

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview, Appropriations and Budget Measures Summary

OVERVIEW

The Australian Competition and Consumer Commission (ACCC) is an independent statutory authority which has the role of administering the *Trade Practices Act 1974*, State and Territory Application Acts, the *Prices Surveillance Act 1983* and related legislation, which will include A New Tax System (Trade Practices Amendment) Bill 1998 price exploitation legislation.

The Commission seeks to maintain and improve competition and efficiency in markets, foster adherence to fair trading practices in well informed markets, promote competitive pricing wherever possible and restrain price rises in markets where competition is less than effective. It is especially concerned to foster a fair and competitive operating environment for small business.

The Commission also collects administered revenue on behalf of the Government and this includes authorisation fees, fines and costs.

APPROPRIATIONS

Total appropriations for the ACCC in the 1999-2000 Budget are \$50.9 million (see Table 1.1).

Part C: Agency Budget Statements — ACCC

Australian Competition and Consumer Commission — Appropriations 1999-2000

Table 1.1: Appropriations (\$'000)

Outcomes	Administered Expenses				Price of Outputs					Total Appropriations (e)	Total Estimated Expenses
	Special Appropriations (a)	Annual Appropriations		Total Administered Appropriations	Total Price of Outputs(c)	Revenue from Other Sources(d)	Revenue from Government (Appropriations)				
		Bill 1	Bill 2 (SPPs & NAOs) (b)				Special	Annual Bill 1	Total		
(A)	(B)	(C)	(D= A+ B+ C)	(E)	(F)	(G)	(H=E- F- G)	(I= G+ H)	(J=D+I)	(K= J+ F)	
Outcome 1 — To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	-	-	-	-	51,395	523	-	50,872	50,872	50,872	51,395
Total	-	-	-	-	51,395	523	-	50,872	50,872	50,872	51,395
Bill 2 Administered Capital(b)										-	
Bill 2 Agency Equity Injections and Loans(b)										-	
Total Appropriations										50,872	

(a) Estimated expenses from individual Special Appropriations are shown in Appendix 2.

(b) Under the proposed Appropriation Structure, Bill 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), Administered Capital and Agency Capital via Agency Injections and Loans.

(c) Refer to Budget Statement of Revenue and Expenses for Application of Agency Revenue (see Table 3.1).

(d) Other Revenue includes other revenue from Government (eg resources free of charge) and revenue from other sources (eg sales of goods and services).

(e) Links from Appropriations to Budget Financial Statements include Budget Statement of Revenue and Expenses (see Table 3.1); and Capital Budget (see Tables 3.4 & 3.5).

BUDGET MEASURES — AUSTRALIAN COMPETITION AND CONSUMER COMMISSION SUMMARY

Table 1.2: Summary of Budget Measures in the 1999-2000 Budget

Measure	Outcome	Output Groups Affected	Appropriations (\$'000) 1999-00			Appropriations (\$'000) 2000-01			Appropriations (\$'000) 2001-02			Appropriations (\$'000) 2002-03		
			Admin Expenses	Agency Outputs	Total	Admin Expenses	Agency Outputs	Total	Admin Expenses	Agency Outputs	Total	Admin Expenses	Agency Outputs	Total
Tax Reform and Price Exploitation — Expense	1	1.1	-	11,640	11,640	-	9,479	9,479	-	6,921	6,921	-	-	-
Telecommunications Australian Competition and Consumer Commission — Additional Functions and Powers — Expense	1	1.1	-	900	900	-	-	-	-	-	-	-	-	-

Note: Administered revenue measures are not attributed to agencies and are reported in *Budget Paper No. 2*.

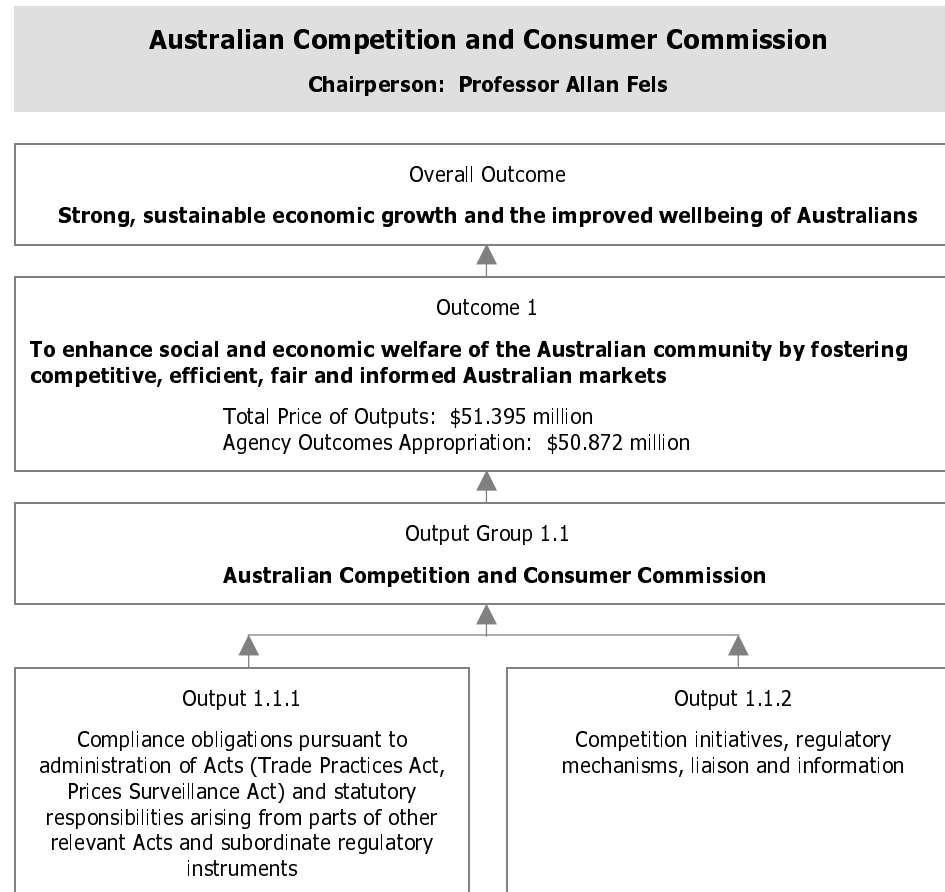
ADMINISTERED CAPITAL AND EQUITY INJECTIONS AND LOANS

ACCC does not have an appropriation for an equity injection or loan or an appropriation for administered capital in 1999-2000.

Section 2: Outcomes and Outputs Information

OUTCOMES AND OUTPUT GROUPS

The map on the following page shows the relationship between Government outcomes and the contributing outputs for the Australian Competition and Consumer Commission. Financial detail for Outcome 1 by output appears in Table 2.2 while non-financial information for Outcome 1 appears in Table 2.3.



OUTCOME 1

The Australian Competition and Consumer Commission's role is to administer the *Trade Practices Act 1974*, State and Territory Application Acts, the *Prices Surveillance Act 1983* and related other legislation.

The Commission seeks to maintain and improve competition and efficiency in markets, foster adherence to fair trading practices in well informed markets, promote competitive pricing wherever possible and restrain price rises in markets where competition is less than effective. It is especially concerned to foster a fair and competitive operating environment for small business.

In 1999-2000 additional resources have been provided to the Commission for tax reform retail price monitoring and for additional functions and powers relating to Telecommunications.

Table 2.1 shows the relationship between the programme structure for 1998-99 and the new outcome structure for the 1999-2000 Budget for Outcome 1.

Table 2.1: Relationship between Programme and Outcome Structure for Outcome 1

Programme Management Budgeting	Accrual Budgeting
Programme 6 — Australian Competition and Consumer Commission To enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection. To give special weight to small business interests through the coordination of enforcement and education activity in relation to small business issues. Sub-programmes Sub-programme 6.1 — Compliance with the Trade Practices Act Sub-programme 6.2 — Improvement in Market Conduct Sub-programme 6.3 — Education and Information Sub-programme 6.4 — Corporate Planning and Management Appropriations for Programme 6 Sub-programme 6.1 Appropriation Bill 1 Running costs, including Section 31 receipts (675-1) Other Services — Compensation and legal expenses (675-2-01) Sub-programme 6.2 Appropriation Bill 1 Running costs, including Section 31 receipts (675-1) Sub-programme 6.3 Appropriation Bill 1 Running costs, including Section 31 receipts (675-1) Sub-programme 6.4 Appropriation Bill 1 Running costs, including Section 31 receipts (675-1)	Outcome 1 To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets. Output Groups Output Group 1.1 — Australian Competition and Consumer Commission Appropriations for Outcome 1 Output Group 1.1 Outcome 1 Appropriation Bill 1 Agency Outputs

MEASURES IN THE 1999-2000 BUDGET

Tax Reform and Price Exploitation — Expense

Budget Measure Purpose

The Government will provide additional resources until 2001-02 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 transitional powers to monitor retail prices. The ACCC will be required to monitor and report to the Treasurer on instances where consumers have not benefited from reductions in the tax rate, or have been exposed to greater than necessary price rises;
- provide information to the community at large through national television and radio advertising and publication; and
- take enforcement action where appropriate under the new prohibition price exploitation and related parts of the Trade Practices Act.

The transitional price oversight role for the ACCC will begin 12 months prior to the implementation of *A New Tax System* and will continue for a further two years after the date of introduction.

Telecommunications — Australian Competition and Consumer Commission — Additional Functions and Powers — Expense

Budget Measure Purpose

The Government has decided to provide additional resources (for 1999-2000 only) for the ACCC to administer the new powers and functions proposed in the Telecommunications Legislation Amendment Bill 1998.

This measure will establish a more comprehensive information transfer, monitoring and reporting regime and will allow the ACCC to facilitate commercial infrastructure access negotiations. The additional powers and functions will enable the ACCC to achieve the Government's goal of increasing competition in the telecommunications industry and is a response to amendments proposed by the industry (including through submissions to the Senate Inquiry on the Telstra Privatisation).

The costs incurred in each financial year by the ACCC relating to telecommunications activities are recovered from the telecommunications industry through an annual carrier licence fee.

A review of the operation and effectiveness of the telecommunications competitive conduct scheme will be initiated before 1 July 2000. The ACCC's telecommunications resource requirements will be evaluated following the report of the review, and funding for 2001-02 will depend on the extent of continuing ACCC functions and powers.

RESOURCES FOR OUTCOME 1

Table 2.2 shows how the 1998-99 appropriation and programming structure relates to total resourcing for Outcome 1.

Table 2.2: Total Resources for Outcome 1

	Estimated Actual	Estimated Actual	Budget
	1998-99 CASH \$'000	1998-99 ACCRUAL \$'000	1999-00 \$'000
Price of Agency Outputs			
Output Group 1.1 — Australian Competition and Consumer Commission			
Output 1.1.1 — Compliance obligations pursuant to administration of Acts (Trade Practices Act, Price Surveillance Act) and statutory responsibilities arising from parts of other relevant Acts and subordinate regulatory instruments	32,203	32,203	43,624
Output 1.1.2 — Competition initiatives, regulatory mechanisms, liaison and information	7,204	7,204	7,771
Appropriation Structure 1998-99 (a)			
Sub-programme 6.1 — Compliance with the Trade Practices Act			
Sub-programme 6.2 — Improvement in Market Conduct			
Sub-programme 6.2 — Education and Information			
Sub-programme 6.3 — Corporate Planning and Management			
Subtotal Output Group 1.1	39,407	39,407	51,395
Revenue from Government (Appropriation) for Agency Outputs	39,007	39,007	50,872
Revenue from Other Sources	400	400	523
Total Price of Outputs	39,407	39,407	51,395
Total for Outcome 1	39,407	39,407	51,395
		1998-99	1999-00
Staff Years (Number)		357	372

(a) See Table 2.1 for details.

CONTRIBUTION OF OUTPUTS TO OUTCOME 1

Outcome 1 defines the ACCC's role in delivering government competition and consumer policy. The ACCC's output groups are described below and Table 2.3 provides performance information on the strategies chosen to deliver Outcome 1.

The Commission's outputs are as follows:

- **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; and
- **Output 1.1.2:** Competition initiatives, regulatory mechanisms, liaison and information.

Output 1.1.1 assists in the achievement of the Government's outcome by improving compliance laws, reducing compliance costs and influencing community behaviour and confidence. Competitive markets are promoted through the administration and enforcement of the Trade Practices Act, Prices Surveillance Act and statutory responsibilities arising from parts of other relevant Acts and subordinate regulatory instruments. Important aspects include enforcement of the Acts' provisions relating to restrictive trade practices, consumer protection, authorisations, notifications and prices for goods and services under price control; the prohibition of certain misleading or deceptive conduct and unfair practices, the disclosure of consumer information relating to the supply of certain goods and services, and the promotion of product safety; and the promotion of information and, in particular, public awareness of the requirements of, and remedies available under the Acts.

Output 1.1.2 assists in the achievement of the Government's outcome by having a well regulated, informed competitive and fair market. This includes developing, implementing and promoting public awareness of regulatory frameworks, maintaining and fostering international developments to improve market conduct.

In seeking to achieve its outcome, the ACCC will:

- pursue enforcement of the law without fear or favour;
- maintain a focus on competition and consumer strategies as reflected in virtually all parts of the legislation administered;
- give the highest priority to the non-traded goods and services sector;
- pursue its published enforcement priorities; and
- foster compliance via education and publicity.

Monitoring of possible price exploitation as a consequence of A New Tax System's reforms will be a major ACCC activity from now until 2002.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.3: Performance Information 1999-2000

Effectiveness — Overall Achievement of the Outcome

	Indicators	Measures
Secure compliance by business with the Trade Practices Act.	Investigating complaints, developing and implementing compliance programmes, evaluating and reviewing applications for authorisations, access undertakings, monitoring them and arbitrating disputes. A small business focus which informs and educates small business about its rights and obligations under the Trade Practices Act (TPA) with a view to assisting in enforcing the TPA in relation to small business issues. A focus in the non-traded goods and services sector to encourage competition in markets and consumer protection.	Meeting of prescribed time limits and standards, decisions based on relevant facts, effective public relations programme including media releases, publications, and liaison meetings.
Secure improvement in market conduct.	Assisting with the development and implementation of regulatory frameworks which maximise the potential for promotion of competition and efficient outcomes including through access to essential facilities, liaising widely with key stakeholders, and reviewing price notifications from declared companies and monitoring prices as required under the Prices Surveillance Act.	Timely decisions resulting in improved access and service delivery and development of pro-competitive regulatory frameworks. Publication of price notifications within statutory timeframes.
Community informed about the Trade Practices Act and the Prices Surveillance Act and their implications for business and consumers.	Information programmes, publications and publicity are used to promote general awareness of the Acts and the ACCC's priorities and procedures. By these means also the deterrent and educational potential of the ACCC's enforcement work is reinforced.	Level of community awareness and responsibility to be monitored; number of complaints, inquiries, attendance at seminars; and by community surveys.

Table 2.3: Performance Information 1999-2000 (continued)**Performance Information for Administered Items (Including Third Party Outputs)****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.	Collection of Statutory fees and judgement debts.	Timely banking and recording of Statutory fees and judgement debts.

Performance Information for Agency Outputs**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.	Responded to complaints and inquiries.	Initially within 7 working days and substantially within 28 days unless circumstances prevent this.
	Appropriate enforcement action taken and goals achieved, ie, stopped unlawful conduct, compensation gained for loss or damage, compliance with Act, pecuniary penalty.	Strategies achieve compliance with TPA (and associated State/Territory application legislation). Unconscionable conduct legislation tested. All undertakings complied with.
	Merger proposals likely to have an anti-competitive effect opposed or authorised where there is sufficient public benefit.	Prescribed time limits met. Number of mergers approved/opposed in traded and non-traded industries. Decisions are understood by key stakeholders.

Table 2.3: Performance Information 1999-2000 (continued)**Performance Information for Agency Outputs (continued)**

Indicators	Measures
Granted statutory immunity from legal proceedings where there is sufficient public benefit concerning some anti-competitive practices (as prescribed by the TPA).	Issued draft determinations and notices within four months of lodgement and final determinations and notices within prescribed time limits. Determinations based on an accurate account of relevant facts. Decisions are understood by key stakeholders.
Access to essential services is made on reasonable terms and conditions.	Decisions issued within 4 months on whether access undertakings will be accepted. Assessments and decisions made on accurate information. Decisions are understood by key stakeholders.
Regulated gas market as required by the National Third Party Access Code for National Gas Pipeline Systems.	Time limits prescribed by Code met. Secured compliance with competition issues as set out in Code. Decisions made on accurate information and communicated to key stakeholders.
Regulated electricity market as required by the National Electricity Market Code.	Time limits prescribed by Code met. Decisions (including revenue caps) made on accurate information and communicated to key stakeholders.
Regulated telecommunications market.	Time limits prescribed by legislation met. Secured compliance with competition notice regime. Decisions made on accurate information and communicated to key stakeholders.

Table 2.3: Performance Information 1999-2000 (continued)**Performance Information for Agency Outputs (continued)**

	Indicators	Measures
	Publication of new and amended provisions of the Trade Practices Act and new ACCC procedures.	Timely publications. Business and consumers understand obligations.
	Promoted competitive pricing where possible and restrained price rises in markets where competition is less than effective.	Prices charged to businesses accessing essential facilities reflect true costs of providing the service. Secured compliance with price caps. Price notifications completed within statutory time frames.
Output 1.1.2: Competition initiatives, regulatory mechanisms, liaison and information.	ACCC policy and positions formulated – discussion documents and guidelines on competition initiatives and regulatory mechanisms be prepared, disseminated and discussions take place with government, industry and consumers.	Timely and effective consultation with key stakeholders. Policy and guidelines understood by key stakeholders. Implementation of pro-competitive strategies by essential industries.
	Consulted with Federal and State Governments on competition issues arising from regulatory reforms.	High quality and timely advice to governments.
	Responded to government inquiries on competition and consumer protection issues including references under Section 28 of the TPA relating to dissemination of information, law reform and research.	Well researched and timely advice to government. Increased general awareness of competition law and consumer issues.
	Actively participated in the development of effective competition and consumer protection laws internationally.	Set in place lawful arrangements for exchange of information with other countries. Contributed technical advice to countries developing competition and consumer protection legislation.

Evaluations

No evaluations are planned for 1999-2000.

Competitive Tendering and Contracting

The ACCC is planning to market test its banking arrangements during 1999-2000.

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.

Non-financial Assets — Summary of Movement

This statement shows the movement in the ACCC's non-financial assets over the Budget year 1999-2000.

Table 3.1: Budget Statement of Revenue and Expenses

	Estimated Actual	Estimated			
	1998-99 \$'000	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000
Agency Revenue and Expenses					
Revenue					
Revenue from government					
Ordinary annual appropriations (net appropriations)	35,621	47,380	44,289	40,762	34,353
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	51,395	48,421	44,567	38,214
Expenses					
Employees	20,463	22,755	22,584	22,502	20,296
Suppliers	17,603	27,595	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	52,664	48,419	44,566	38,206
Operating Result before Capital User Charge	26	-1,271	2	1	8
Capital User Charge	-	-	-	-	-
Transfers and Dividends	-	-	-	-	-
Accumulated Results at Year End	26	-1,271	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	-	-	-	-	-

Table 3.2: Budget Statement of Assets and Liabilities

	Estimated Actual	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

Table 3.3: Budget Cash Flow Statement

	Estimated Actual	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	50,872	47,898	44,044	37,691
Sales of goods and services	400	468	468	468	468
Total Cash Received	39,407	51,340	48,366	44,512	38,159
Cash Used					
Employees	19,990	22,272	22,072	22,072	19,990
Suppliers	16,957	27,414	24,890	21,486	17,315
Other	14	14	14	14	14
Total Cash Used	36,961	49,700	46,976	43,572	37,319
Net Cash from Operating Activities	2,446	1,640	1,390	940	840
Investing Activities					
Cash Received					
Total Cash Received	-	-	-	-	-
Cash Used					
Purchase of property, plant and equipment	2,446	1,640	1,390	940	840
Total Cash Used	2,446	1,640	1,390	940	840
Net Cash from Investing Activities	2,446	1,640	1,390	940	840
Financing Activities					
Cash Received					
Total Cash Received	-	-	-	-	-
Cash Used					
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

CAPITAL BUDGET

The ACCC will not receive a Capital Appropriation in the form of an equity injection or a loan but will internally fund the purchase of non-current assets, including finance leases from its Agency resources.

Table 3.4: Capital Budget

		Estimated		
	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000
Purchase of non-current assets				
Funded by Capital Appropriations	-	-	-	-
Funded internally by Agency resources	1,640	1,390	940	840
Total	1,640	1,390	940	840

Table 3.5: Non-financial Assets — Summary of Movement
Budget Year 1999-2000

	Land	Buildings	Total Land and Buildings	Other Infrastructure, Plant and Equipment	Total Infrastructure, Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Value							
As at 1 July 1999 (opening)	-	-	-	9,010	9,010	536	9,546
Additions	-	-	-	1,640	1,640	-	1,640
Disposals	-	-	-	-4,309	-4,309	-	-4,309
Other movements	-	-	-	-	-	-	-
As at 30 June 2000	-	-	-	6,341	6,341	536	6,877
Accumulated Depreciation							
As at 1 July 1999 (opening)	-	-	-	5,483	5,483	190	5,673
Disposals	-	-	-	-2,868	-2,868	-	-2,868
Charge for the reporting period	-	-	-	729	729	131	860
Other movements	-	-	-	-	-	-	-
As at 30 June 2000	-	-	-	3,344	3,344	321	3,665
Net Book Value as at 30 June 2000 (Closing Book Value)	-	-	-	2,997	2,997	215	3,212
Net Book Value as at 1 July 1999 (Opening Book Value)	-	-	-	3,527	3,527	346	3,873
Total Additions							
	Land	Buildings	Total Land and Buildings	Other Infrastructure, Plant and Equipment	Total Infrastructure, Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funded by Capital Appropriations	-	-	-	-	-	-	-
Funded internally by Agency resource	-	-	-	1,640	-	-	1,640
Total	-	-	-	1,640	-	-	1,640

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 only significant variation relates to Non-financial Assets, principally computer hardware and software. The ACCC is a member of Cluster Group 5 as part of the Government's initiative for the outsourcing of information technology (IT) services. These outsourcing initiatives, including the uncertainty of the timing for the disposal of the IT assets, etc have implications for the financial statements.

The ACCC has assumed that the sale would not be finalised until early 1999-2000. This outsourcing initiative has the potential to bring about a loss situation for the ACCC relating to the sale of the IT hardware and software. The magnitude of the potential loss is dependent solely upon the value of the sale price of the IT assets.

Appendix 1

Non-Appropriation Agency and Administered Revenue

	Estimated Revenue	Estimated Revenue
	1998-99	1999-00
	\$'000	\$'000
Agency Revenue		
Section 31 of the <i>Financial Management and Accountability Act 1997</i> — to be credited to Running costs —	400	468
Division 675		
Resources free of charge	59	55
Total Agency Revenue	459	523
Administered Revenue		
Miscellaneous	2,350	10,000
Total Estimated Agency and Administered Revenue	2,809	10,523