AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview, Additional Estimates and Variations to Outcomes

OVERVIEW

There has been no change to the overview to that included in the 1999-2000 Portfolio Budget Statements.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

An additional appropriation of $5.081 million is provided for the ACCC in the 1999-2000 Additional Estimates context. This additional appropriation relates to $5 million for monitoring retail prices during the transition to *A New Tax System* (ANTS) and $0.081 million for the ACCC's 1998-99 carryover.

The Australian Competition and Consumer Commission Additional funding for retail price monitoring relating to *A New Tax System*

The ACCC will undertake a number of national price collections during 1999-2000 to enable the ACCC to effectively monitor price changes during the transition to ANTS.

Funding of $28 million (to be provided over three financial years) was allocated to the ACCC in the 1999-2000 Budget to administer new legislation prohibiting price exploitation in relation to the New Tax System. Subsequently, in light of the success of the ACCC's price monitoring activities in relation to the reduction in Wholesale Sales Tax (WST) from 32 per cent to 22 per cent on certain goods from (29 July 1999), an extension of the ACCC's price monitoring activities was agreed. The surveys undertaken during the WST reduction demonstrated that widespread data collection is an effective deterrent against price exploitation. The survey indicated a high compliance rate among manufacturers, distributors and retailers.

The ACCC's price monitoring activities will, with passage of the A New Tax System (Indirect Tax and Consequential Amendments) Bill 1999, be broadened to increase the number of prices of goods and services surveyed, the frequency of surveys and the number of sites throughout Australia where surveys are conducted. To promote a high level of compliance with the prohibition on price exploitation, collections of price information are required before, during and after the introduction of ANTS. This will also assist to ameliorate community concern over the implementation of ANTS.

The increased scope and incidence of price surveys to be conducted by the ACCC will assist to prevent price exploitation in the lead up to, as well as through the implementation of, ANTS. This will enable any exploitative anticipatory price rises prior to the implementation of ANTS to be detected and dealt with under the Trade Practices Act. The ACCC requires an additional $5 million in 1999-2000 to undertake the expansion of this monitoring function.

A transparent price monitoring regime demonstrably promotes higher compliance by retailers (and their suppliers). This reflects the recognition by business of the ACCC's role in price collection and analysis at the 'coalface'. The increased appropriation will strengthen the ACCC's ability to ensure that consumers are not subjected to price exploitation under ANTS.

1998-99 Carryover

The ACCC also expects to receive additional funding in the form of an equity injection of $0.081 million being the difference between the 1998-99 estimate carryover at budget time and the actual carryover.

Australian Competition and Consumer Commission

Chairperson: Professor Allan Fels

Overall Outcome

Strong, sustainable economic growth and the improved wellbeing of Australians

Outcome 1

To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets

Total Price of Outputs: $56.476 million
Agency Outcomes Appropriation: $55.872 million

Output Group 1.1

Australian Competition and Consumer Commission

Output 1.1.1

Compliance obligations pursuant to administration of Acts (Trade Practices Act, Prices Surveillance Act) and statutory responsibilities arising from parts of other relevant Acts and subordinate regulatory instruments

Output 1.1.2

Competition initiatives, regulatory mechanisms, liaison and information

Australian Competition and Consumer Commission — Appropriations 1999-2000

Table 1.1: Summary of Measures since the 1999-2000 Budget

Measure	Outcome	Output Groups Affected	Appropriations ($'000) 1999-2000 Admin Expenses	Dept Outputs	Total	Appropriations ($'000) 2000-2001 Admin Expenses	Dept Outputs	Total
The Australian Competition and Consumer Commission Additional funding for retail price monitoring relating to *A New Tax System*	1	1.1	—	5,000	5,000	—	—	—

Measure	Appropriations ($'000) 2001-2002 Admin Expenses	Dept Outputs	Total	Appropriations ($'000) 2002-2003 Admin Expenses	Dept Outputs	Total
The Australian Competition and Consumer Commission Additional funding for retail price monitoring relating to *A New Tax System*	—	—	—	—	—	—

Note: For a description of the measures taken above please refer to the Additional Estimates and Variations to Outcome information listed on the previous pages.

Breakdown of Additional Estimates by Appropriation Bill

Table 1.2: Appropriation Bill (No. 3) 1999-2000

	1998-99 Estimated Expenses[1] $'000	1999-2000 Budget $'000	1999-2000 Revised $'000	Additional Estimates $'000	Reduced Estimates $'000
Agency Outputs					
Outcome 1 — To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	39,007	50,872	55,872	5,000	—
Total	39,007	50,872	55,872	5,000	—

1 These figures are those published as 1998-99 Estimated Expenses in the 1999-2000 Budget Appropriation (*Budget Paper No. 4: Agency Resourcing*).

Table 1.3: Appropriation Bill (No. 4) 1999-2000

	1998-99 Estimated Expenses[2] $'000	1999-2000 Budget $'000	1999-2000 Revised $'000	Additional Estimates $'000	Reduced Estimates $'000
Equity Injections and Loans					
Equity Injections	—	—	—	—	—
Loans	—	—	—	—	—
Carryover from previous years	—	—	81	81	—
Total	—	—	81	81	—

2 These figures are those published as 1998-99 Estimated Expenses in the 1999-2000 Budget Appropriation (*Budget Paper No. 4: Agency Resourcing*).

Table 1.4: Staff Years (Number)

	1999-2000 Budget	1999-2000 Revised	Variation
Outcome 1	372	372	—

Section 2: Outcomes and Outputs Information

OUTCOMES AND OUTPUT GROUPS

The ACCC has not made any changes to its outcome or outputs since the 1999-2000 Portfolio Budget Statements.

Explanation of Variations

The two additional estimates measures explained below fall under the Commissions current output 1.1.1: Compliance obligations pursuant to administration of Acts (Trade Practices Act, Prices Surveillance Act) and statutory responsibilities arising from parts of other relevant Acts and subordinate regulatory instruments.

The Australian Competition and Consumer Commission Additional funding for retail price monitoring relating to *A New Tax System*

The Government will provide additional resources for 1999-2000 to the Australian Competition and Consumer Commission (ACCC) to monitor retail prices during the transition to *A New Tax System*.

The ACCC will be:

- given additional funding in 1999-2000 to commence a number of national price collections. The collections will provide a rigorous analysis of prices.
- required to monitor and report to the Minister under S75AZ of the *'A New Tax System' (Trade Practices Amendment) Act 1999*. The legislation also requires that the reports be made public by the Minister as soon as practicable.

Revised Performance Information and Level of Achievement — 1999-2000

Table 2.1 shows the performance information that the ACCC will use to assess the level of its achievement against Output 1.1.1 during 1999-2000.

Table 2.1: Performance Information for Outputs Affected by Additional Estimates — Outcome 1

Table 2.1: Performance Information 1999-2000

Output Group 1.1 — Australian Competition and Consumer Commission

	Indicators	Measures
Output 1.1.1: Compliance obligations pursuant to administration of Acts (Trade Practices Act, Prices Surveillance Act) and statutory responsibilities arising from parts of other relevant Acts and subordinate regulatory instruments.	Price collection survey strategy discourages profiteering, informs consumers and retailers, and assists with community acceptance of ANTS.	Effective and timely price collection surveys carried out at strategic times throughout the implementation phase of ANTS.

The effectiveness indicators for Outcome 1 and performance information for the other outputs underneath this outcome are unchanged from the 1999-2000 Performance Budget Statement.

Section 3: Budget Financial Statements

The budget financial statements will form the basis of the financial statements that will appear in the Australian Competition and Consumer Commission's 1999-2000 Annual Report, and form the basis for the input into the Whole of Government Accounts.

Budget Statement of Revenues and Expenses (Budget Operating Statement)

This statement provides a picture of the expected financial results for the ACCC by identifying full accrual expenses and revenues, which highlights whether the ACCC is operating at a sustainable level.

Budget Statement of Assets and Liabilities (Budget Balance Sheet)

This statement shows the financial position of the ACCC. It enables decision-makers to track the management of the ACCC's assets and liabilities.

Budget Cash Flow Statement

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Capital Budget

This statement shows all proposed capital expenditure funded through the Budget as appropriations or from internal sources.

Table 3.1: Budget Statement of Revenue and Expenses

	Estimated Actual[3]	Revised Budget			Estimated
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Agency Revenue and Expenses					
Revenues					
Revenue from government					
Ordinary annual appropriations (net appropriations)	35,621	52,380	44,289	40,762	34,353
Capital appropriation	—	81	—	—	—
Other services	3,386	3,492	3,609	3,282	3,338
Resources received free of charge	59	55	55	55	55
Revenue from other sources					
Sales of goods and services	341	468	468	468	468
Total Revenue	39,407	56,476	48,421	44,567	38,214
Expenses					
Employees	20,463	22,755	22,584	22,502	20,296
Suppliers	17,603	32,676	24,951	21,392	17,321
Depreciation and amortisation	1,301	860	870	658	575
Other	14	1,454	14	14	14
Total Expenses	39,381	57,745	48,419	44,566	38,206
Operating Result Before Capital User Charge	26	(1,269)	2	1	8
Capital User Charge	—	—	—	—	—
Transfers and Dividends	—	—	—	—	—
Accumulated Results at Year End	26	(1,269)	2	1	8
Administered Revenue and Expenses					
Expenses					
Total Expenses	—	—	—	—	—
Revenue					
Fines and costs	2,000	9,775	9,775	9,775	9,775
Authorisation fees	300	200	200	200	200
Other	50	25	25	25	25
Total Revenue	2,350	10,000	10,000	10,000	10,000
Net contribution to government	—	—	—	—	—

3 These figures are those estimated actuals as published in the 1999-2000 Treasury Portfolio Budget Statements.

Table 3.2: Budget Statement of Assets and Liabilities

	Estimated Actual[4]	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Agency Assets and Liabilities					
Debt					
Leases	93	113	133	153	173
Total Debt	93	113	133	153	173
Provisions and Payables					
Employees	6,208	6,691	7,203	7,633	7,939
Suppliers	950	1,050	1,050	900	900
Total Provisions and Payables	7,158	7,741	8,253	8,533	8,839
Equity					
Accumulated results	(2,840)	(4,111)	(4,109)	(4,108)	(4,100)
Total Equity	(2,840)	(4,111)	(4,109)	(4,108)	(4,100)
Total Liabilities and Equity	4,411	3,743	4,277	4,578	4,912
Financial Assets					
Cash	13	13	13	13	13
Receivables	50	50	50	50	50
Total Financial Assets	63	63	63	63	63
Non-financial Assets					
Buildings (leasehold improvements)	1,522	1,794	2,098	2,376	2,537
Infrastructure, plant and equipment	2,005	1,203	1,550	1,639	1,743
Intangibles	346	215	85	—	—
Inventories	85	90	95	100	105
Other	390	378	386	400	464
Total Non-financial Assets	4,348	3,680	4,214	4,515	4,849
Total Assets	4,411	3,743	4,277	4,578	4,912

4 These figures are those estimated actuals as published in the 1999-2000 Treasury Portfolio Budget Statements.

Table 3.3: Budget Cash Flow Statement

	Estimated Actual[4]	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Agency Cash Flows					
Operating Activities					
Cash Received					
Appropriations	39,007	55,953	47,898	44,044	37,691
Sales of goods and services	400	468	468	468	468
Total Cash Received	39,407	56,421	48,366	44,512	38,159
Cash Used					
Employees	19,990	22,272	22,072	22,072	19,990
Suppliers	16,957	32,414	24,890	21,486	17,315
Other	14	14	14	14	14
Total Cash Used	36,961	54,700	46,976	43,572	37,319
Net Cash from Operating Activities	2,446	1,721	1,390	940	840
Investing Activities					
Cash Received					
Total Cash Received	—	—	—	—	—
Cash Used					
Purchase of property, plant and equipment	2,446	1,721	1,390	940	840
Total Cash Used	2,446	1,721	1,390	940	840
Net Cash from Investing Activities	2,446	1,721	1,390	940	840
Financing Activities					
Cash Received					
Total Cash Received	—	—	—	—	—
Cash Used					
Capital user charge paid					
Repayment of borrowings					
Total Cash Used	—	—	—	—	—
Net Cash from Financing Activities	—	—	—	—	—
Net increase/decrease in cash held	—	—	—	—	—
Add cash as at 1 July	13	13	13	13	13
Cash as at 30 June	13	13	13	13	13
Administered Cash Flows					
Operating Activities					
Administered Cash Received					
Fines and costs	2,000	9,775	9,775	9,775	9,775
Authorisation fees	300	200	200	200	200
Other	50	25	25	25	25
Total Administered Cash Received	2,350	10,000	10,000	10,000	10,000

4 These figures are those estimated actuals as published in the 1999-2000 Treasury Portfolio Budget Statements.

CAPITAL BUDGET

Table 3.4: Capital Budget

	Estimated Actual[4]	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Funded by Capital Appropriations	—	81	—	—	—
Funded internally by Agency resources	2,446	1,640	1,390	940	840
Total	2,446	1,721	1,390	940	840

4 These figures are those estimated actuals as published in the 1999-2000 Treasury Portfolio Budget Statements.

NOTES TO THE FINANCIAL STATEMENTS

The ACCC's 1998-99, 1999-2000, 2000-2001, 2001-02, 2002-03 Financial Statements have been prepared in accordance with the accounting principles adopted in preparing the 1997-98 Financial Statements as published in the 1997-98 ACCC Annual Report. It should be noted that the accounting policies remain consistent as those published in the Annual Report.

The changes to the ACCC's financial statements specifically relating to the Additional Estimates are as follows:

Budget Statement of Revenues and Expenses (Budget Operating Statement)

Increase in the Ordinary annual appropriations (net appropriations) and suppliers item.

Budget Cash Flow Statement

Increase in the Appropriations and suppliers item.

Appendix 1

Non-Appropriation Agency and Administered Revenue

	Budget Estimate	Revised Estimate
	1999-2000 $'000	1999-2000 $'000
Agency Revenue		
Section 31 of the *Financial Management and Accountability Act 1997*	468	468
Resources free of charge	55	55
Total Agency Revenue	523	523
Administered Revenue		
Miscellaneous	10,000	10,000
Total Estimated Agency and Administered Revenue	10,523	10,523