention of employees with key capabilities ▪ Clear communication of agency priorities
Serious findings of a lack of integrity, inadequate compliance and assurance systems damage the agency's reputation as an effective regulator	<ul style="list-style-type: none"> ▪ Robust internal policies, procedures and frameworks for integrity matters ▪ Regular audit and assurance activities in relation to integrity matters ▪ Engagement with and implementation of recommendations from ANAO probity audit of financial regulators

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.

The ACCC has in place [Memoranda of Understanding and agreements](#) with a range of domestic and international agencies to provide formal mechanisms for co-operation and exchange of information

Subsidiaries

The ACCC does not have any subsidiaries.

6. ACCC performance measurement framework

The ACCC's performance measurement framework is a key component of the Agency's annual performance measurement and reporting, in accordance with the Commonwealth Performance Framework as shown in figure 2.

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 measures, as outlined in the tables in Section 7 ACCC strategic objectives.

The performance measures provide stakeholders with quantitative measures of the significant outputs from our work and the timeliness of some of our decision-making processes. We also have qualitative measures of our effectiveness provided through key stakeholder surveys. The ACCC has not yet been able to develop direct measures of efficiency that would be appropriate given the complex nature of our work.²

However, some of the performance indicators in Section 8 Capability will contribute to improved productivity and efficiency for the years ahead. For example, improvements to our ways of working, ICT systems and capability, and investments in our people, all contribute to maintaining and improving productivity that allow us to be more effective in achieving our purpose.

Each performance measure has a target, except a small number for which setting a target for 2022-23 would not be appropriate. Unless specified otherwise, the target applies for 2022-23 as well as the 3 forward years covered by this plan. However, the target for future years may be adjusted in due course due to a range of reasons, including a substantial change in the ACCC's operating environment affecting our priorities, resourcing and remit.

The source of data for each performance measure is either:

- the ACCC's internal records and data management systems, or
- the biennial ACCC Effectiveness Survey reports (produced by the market research firm engaged to conduct the survey) and published on the ACCC website.

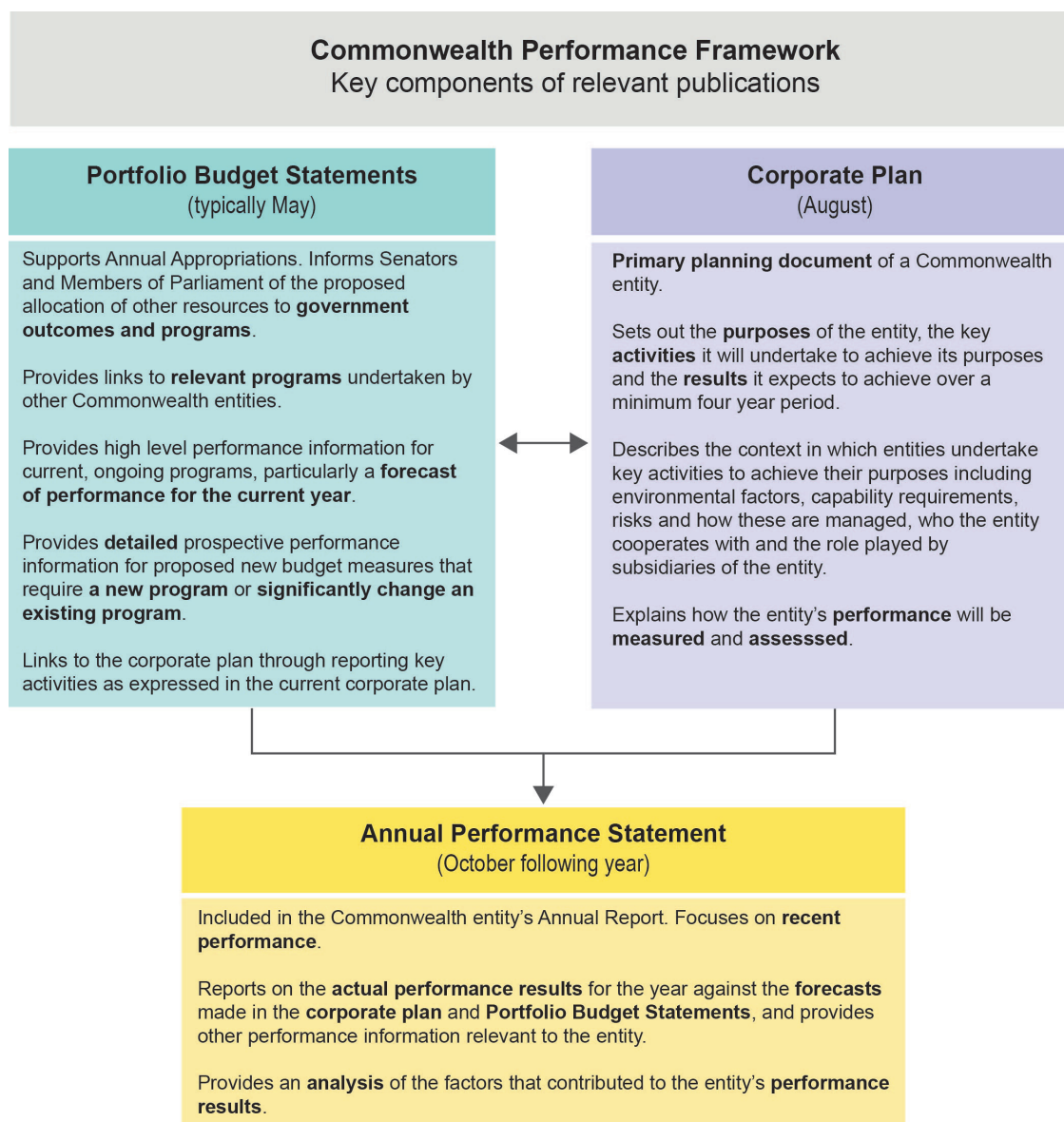
Where the methodology for calculating a performance measure requires clarification, this is included beneath the measure in the table.

A subset of the performance measures in this plan were included in the 2022-23 Portfolio Budget Statements. Actual performance results and other performance information will be reported to Parliament and published through the *ACCC and AER Annual Report 2022-23*.

In the Annual Performance Statement in the Annual Report, we complement the results for the performance measures with additional contextual information and specific examples of actions and outcomes to provide our stakeholders with a more detailed understanding of the impact of our work and what the agency achieved during the year.

² Simple efficiency measures are a ratio of some quantum of output (eg applications processed) to some quantum of inputs (eg the direct attributable cost of undertaking the activity to produce the output), and also need to meet the requirements for performance measures as set out in the PGPA Rule. As set out in this Corporate Plan, the ACCC undertakes a diverse range of key activities and uses a cross-agency model utilising specialist skillsets of our people to achieve outcomes. Efficiency measures also need to be supported by measures of quality and/or outcomes and effectiveness to tell a meaningful and robust performance story, otherwise apparent improvements in efficiency can mask an overall decrease in efficiency in terms of the ratio between inputs and outcomes achieved and overall effectiveness.

Figure 2: Commonwealth Performance Framework



Source: www.finance.gov.au

On 30 June 2021 the Australian Government announced that the 2014 Regulator Performance Framework ceased to apply, and also identified three principles of regulatory 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.

The ACCC applies these principles in how we undertake all key activities.

The biennial ACCC Business Stakeholder Survey, to be undertaken in 2022–23, will seek the views of the businesses that we regulate as well as many businesses that are the beneficiary of our work. The survey will cover many aspects of how the ACCC is achieving these principles.

7. ACCC strategic objectives

Address anti-competitive conduct and promote 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.

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 addressing anti-competitive conduct and promoting competition.

The competition provisions of Part IV of the CCA provide a range of compliance and enforcement tools that the ACCC uses to investigate suspected breaches and act on noncompliance. We have the power to take civil court action, refer alleged serious cartel conduct to the Commonwealth Director of Public Prosecutions (CDPP), accept court enforceable undertakings and resolve matters administratively.

To achieve our compliance objectives, we use 4 flexible and integrated strategies:

- Encourage compliance with the law, particularly by educating and informing consumers and traders about their rights and responsibilities under the CCA.
- Enforce the law, including by resolving possible contraventions both administratively and by litigation, and achieve other formal enforcement outcomes.
- Undertake market studies or report on emerging competition or consumer issues to identify any market failures and identify strategies for addressing them, including supporting and informing our compliance and enforcement measures and identifying possible areas for policy consideration.
- Work with other agencies to implement these strategies, including through coordinated approaches.

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 as noted above. 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 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 CCA, 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 2022-23](#) include:

- competition issues relating to digital platforms
- competition issues in global and domestic supply chains, particularly in the context of the COVID-19 pandemic
- promoting competition and investigating allegations of anti-competitive conduct in the financial services sector, with a focus on payment services
- exclusive arrangements by firms with market power that impact competition.

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. Further applications continued to be received, including applications to extend the authorisation for a longer period. Although the pandemic continues to impact our economy and society, we do expect reduced need for cooperation among competitors in response to COVID-related issues.

In 2022-23 the ACCC will 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.

Key activity performance measures

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

Performance measures	Target
Number of in-depth competition investigations completed	18
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 measures	Target
Percentage of authorisation matters where a draft determination is released within four 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 measures	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 **key activity** we undertake to achieve this strategic objective is to assess mergers to prevent changes in market structures that substantially lessen competition.

The ACCC enforces laws in Part IV of the CCA that prohibit mergers and acquisitions that are likely to 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. The ACCC is continuing to see elevated merger and acquisition activity. In 2021, there was a 41% increase in the number of mergers notified to the ACCC from the previous year and this trend is expected to continue in 2022-23. 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
- APRA
- the ICN and its working groups
- the OECD Competition Committee.

Key activity performance measures

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

Performance measures	Target
Percentage of merger matters considered (under the informal merger review process) that were finalised by pre-assessment	80-95%
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 competition and choice by facilitating safe and secure data sharing by consumers through the Consumer Data Right

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

- Deliver the enabling technology solutions for the Consumer Data Right.
- Support Consumer Data Right participants, including through assistance with testing and on-boarding.
- Accredit Consumer Data Right data recipients.
- Promote compliance with and enforce the Consumer Data Right rules and standards.

The ACCC is working alongside other Commonwealth entities 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 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.

Priorities

The ACCC will continue to support and grow CDR in banking and expand into additional sectors of the Australian economy. It will also continue to promote business compliance with the CDR legislation, rules and standards to ensure that the benefits of CDR flow to consumers.

During 2022-23 we will continue to plan, design, build, test and deploy changes to our CDR technology platforms including the 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 and preparation for other sectors

Alongside this, we will continue to work closely with Treasury and the Data Standards Body to understand and contribute to 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 continue to enhance our operational processes, to support the reliable operation of the CDR ecosystem. We will continue to update 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 and will work with other CDR entities to support a whole-of-program approach to cybersecurity.

Consumers access Consumer Data Right through solutions offered to them by accredited data recipients. 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.

While businesses can choose whether to become accredited, participation in the Consumer Data Right by designated data holders is mandatory. We will continue to provide data holders and accredited data recipients with guidance about their obligations, and support for testing and onboarding.

As the CDR program continues to mature, the ACCC is increasing its focus on enforcement activities. CDR is a significant economy-wide reform and we recognise that there may be specific challenges for CDR data holders to ensure their systems and processes fully meet their obligations under the CDR regulatory framework. However, 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)
- Australian Energy Regulator (AER)
- Australian Communications and Media Authority (ACMA).

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.

Key activity performance measures

Facilitate the enabling technology solutions for Consumer Data Right

Performance measures	Target
Fit-for-purpose technology solutions are available when required by the legislation and CDR Rules	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.
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 through assistance with testing and on-boarding

Performance measures	Target
Number of designated data holders and accredited data recipients on-boarded to the Register of Accredited Persons during the year	No target for 2022-23*
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively supports CDR participants, including testing and on-boarding	70+

* The number will be primarily driven by demand

Accredit Consumer Data Right data recipients

Performance measures	Target
Number of data recipients accredited	No target for 2022-23*
Effectiveness survey 'index score' (out of 100) that key stakeholders agree the ACCC effectively accredits CDR data recipients	70+

* 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.

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

Performance measures	Target
Number of CDR investigations completed	No target for 2022-23*
Number of CDR compliance and enforcement interventions (non-enforcement compliance initiatives, court proceedings commenced, section 87B undertakings accepted, administrative resolutions)	No target for 2022-23*
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+

* To some extent, the number of investigations and compliance and enforcement interventions will be driven by the degree of compliance by designated data holders and accredited data recipients. No target has been set for 2022-23 because the ACCC's CDR compliance and enforcement role is relatively new.

Protect consumers from misleading and deceptive conduct and promote fair trading

The **key activities**⁴ 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 to assist them spot and avoid scams to reduce the overall harm caused by this scourge in society. We work with other Australian and international government agencies and law enforcement to share intelligence about scam issues and methods of alerting consumers. The ACCC also works with these agencies and the private sector on scam prevention and disruption methods.

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. 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 2022-23](#) include:

- consumer and fair trading issues in relation to environmental claims and sustainability
- consumer and fair trading issues relating to manipulative or deceptive advertising and marketing practices in the digital economy
- consumer and fair trading issues arising from the COVID-19 pandemic
- consumer issues arising from the pricing and selling of essential services, with a focus on energy and telecommunications
- empowering consumers and improving industry compliance with consumer guarantees, with a focus on high value goods including motor vehicles and caravans
- consumer issues relating to digital platforms

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

- ensuring that small businesses receive the protections of the competition and consumer laws and industry codes of conduct, including in agriculture and franchising.

We have a number of enduring consumer related compliance and enforcement priorities: consumer product safety; conduct impacting consumers experiencing 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.

We continue to dedicate resources to compliance and enforcement activity that commenced in response to priorities identified in previous years, including longer term investigations, compliance programs and monitoring, and litigation.

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, and their respective policy areas, including through the Australian and New Zealand Consumer Senior Officials Network.
- Federal, state and territory government agencies
- consumer advocacy and representative bodies, including members of various ACCC consultative committees
- business and industry associations and peak bodies
- international regulators and regulator networks, including through the International Consumer Protection and Enforcement Network (ICPEN).

Key activity 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 measures	Target
Number of in-depth ACL and industry codes investigations completed	70
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	70%
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 measures	Target
Number of small business Infocentre contacts served (Small business contacts are contacts through separate small business phone line and web forms)	7,000
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 measures	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 not related to Scams (includes Infocentre contacts served and web forms received)	100,000
Number of visits to the SCAMwatch website	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:

- supplier mandatory and voluntary reports and consumer complaints
- media reports and other publications
- regular meetings with stakeholders
- injury surveillance units
- recalls published internationally on the OECD Global Recalls Portal
- overseas regulators, such as EU SafetyGate, Health Canada and United States Consumer Product Safety Commission NEISS Database.

We triage and assess information received and, where warranted, take action such as:

- negotiating the recall of goods
- educating industry and consumers, including publishing safety warnings
- negotiating voluntary changes to package labelling or product design
- 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 our annual Product Safety Priorities which set out our product safety focus areas and the principles we apply to prioritise and address consumer product safety risks. State and territory ACL regulators have endorsed these as national priorities. Our [consumer product safety priorities](#) key areas of focus for 2022-23 include:

- scoping product safety issues and identifying potential hazard prevention strategies relating to lithium-ion batteries
- consumer product safety issues for young children, with a focus on compliance, enforcement and education initiatives
- improving the mandatory standards regulatory framework by implementing new policy initiatives
- implementing strategies to prevent injuries and deaths to infants caused by inclined products that can be used for sleep
- strengthening product safety online, with a focus on expanding participation in the Australian Product Safety Pledge, online surveillance and contributing to greater consistency of international practice.
- compliance with the button battery safety standards
- implementing strategies 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
- other federal agencies, including the Department of Home Affairs, the Department of Health, and the Department of Infrastructure, Transport, Regional Development and Communications
- Kidsafe and other child safety groups
- 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.

Key activity performance measures

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

Performance measures	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, including compliance, regulatory or enforcement action)	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 measures	Target
Percentage of voluntary recall notifications to the ACCC where we respond to the notifier within 5 business days	80%+
Number of product safety regulatory interventions (Recommendations to the Minister to issue or substantially update a product safety standard, ban, compulsory recall or safety warning notice)	5+
Number of product safety enforcement interventions (Court proceedings commenced, section 87B undertakings accepted, infringement, substantiation or public warning notices issued, administrative resolutions)	3+
Number of product safety education and compliance initiatives (New or substantially updated guidance or education campaigns for businesses or consumers relating to the safety of consumer products and other non-enforcement initiatives)	20+
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, postal services and rail. We have specific regulatory roles in relation to bulk wheat port facilities. Fostering efficient infrastructure services and investment through industry-specific regulation and access conditions, under the umbrella of the long-term interest of end users, is a major focus of our economic regulatory role. Access conditions that promote competition in upstream and downstream markets increase the efficiency and productivity of the overall economy.

To identify market failure, improve market efficiency and promote competition, 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. These include the petrol, airports, airlines, gas, electricity, telecommunications and stevedoring sectors.

We also have 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 and use of key infrastructure networks and services.

Priorities

The ACCC's infrastructure regulation and industry monitoring priorities for 2022-23 are:

- develop long-term regulatory arrangements to apply to all of the national broadband network and other superfast broadband networks
- focus on regional mobile communication services, in particular, to conduct inquiries into regional mobile infrastructure and the feasibility of emergency roaming, consider measures to improve mobile network quality and coverage information, and also monitor the rapidly evolving mobile markets more generally
- monitor and report on the state of competition and the potential for anti-competitive behaviour in industries impacted by current economic conditions, especially the aviation sector
- promote affordability and consumer outcomes, competition and well-functioning markets, and energy security in the fuel, electricity and gas sectors through compliance and enforcement measures, regular reporting and appropriate advocacy
- develop a robust framework for monitoring and reporting on the impact of the government's cyclone-related reinsurance pool
- monitor and report on the performance of Australia's container stevedoring industry and major airports, given their important role in the supply chain.

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.

Key activity performance measures

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

Performance measures	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 measures	Target
Number of monitoring reports (covering electricity, gas, communications, rail, petrol, aviation, ports and stevedoring sectors)	31
Number of visits to the ACCC's industry guidance webpages	6,000
Number of visits to the ACCC Measuring Broadband Australia consumer dashboard	31,000
Number of visits to the ACCC petrol price cycle website	520,000
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 measures	Target
Number of completed investigations into potential breaches of rules	10
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, improve the reliability, flexibility and security of our business and data systems, and enhance our data capabilities.
- 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
- implement our Diversity and Inclusion Strategy 2021-24 and supporting action plans including the Reconciliation Action Plan, Aboriginal and Torres Strait Islander Attraction, Retention & Development Strategy, Disability Action Plan, Pride Plan, Culturally and Linguistically Diverse (CALD) Plan and Gender Equity Action Plan
- continue to adapt our Health and Wellbeing Approach to further build an inclusive, diverse and safe workplace
- continue to assess organisational psychosocial risks and develop strategies to prevent and mitigate harm and promote recovery
- implement and embed our new Employee Value Proposition into recruitment and attraction campaigns
- provide additional offerings in support of our Capability 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 Senior Executive Service talent pool program to assist high-performing Executive Level 2's 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

- develop a recognition approach that embeds regular recognition practices
- critically evaluate the hybrid work trial where employees are required to attend an ACCC office a minimum of 2 days a week.

Our use of technology and data

The agency is transforming our ICT, data capabilities, technologies and business systems in order to uplift both efficiency and effectiveness. 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 2021-25 that underpin the strategic objectives in this plan. 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, discoverability, re-use and sharing
- 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-engineering 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.

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 International Group facilitates the ACCC's engagement with our international counterpart agencies and participation in key international fora such as the Organisation for Economic Cooperation and Development (OECD), the International Competition Network (ICN) and International Consumer Protection Enforcers Network (ICPEN) with the aim of enhancing the capacity of the agency to give effect to its mandate, including through investigative and enforcement cooperation, information sharing and sharing of best practices. The International Group also manages two capacity building programs, the AANZFTA Consumer Affairs Program (CAP) and Competition Law Implementation Program (CLIP). These programs enable the ACCC to increase engagement with and provide technical and capability assistance to competition and consumer law agencies within ASEAN for our mutual benefit.

The stewardship of the agency

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

As an independent regulator it is important that our robust and transparent decision making, guided by our values, is responsive to complex challenges and demands. We 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 & Risk 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 2022–23 published in March 2022. The tables set out the ACCC's and AER's funding (in nominal \$s) for 2022–23 and forward years of the budget estimates.

Program 1 ACCC 2022–23 to 2025–26 (\$millions)

	2022–23	2023–24	2024–25	2025–26
Appropriation	208.39	189.75	182.48	172.14

Program 2 AER 2022–23 to 2025–26 (\$millions)

	2022–23	2023–24	2024–25	2025–26
Appropriation	78.48	64.39	64.89	65.34

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.

The Canberra office lease has been renegotiated and a new fit out will be constructed during 2022–23 financial year and 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 requirements for floor space in light of the new ways of working and our ability to fund capital works from new funding or reserves if required.

Performance indicators

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	Maintain or improve result from previous survey
Agency APS census 'wellbeing' score	Maintain or improve 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, improve the reliability, flexibility and security of our business and data systems, and enhance our data capabilities

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
The percentage of positive responses to APS Census survey questions about whether staff consider that the agency provides opportunities for temporary moves within the agency	Maintain or improve 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	Maintain or improve 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	Maintain or improve 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	Maintain or improve 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

We head into 2022-23 at a challenging time for the east coast energy market. A confluence of international and domestic pressures has put a significant spotlight on energy security, reliability, and affordability. Our commitment to make energy consumers better off, now and in the future, as well as supporting governments and industry has never been so vital, nor has trust in Australia's energy system ever been so crucial.

This year marks the mid-point of our 5-year Strategic Plan and I am pleased to say that we are on track in delivering on our objectives.

We remain focused on protecting vulnerable consumers, while enabling consumers to participate in energy markets. Our priority areas in 2022-23 include setting the Default Market Offer (DMO) and supporting the retail market as it implements the Better Bills Guideline that will simplify bills for consumers, making it easier to switch or move to a better deal.

After significant consultation with stakeholders and consumers, including through a 'lived experience' consumer panel, the final Consumer Vulnerability Strategy will also be released. It will inform work across the AER on the removal of barriers to inclusion, including systemic barriers within energy markets. We are continuing to explore how consumers experiencing vulnerability can be better supported by the energy sector. We are holding gamechanger workshops and consultations that will identify options for reform. Our aim is that consumers experiencing vulnerability are offered timely and effective support and stay connected to energy services.

As we start 2022-23 more people than ever are turning to our *Energy Made Easy* comparison website. It's our pipeline to household and small business consumers, a conduit for how we will build energy literacy and participation in the market. We will continue to further enhance, evolve and promote this website to make it the ultimate independent comparator site for energy consumers.

Our market monitoring, reporting, compliance and enforcement work continues to be the cornerstone on which we build trust with the community, with attention turning to our analysis and action on the market events and behaviour that led to a suspension of the National Electricity Market (NEM) in June 2022. This will be analysed in our Wholesale Electricity Market Performance Report to be released in late 2022. This work builds on our active compliance and enforcement program to best serve the long-term interests of consumers.

Our 2022–23 Compliance and Enforcement Priorities will focus on:

- effective identification of residential customers in financial difficulty and offering of payment plans that have regard to the consumer's capacity to pay
- improving outcomes for customers in embedded networks, including by enabling access to ombudsman schemes
- focussing on registered generators' compliance with offers, dispatch instructions, obligations relating to bidding behaviour, and providing timely and accurate information to the Australian Energy Market Operator
- ensuring service providers meet information disclosure obligations under Part 23 of the National Gas Rules
- ensuring timely and accurate reporting and demand forecasting in downstream wholesale gas markets by registered participants.

Innovation in regulation will again be a key theme in our work as we continue with breakthrough projects such as the Better Resets Handbook, the Energy Innovation Toolkit, and our regulatory role with the New South Wales Government in facilitating the development of Renewable Energy Zones.

This year we will make regulatory 5-year revenue determinations, referred to as 'resets', for Transgrid, ElectraNet and Murrumbidgee, and will determine 5-year gas access arrangements for Australian Gas Networks (Victoria), AusNet Services and Multinet. These are important determinations as energy networks provide the links between wholesale markets and retailers, and ultimately ensure energy consumers are not paying any more than necessary for the safe and reliable delivery of electricity and gas services.

For future resets, we are shifting to an early signal pathway process as outlined in our Better Resets Handbook, placing greater emphasis on high quality consumer engagement and offering more clarity to businesses on what we consider would be in a well-justified proposal that is capable of acceptance. It's an evolutionary step that will create a more efficient process that is better for consumers in the long-term. I am excited to see it begin to take shape.

This year also signals another evolutionary step in regulatory sandboxing. An influx of new technology into the grid is challenging all aspects of how the energy market has traditionally worked, and how the rules were set up. We start the year with an online Energy Innovation Toolkit in place to encourage new energy technologies and new business models that will ultimately benefit consumers.

We are focused on ensuring that consumers, competition and innovation are all supported through the energy transition.

During the year we will contribute to policy processes and reviews that impact not only on consumers, but also on competition, and the role of the AER.

The AER will support the work of the Energy Ministers to deliver commitments under the National Energy Transformation Partnership to set a vision for the energy transformation to net zero.

Our NEM 2025 work includes leading a review of the retail authorisations and exemptions framework and its effectiveness for new energy products and services. We are supporting the Energy Ministers' development of a capacity mechanism to improve investment signals for generation, and the delivery of the NEM 2025 Distributed Energy Resources Implementation Plan. This plan will encourage effective integration of distributed energy resources into the grid, supported by consumer protections, to enable consumers to realise the full value from solar photovoltaics and batteries.

This will ensure there is a clear path forward and allow for better outcomes for customers and businesses as we work together to make the national electricity market a modern energy system, fit for the future.

This year we will apply the Australian Government's new principles of regulatory best practice in undertaking our work. We remain committed to all aspects of regulatory best practice, including with stakeholder engagement processes and consultation informing our decisions.

As we continue to grow as an organisation, both in terms of people and processes, it's important for us to adapt, evolve and innovate. We have invested in creating a positive and inclusive workplace culture, embedding our employee-led Culture Plan into the way we work. We will continue implementing the initial phases of our Data Strategy as well. These internal processes are assisting us to deliver on our ambitious work program.

The establishment of a new Department of Climate Change, Energy, the Environment and Water also brings opportunities.

It's another ground-breaking year ahead for the Australian Energy Regulator. We remain focused on our priorities and key projects, while being agile to respond to the rapidly changing energy landscape, all the while keeping the one constant at the heart of everything we do – consumers.

The AER exists so that energy consumers are better off now and in the future. It's a commitment that drives all aspects of our work and I see it play out every day through the dedication and commitment of our people. I am proud to chair an organisation that so passionately strives to deliver on that promise.

10. AER Vision and Purpose

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
- engages actively with stakeholders.

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.

11. AER Role and Key Activities

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.

The AER is developing a Consumer Vulnerability Strategy. Our vision is to see consumers experiencing vulnerability offered timely and effective supports, improving affordability, helping consumers stay connected and reducing energy businesses costs to serve.

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
- 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
- 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.

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 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 and most recently the high price and scarcity of fossil fuels due to internal factors.

Australia's energy transition is at a crucial stage. Very high fuel prices, limited fuel availability, plant outages and volatile wholesale markets are challenging the ability of the system to deliver secure, reliable and affordable energy when it is subjected to shocks. This has put a significant spotlight on the behaviour of market participants and the market framework itself. The AER has an important role to play in ensuring community confidence in the system is restored and is well-founded. The current environment also highlights the need for efficient investment in low-cost renewable energy, firming resources and essential transmission to protect against further shocks.

The community's expectations of the energy system are also 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. The transformative investment must be matched by consumer protections that ensure access to affordable energy for all consumers, especially vulnerable consumers.

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.

This impact of transition is also occurring in the gas market. The transition to low-carbon fuels driven by carbon emissions, government policies, increased competitiveness of electricity combined with the opportunities of hydrogen is leading to uncertainty in the future demand for gas and gas pipelines.

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.

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.

AER strategic risks

The AER has identified 2 key external strategic risks, as detailed below.

Strategic risks	Management strategies
Conferral of significant new functions on the AER without appropriate staffing and funding increases. <i>Shared risk: with Australian Energy Market Commission and governments.</i>	Our business planning and budgeting processes ensure the alignment of people and resources with the areas of greatest priority. 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. We participate in Government's annual Budget process to secure additional resources where appropriate, and demonstrate value for money whenever Government makes those investments.
Further fragmentation of the national energy market and loss of functions, losing scope to exist as a national energy regulator. <i>Shared risk: with other national energy market bodies.</i>	We actively support the Energy Security Board with its work on the <i>National Energy Market 2025</i> . 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.

We are also managing a range of internal strategic risks (some of which are shared with the ACCC) related to staff and leadership culture, staff capability and the adequacy of various processes (including quality assurance) and systems (including ICT). Key management strategies that will be applied in 2022-23 will include:

- embedding our newly released Culture Plan in everything we do
- implementing the AER Data Strategy
- implementing an AER People Framework.

Cooperation and collaboration

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 Strategic Plan guides our approach to stakeholder engagement and 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 on matters of common interest.

National engagement

The AER Chair is a member of the Energy Security Board and actively participates in the development of national energy policy through appropriate forums. 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 2022-23 the AER will continue to engage nationally through 3 key consumer engagement groups:

Consumer Consultative Group: The CCG is a key source of consumer insights and intelligence for the AER and helps to ensure consumers' voices are heard and considered in our work and decisions. The CCG has 13 members, each of whom have significant consumer expertise and knowledge and extensive experience in representing the views and perspectives of their constituents. The CCG's role is to provide advice to the AER on the issues facing residential and small business energy customers, particularly those related to our functions under the National Energy Retail Law and National Energy Retail Rules.

In September 2021, the AER appointed Elissa Freeman as the first external Chair of the CCG. In her role as Chair, Elissa supports the CCG to function as an effective consumer consultation body, working as an important link between the group and the AER. The Chair works 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 in ensuring the AER's regulatory determinations appropriately consider consumer perspectives. Members are individuals with significant local and international expertise, spanning fields including economic regulation, energy networks, behavioural economics, and consumer engagement. A new panel of experts was appointed in September 2021, including a mix of new and continuing members, who will engage with network businesses and the AER until 2024.

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's advice on consumer perspectives informed the AER's final position on the treatment of inflation in the regulatory framework. In 2022-23, the CRG will continue to advise the AER on consumer perspectives relevant to the next Rate of Return Instrument which will be published in December 2022.

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.

The AER is a founding member of the International Regulatory Accelerator which brings together international regulators and aims to enhance the knowledge and capabilities of energy regulators to accelerate the decarbonisation of their energy systems. The AER also continues to participate in other international groups including the Energy Intermarket Surveillance Group, the World Energy Forum, the OECD Council of Economic Regulators, the Asia Pacific Energy Regulatory (APER) Forum and International Regulatory Futures Forum.

We also have memorandums of understanding with fellow regulators in other countries, such as the Federal Energy Regulatory Commission (United States) and the Electricity Regulatory Authority of Vietnam.

13. AER performance framework

In 2020–21 we revised our performance framework to align with the AER’s new Strategic Plan and this has been maintained in 2022–23. For each AER Strategic Objective we have set out annual key actions (see AER Priorities and Performance below), with routine internal reporting in place to monitor progress. We have also identified a suite of performance measures for each AER Strategic Objective.

The performance measures not only measure the outputs of our work, but also seek to measure impact and outcomes. Moving to a framework that considers impacts and outcomes means that the results for some measures are not wholly within the AER’s control. Rather the AER contributes to a multi-factorial impact/outcome which requires the focus of numerous organisations within the energy system.

14. AER 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:

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

AER Priorities and Performance

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 is supporting progress against several of our priorities:

- **Implementing the Integrated System Plan** – \$0.9 million will be available in 2022–23 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** – \$1.5 million will be used in 2022–23 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** – \$1.6 million in 2022–23 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** – \$2.6 million in 2022–23 to help us continue to meet regulatory responsibilities to protect consumers through an enhanced intelligence function and greater enforcement work.

- **National Electricity Market** – \$0.4 million in 2022–23 to contribute to the detailed design of the National Electricity Market 2025 reforms through the Energy Security Board.
- **Distributed Energy Resources** – \$0.7 million in 2022–23 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** – \$5.0 million in 2022–23 to further enhance the Energy Made Easy website, making it the ultimate independent comparator site for energy consumers.
- **Consumer Data Right** – \$1.2 million in 2022–23 to progress the build phase to share product data under the Consumer Data Right regime.
- **Financial sustainability** – \$0.7 million in 2022–23 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 at the end of the 2022–23 reporting period. We are committed to delivering these initiatives, demonstrating their value and seeking funding beyond 2022–23.

Key actions to be achieved in 2022–23, for each of our 4 Strategic Objectives are set out below.

Strategic Objective 1: Protect vulnerable consumers while enabling consumers to participate in energy markets

Execute	▪ Set the Default Market Offer to protect consumers from high prices and encourage participation in the market.	May 2023
	▪ Process applications for retailer authorisation and manage retailer exits.	As required
	▪ Maintain an effective exemptions framework to protect consumers not serviced by authorised retailers.	As required
	▪ Deliver consumer-related compliance and enforcement priorities including relating to life support, hardship & payment plans, and embedded networks.	Ongoing
	▪ Progress consumer-related litigations on foot to enforcement outcomes.	Ongoing
	▪ Ensure that <i>Energy Made Easy</i> (AER's energy price comparison website) is the preferred tool for consumers.	Ongoing
	▪ Support energy retailers' engagement with <i>Energy Made Easy</i> .	Ongoing
	▪ Support regulatory sandboxing by responding to Innovation Enquiry Service requests and assessing waiver applications.	Ongoing
Tilt	▪ Publish a consumer vulnerability strategy.	Quarter 1
	▪ Commence implementing the consumer vulnerability strategy by:	
	– developing a toolkit to help retailers identify vulnerability	Quarter 4
	– developing a case for change and major reform options.	Quarter 4
	▪ Improve consumer outcomes while reducing cost to serve by boosting the use of consumer and behavioural insights across the AER's work program.	Ongoing
	▪ Implement the AER Better Billing Guideline by:	
	– publishing a consumer-tested illustrative bill	Quarter 1
	– finalising a method to evaluate the guideline.	Quarter 4
	▪ Launch a new version of <i>Energy Made Easy</i> that reflects consumer needs and continue work towards providing a switching service.	Quarter 4
	▪ Develop a consumer engagement plan that includes improved consumer engagement tools and capabilities for greater consistency across the AER.	Quarter 4
	▪ Publish the final AER Guideline for Regulatory Sandboxing Trial Projects.	Quarter 2
	▪ Develop and implement an industry education strategy, linked to enforcement outcomes.	Quarter 4
Advocate	▪ Enhance sources and uses of market intelligence in compliance and enforcement by continuing our collaboration with energy ombudsman schemes and consumer intermediaries.	Ongoing
	▪ Deliver Consumer Data Right reference data services.	Quarter 2
	▪ Develop and implement policy options for simplification of the retail market regulatory framework to reduce the cost to serve.	Quarter 4
	▪ Support the market in addressing consumer preferences and needs by identifying and helping to address inconsistencies between outcomes and consumer expectations. ⁵	Ongoing
	▪ Expand Consumer Data Right applications as required through the energy supply chain to increase consumers' choice.	Ongoing

⁵ To be achieved via the delivery of a range of other Key Actions including: implementing the Better Resets Handbook (Strategic Objective 3, Execute); developing and implementing a Consumer Vulnerability Strategy (Strategic Objective 1, Tilt); reviewing the Authorisations & Exemptions Framework (Strategic Objective 4, Tilt); developing a consumer engagement plan (Strategic Objective 1, Tilt)

Performance measures

Performance measure	Targets			
	2022-23	2023-24	2024-25	2025-26
1.1 AER stakeholders' agreement with the following statements:				
▪ The AER supports and protects energy consumers, particularly those in vulnerable circumstances.	≥78%	Maintained or improved compared to previous year.		
▪ The AER demonstrates a sound knowledge and understanding of energy consumers.	≥55%			
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.				
1.2 Customers experiencing payment difficulty are identified early and provided with appropriate supports.	No target	Rationale: Watching brief, the many external influences in addition to AER levers make setting annual targets inappropriate.		
Method: Analysis of retail performance reporting data held by the AER to calculate the proportion of payment plans completed.				
1.3 Consumer (household and small business) confidence that the energy market is working in their long-term interests.	≥44% (households)	Maintained or improved compared to previous year.		
	≥56% (small business)			
Method: Proportion of respondents to the Energy Consumers Australia consumer sentiment survey who give this a rating of 7 or higher.				
1.4 a) Number of plan searches conducted on the Energy Made Easy website.	>970,000	Improved compared to previous year.		
b) Number of people who switched providers after completing a search on Energy Made Easy.	>61,000			
Method: a) analysis of website data held by AER. b) analysis of Australian Energy Market Operator data.				
1.5 New and amended retailer hardship policies assessed within 12 weeks of AER receiving all relevant information.	100%	100%	100%	100%
Method: Analysis of AER records.	Note: 12 week service standard may not be met for complex policies.			
1.6 Retail authorisation and exemptions applications to sell energy assessed within 16 weeks of receiving all relevant information.	100%	100%	100%	100%
Method: Analysis of AER records.	Note: 16 week service standard may not be met for complex applications with greater due diligence requirements.			
1.7 Work delivered against AER <i>consumer</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>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.				
1.8 Stakeholder awareness of the AER's current compliance and enforcement priorities.	≥90%	Maintained or improved compared to previous year.		
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.				

Strategic Objective 2: Effectively regulate competitive markets primarily through monitoring and reporting, and enforcement and compliance

Execute	<ul style="list-style-type: none"> Provide effective guidance and oversight of the Retailer Reliability Obligation (RRO) including monitoring the Market Liquidity Obligation. 	Ongoing
	<ul style="list-style-type: none"> Produce insightful market reports: <ul style="list-style-type: none"> Wholesale Markets Retail (incl. primary datasets & Wholesale Market Performance) Industry statistics State of the Energy Market Annual Retail Performance Biennial Wholesale Electricity Market High Price Events. 	Weekly Quarterly Quarterly August 2022 November 2022 December 2022 As required
	<ul style="list-style-type: none"> Manage disputes, via the Wholesale Energy Market Dispute Resolution Advisor (WEMDRA). 	Ongoing
	<ul style="list-style-type: none"> Manage disputes relating to electricity and gas network connections. 	As required
	<ul style="list-style-type: none"> Deliver wholesale gas and electricity market-related compliance and enforcement priorities. 	Ongoing
	<ul style="list-style-type: none"> Undertake retail, gas business & generator performance compliance audits to improve compliance, systems, and processes. 	Ongoing
	<ul style="list-style-type: none"> Monitor compliance with generator notice of closure obligations and process applications for exemptions. 	Ongoing
	<ul style="list-style-type: none"> Progress market-related litigations on foot to enforcement outcomes. 	Ongoing
	<ul style="list-style-type: none"> Better coordinate reporting with other government bodies.⁶ 	Ongoing
Tilt	<ul style="list-style-type: none"> Improve market surveillance capability by developing staff capability relating to financial markets, conduct and competition. 	Quarter 4
	<ul style="list-style-type: none"> Improve market surveillance capability by refining our compliance monitoring systems for businesses not following dispatch instructions and in relation to rebidding. 	Quarter 4
	<ul style="list-style-type: none"> Expand understanding of the interplay between physical and financial markets by: <ul style="list-style-type: none"> reviewing the limitations in contract market data to understand competition outcomes 	Quarter 2
	<ul style="list-style-type: none"> <ul style="list-style-type: none"> considering how wholesale and other costs flow through to, and impact, retailers in the Default Market Offer wholesale methodology review. 	Quarter 4
	<ul style="list-style-type: none"> Improve transparency of the gas markets by reporting on over-the-counter trades questions; and reserve price assumptions for the East Coast Gas Industry. 	Quarter 3
	<ul style="list-style-type: none"> Further develop our information management framework for compliance intelligence. 	Quarter 4
	<ul style="list-style-type: none"> Further refine the AER's risk-based approach to regulation, incorporating the revised information management framework. 	Quarter 4
	<ul style="list-style-type: none"> Develop regular compliance reporting guidelines across market participants by: <ul style="list-style-type: none"> developing 2 new ways to test for market compliance reviewing AER Day Ahead Auction Guidelines. 	Quarter 4 Quarter 4
Advocate	<ul style="list-style-type: none"> Review all AER market performance reporting and identify opportunities to make improvements/streamline. 	Quarter 2
	<ul style="list-style-type: none"> Publish guidance to support high price events rule changes. 	Quarter 1
	<ul style="list-style-type: none"> Advocate for legislative reform for an increased role for the AER in reporting on contract markets. 	Quarter 2

⁶ For example regular engagement with the Energy Security Board to ensure that the *Health of the NEM* and *State of the Energy Market* are delivered as companion pieces in 2022.

Performance measures

Performance measure	Targets			
	2022-23	2023-24	2024-25	2025-26
2.1 Extent to which performance of retail and wholesale energy markets is identified as an issue The AER supports and protects energy consumers, particularly those in vulnerable circumstances.	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%	100%	100%	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; and general guidance issued.				
2.4 The AER's market performance reports are useful to stakeholders.	≥71%	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 understandthe usefulness of its information about wholesale market activitythe usefulness of its reporting on the performance of retail energy markets.				

Strategic Objective 3: Deliver efficient regulation of monopoly infrastructure while incentivising networks to become platforms for energy services⁷

Execute	<ul style="list-style-type: none"> Undertake revenue and price control processes that promote the National Energy Objectives/National Gas Objectives: <ul style="list-style-type: none"> Undertake pre-lodgement engagement including application of the Early Signal Pathway process under the Better Resets Handbook. Ongoing Make statutory revenue determinations (including consideration of distributed energy resources and resilience-related expenditure) for: <ul style="list-style-type: none"> Electricity transmission: Transgrid, ElectraNet, Murrumbidgee April 2023 Gas distribution: Australian Gas Networks (Vic), AusNet Services, Multinet. April 2023 Commence statutory revenue determinations for: <ul style="list-style-type: none"> Electricity distribution: AusGrid, Endeavour Energy, Essential Energy, EVO Energy, TasNetworks, NT Power and Water Corporation January 2023 Electricity transmission: Tas Networks. January 2023 Administer pricing proposal/tariff variations for: <ul style="list-style-type: none"> all electricity distributors May 2023 all non-Victorian gas distribution and transmission. June 2023 Process applications: <ul style="list-style-type: none"> to the Demand Management Incentive Scheme and Demand Management Innovation Allowance Mechanism As required for cost pass throughs for contingent projects. Support appropriate conversions of entities to regulated assets and determine the opening asset valuation. As required
	<ul style="list-style-type: none"> Publish the Rate of Return Instrument. December 2022 Undertake large Integrated System Plan project assessments to support efficient and timely investment. As required Oversee the Regulatory Investment Test-Transmission (RIT-T) process for actionable and non-actionable Integrated System Plan projects and monitor RIT-T processes to ensure they are in the best interests of consumers. As required Produce network performance reports and actively monitor regulatory asset base growth: <ul style="list-style-type: none"> Electricity network performance report July 2022 Electricity distribution and transmission benchmarking report November 2022 Gas distribution network performance report. December 2022 Deliver monopoly infrastructure-related compliance and enforcement priorities, including gas network compliance with Part 23 of the National Gas Rules. Ongoing Manage disputes related to Regulatory Investment Tests and the Integrated System Plan. As required Monitor the effectiveness of electricity transmission and distribution ring-fencing guidelines and administer waiver applications. Ongoing

⁷ In May 2021, Energy Ministers agreed a major package of reforms to natural gas pipeline regulation with the requisite legislation expected to be made mid 2022 for 1 January 2023 commencement. At the time of writing, the AER is not currently resourced to administer, monitor and enforce these requirements. Key actions relevant to this new statutory function will be undertaken if/when New Policy Proposal funding is approved.

Tilt	<ul style="list-style-type: none"> Be more efficient in our regulation by: <ul style="list-style-type: none"> continuing a review of our annual data requirements for regulated electricity transmission and distribution businesses 	Quarters 1–4
	<ul style="list-style-type: none"> completing a review of incentive schemes for networks 	Quarter 2
	<ul style="list-style-type: none"> completing a review of the impact of capitalisation policies on economic benchmarking for electricity distribution networks 	Quarter 2
	<ul style="list-style-type: none"> updating our method for benchmarking to incorporate the impact of distributed energy resources in our productivity measures. 	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 final paper on incentive arrangements for distributed energy resources 	Quarter 2
	<ul style="list-style-type: none"> commence preparing the inaugural distributed energy resources export service performance report 	Quarter 2
	<ul style="list-style-type: none"> publishing an updated AER Connection Charge Guideline 	Quarter 2
	<ul style="list-style-type: none"> publishing updated guidelines for the introduction of regulated Stand Alone Power Systems (SAPS) 	Quarter 1
	<ul style="list-style-type: none"> publishing an updated AER Electricity Transmission Ringfencing Guideline. 	Quarter 3
	<ul style="list-style-type: none"> Evaluate the transparency review of the (Australian Energy Market Operator's) Integrated System Plan 2022 to inform future reviews. 	Quarter 2
Advocate	<ul style="list-style-type: none"> Deliver AER's regulatory role for the NSW Government – facilitating the development of Renewable Energy Zones, by: <ul style="list-style-type: none"> making the Annual Contribution Determination 	February 2023
	<ul style="list-style-type: none"> publishing the final Revenue Determination Guidelines for NSW Contestable and Non-contestable Network Projects 	Quarter 4
	<ul style="list-style-type: none"> making revenue determinations for network infrastructure projects. 	As required
	<ul style="list-style-type: none"> Support energy affordability by communicating current controls, increasing the transparency of impacts to bills arising from Regulatory Investment Test-Transmission assessments; and ensuring cost-benefit analyses reflect the current economic environment (interest rates, inflation, rate of return). 	Ongoing
	<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. 	Ongoing

Performance measures

Performance measure	Targets			
	2022-23	2023-24	2024-25	2025-26
3.1 The AER promotes efficient investment in, operation and use of energy services for the long-term interests of consumers.	≥66%	Maintained or improved compared to previous year.		
Method: Proportion of AER stakeholder survey responses of 7 or higher in response to the question about AER promoting efficient investment in energy services.				
3.2 Revenue reset determinations for electricity networks and gas pipelines completed within statutory timeframes.	100%	100%	100%	100%
Method: Percentage of resets completed within statutory timeframes.				
3.3 Customers with a retailer exposed to cost reflective network tariff.	No target	Rationale: Watching brief, the many external influences in addition to AER levers make setting annual targets inappropriate.		
Method: Analysis of networks pricing data held by the AER to calculate the proportion of customers.				
3.4 The AER undertakes efficient regulation of network businesses by focusing on high impact actions that matter to consumers.	≥60%	Maintained or improved compared to previous year.		
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.				
3.5 The AER encourages the evolution of the regulatory framework to provide network customers with the services that they value at efficient prices.	≥55%	Maintained or improved compared to previous year.		
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.				

Strategic Objective 4: 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
	<ul style="list-style-type: none"> Enhance our outward-looking focus by increasing our engagement with external professional forums, including the with Department of Foreign Affairs and Trade and international regulators. 	Ongoing
Tilt	<ul style="list-style-type: none"> Contribute to the implementation of the National Energy Market 2025 by: <ul style="list-style-type: none"> leading a review of the authorisations and exemptions framework 	Quarter 4
	<ul style="list-style-type: none"> leading the development of a Dynamic Operating Envelopes policy 	Quarter 4
	<ul style="list-style-type: none"> supporting the development of the capacity mechanism and congestion management model 	Quarter 3
	<ul style="list-style-type: none"> supporting the delivery of the distributed energy resources implementation plan 	Quarter 4
	<ul style="list-style-type: none"> leading delivery of the Network Visibility and Over Voltage workstreams from the Energy Security Board's data strategy. 	Quarter 4
Advocate	<ul style="list-style-type: none"> Advocate for reforms or market designs that minimise the potential for the misuse of market power by generator and ensure participant margins are consistent with a competitive market. 	Ongoing
	<ul style="list-style-type: none"> Contribute to the Australian Energy Market Commission's transmission planning and investment review. 	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
	<ul style="list-style-type: none"> Engage with states and territories on jurisdictional energy regulatory frameworks. 	Ongoing

Performance measures

Performance measure	Targets			
	2022-23	2023-24	2024-25	2025-26
4.1 The AER's reports inform debate about Australia's energy future and regulatory landscape.	≥55%	Maintained or improved compared to previous year.		
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.				
4.2 AER stakeholders' agreement with the following statements:		Maintained or improved compared to previous year.		
▪ The AER engages effectively with its stakeholders.	≥68%			
▪ The AER shows leadership in pursuing or promoting priority issues in the energy sector.	≥65%			
Method: Proportion of AER stakeholder survey responses of 7 or higher in response to questions about engagement with stakeholders and showing leadership.				
4.3 Reach of AER communication activities.	≥49,500	Maintained or improved compared to previous year.		
Method: Analysis of AER Strategic Communications and Engagement data to calculate the growth in audience of AER-owned communication channels.				
4.4 Number of rule change proposals that the AER successfully influenced.	No target			
	Rationale: While it is useful to monitor trends, it is not appropriate to set annual targets.			
Method: Quantitative trend over time				

AER regulatory practice

The AER provides outcomes-focussed regulatory services that emphasise a proportional approach to risk, genuine engagement with regulated entities and the broader community, and the importance of maintaining trust and confidence in regulatory settings. On 30 June 2021 the Australian Government identified 3 principles of regulatory 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.

The AER applies these principles in how we undertake our work.

Our annual AER Stakeholder Survey seeks the views of our government, industry and consumer stakeholders and covers many aspects of how the AER is achieving these principles.

15. Capability

In 2022–23 a key focus for the AER will be:

- embedding our newly released Culture Plan in everything we do
- implementing the AER Data Strategy
- implementing the AER People Framework
- building on the 2021–22 organisational redesign.

AER Culture Plan

In our Strategic Plan we committed to developing a dedicated AER Culture Plan based on Carolyn Taylor's⁸ 6 different cultural archetypes. In March 2022 we finalised the AER Culture Plan which consists of behaviours, systems and symbols against each archetype:

- behaviours are how we want our people to act
- systems are the processes, tools, recourses and measures we will use
- symbols are ways we will express our culture.

Each of these are used together to help bring our culture to life. While all elements help to shape and develop our culture, the most critical are the behaviours. The behaviours underpin how we develop and use systems and the way we create our cultural symbols.

Figure 3: Our desired culture



8 Carolyn Taylor (2015) *Walking the Talk: Building a Culture for Success*.

AER Data Strategy

In May 2022 we finalised our 5-year data strategy, our whole-of-enterprise information strategy that includes architecture and governance initiatives to derive value from data assets.

Under the strategy, we intend to:

- embed a culture of data-driven decision making across the AER to extract the full value of data
- break down data silos and enable seamless data access
- effectively manage and govern agency data to improve decision-making
- extract value from data by employing state-of-the-art tools and technologies.

The AER Data Strategy will support us to deliver our strategic objectives and prepare the AER to tackle the demands of the changing energy landscape.

In the 2022-23 reporting period we will establish the data governance framework and initiate a Master Data Management Program. These 2 initiatives will allow us to manage our data better to ensure our decisions are supported by quality data. We will also establish a technology solutions blueprint, which will allow us to improve the tools and applications used to store, manage and analyse data effectively.

AER People Framework

In the 2022-23 reporting period we will implement the AER People Framework based around 3 strategic pillars:

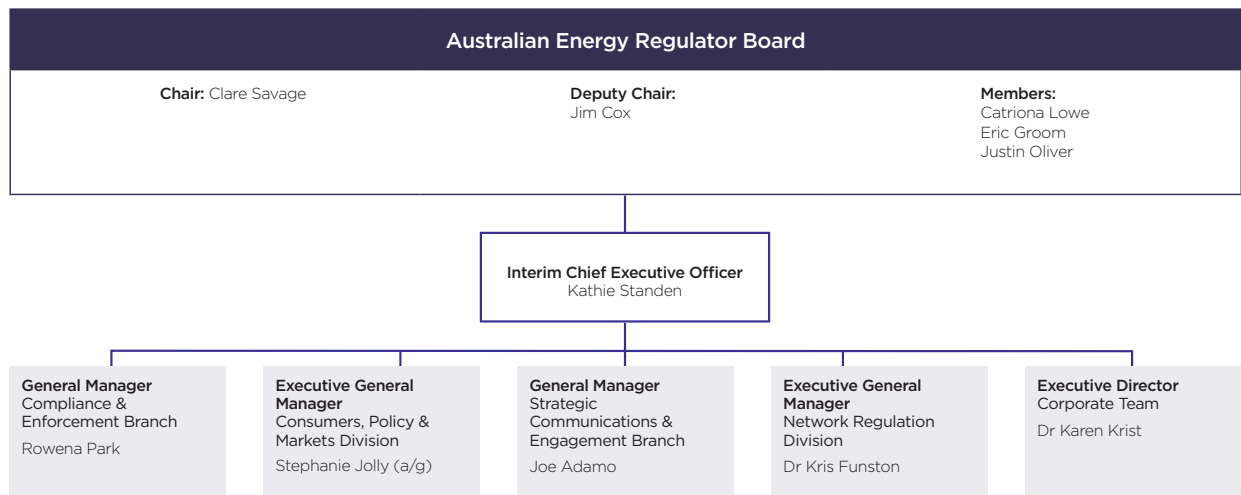
1. Diversity, inclusion and employer of choice; to enable our people to thrive in the AER and beyond.
2. Forward looking development of capabilities; to be ready for future market changes. Under this pillar the AER will develop skills mapping and secondment programs.
3. Greater leaders and talent pipeline; to create a pipeline of talent with diverse skills. Under this pillar the AER will embed a 360-degree feedback program and talent mapping.

Organisational structure

The organisational redesign that took place in the 2020–21 reporting period is now fully implemented with all key positions in the Board and the senior leadership team filled.

This 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.



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 IIIAA 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
- 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 Electricity Inquiry Board. Eric Groom sits on the ACCC Communications Committee. Catriona Lowe sits on the ACCC East Coast Gas Inquiry Board. Justin Oliver sits on the ACCC Infrastructure Committee.

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.

The recent (1 June 2022) Administrative Arrangements Order, transferred responsibility for the AER from the Treasury portfolio to the Climate Change, Energy, the Environment and Water portfolio. The AER and ACCC will work collaboratively in 2022-23 on the pathway to this separation.

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 2022-23 and forward years of the budget estimates:

AER Program 2022-23 to 2025-26 (\$millions)

	2022-23	2023-24	2024-25	2025-26
Annual appropriation (including successful new policy proposals)	78.483	64.390	64.894	65.337

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 HR, Finance, IT and accommodation) which goes to the ACCC.



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION



AUSTRALIAN
ENERGY
REGULATOR