

**THE LEGISLATIVE ASSEMBLY
FOR AUSTRALIAN CAPITAL TERRITORY**

INDEPENDENT PRICING AND REGULATORY COMMISSION ACT 1997

**REFERENCE FOR INVESTIGATION UNDER SECTION 15
AND
SPECIFIED REQUIREMENTS IN RELATION TO INVESTIGATION UNDER
SECTION 16**

INSTRUMENT NO. 202 OF 1999

EXPLANATORY STATEMENT

Circulated by the authority of

Brendan Smyth

Minister for Urban Services

Legislative Background

The Independent Pricing and Regulatory Commission Act 1997 provides for, among other things, the provision of price directions for “regulated industries”. The latter term is defined by the ACT to include an industry which has been declared by instrument, to be a regulated industry under subsection 4(1) of the Act. ACTION was declared a regulated industry on 23 December 1998.

Section 15 allows a referring authority (the relevant Minister in this case) to provide a reference in relation to prices for regulated services.

Section 16 allows the Minister, by instrument, to specify the requirements in relation to the conduct of an investigation or a report on an investigation by the Commission. Such an instrument is a disallowable instrument for the purposes of section 10 of the Subordinate Laws Act 1989.

This explanatory statement covers the matters set out in these two sections.

Matters relevant to Section 15

The document refers to the Commission an investigation into the determination of prices for public transport bus services supplied by ACTION in the Australian Capital Territory. In relation to the period of regulation, the Commission is required to develop a price path for the period of one year commencing on 1 July 2000.

Matters relevant to Section 16

The document sets out a number of matters that are to be considered by the Commission when conducting its investigation.

The requirements are laid out in the terms of reference and include issues which need to be considered in addition to those matters specifically mentioned in subsection 20(2) of the Act. These requirements will allow the refinement of the costing of Community Service Obligations paid by the Government and to benchmark public transport services against a 'commercial price' specifically determined for the ACT by the Independent Pricing and Regulatory Commission.

The final report, covering prices for the period 1 July 2000 to 30 June 2001 is due on 10 March 2000. The document also requires the Commission to provide a draft report. Consistent with the requirements of Section 18 of the Act, this draft will be a basis for public consultation. The draft report for this purpose is due on 13 December 1999.