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) Act 1999* and *A New Tax System (Trade Practices Amendment) Bill 2000*.

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

The total appropriations for the ACCC in the 2000-01 Budget are $75.6 million (see Table 1.1 on the following page).

Australian Competition and Consumer Commission — Appropriations 2000-01

Table 1.1: Appropriations ($'000)

Outcomes	Agency (Price of Outputs)					Administered				
	Revenue from Government (Appropriations)			Revenue from Other Sources[a]	Price of Outputs	Annual Appropriations		Special Approps	Total Administered Appropriations	Total Appropriations
	Bill No. 1	Special Approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs)			
	(A)	(B)	(C=A+B)	(D)	(E= C+D)	(F)	(G)	(H)	(I=F+G+H)	(J=C+I)
Outcome 1 — To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	75,627	-	75,627	523	76,150	-	-	-	-	75,627
Total	75,627	-	75,627	523	76,150	-	-	-	-	75,627
Agency Capital (Equity Injections and Loans)										-
Administered Capital										-
Total Appropriations										75,627

(a) Revenue from Other Sources includes other revenue from Government (for example, resources free of charge) and revenue from sources other than Government (for example, sales of goods and services).

BUDGET MEASURES — AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Table 1.2a: Summary of Measures in the 2000-01 Budget

Measure	Outcome	Output Groups Affected	Appropriations Budget 2000-01 ($'000)			Appropriations Forward Estimate 2001-02 ($'000)			Appropriations Forward Estimate 2002-03 ($'000)			Appropriations Forward Estimate 2003-04 ($'000)		
			Administ'd Expenses	Agency Outputs	Total	Administ'd Expenses	Agency Outputs	Total	Administ'd Expenses	Agency Outputs	Total	Administ'd Expenses	Agency Outputs	Total
Monitoring tax reform price exploitation	1	1.1	-	15,500	15,500	-	6,500	6,500	-	-	-	-	-	-
Provisioning for legal services	1	1.1	-	10,000	10,000	-	-	-	-	-	-	-	-	-
Postal services regulation	1	1.1	-	1,000	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000	1,000
Extend communications regulation	1	1.1	-	900	900	-	-	-	-	-	-	-	-	-
Airport regulation	1	1.1	-	900	900	-	900	900	-	900	900	-	900	900

Table 1.2b: Summary of Post MYEFO Measures

Measure	Outcome	Output Groups Affected	Post MYEFO Measures 1999-00 ($'000) Administ'd Expenses	Dept Outputs	Total
Monitoring tax reform price exploitation	1	1.1	-	1,000	1,000
Monitoring of the prices of certain milk products	1	1.1	-	500	500

ADMINISTERED CAPITAL AND AGENCY CAPITAL (EQUITY INJECTIONS AND LOANS)

The ACCC does not have an appropriation for an equity injection or loan or an appropriation for administered capital in 2000-01.

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 (ACCC). Financial detail for Outcome 1 by output appears in Table 2.1 while non-financial information for Outcome 1 appears in Table 2.2.

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: $76.150 million
Agency Outcomes Appropriation: $75.627 million

Output Group 1.1

Australian Competition and Consumer Commission

Output 1.1.1

The proper administration and enforcement of the *Trade Practices Act 1974*, the *Prices Surveillance Act 1983* and related laws

Output 1.1.2

Performance of actions that promote competition and fair trading and enable well functioning markets

CHANGES TO OUTCOMES AND OUTPUTS

The Commission's outputs as published in the 1999-2000 Treasury Portfolio Budget Statements were:

- **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.

The ACCC has amended the description of its two outputs. The descriptions have been amended to be more meaningful and the Commission's new outputs are:

- **Output 1.1.1:** The proper administration and enforcement of the *Trade Practices Act 1974*, the *Prices Surveillance Act 1983* and related laws; and

- **Output 1.1.2:** Performance of actions that promote competition and fair trading and enable well functioning markets.

The change to the output descriptions has not changed the Commission's outcome.

OUTCOME 1

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

The ACCC'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 2000-01 additional resources have been provided to the Commission for tax reform price exploitation, for legal expenses and for additional functions and powers relating to Australia Post, Airport Regulation and Telecommunications.

MEASURES AFFECTING OUTCOME 1

Monitoring tax reform price exploitation

The Government is providing additional funding of $22 million over two years for the Australian Competition and Consumer Commission (ACCC) to undertake activities to ensure compliance with the price exploitation provisions of the *Trade Practices Act 1974* (TPA). The ACCC will expand its monitoring of retail prices function to include further data collections in 2000-01 and in 2001-02; increase its capacity to respond to inquiries from business and consumers through its telephone hotline; and improve Australia-wide management of GST compliance by undertaking compliance and enforcement actions to counter deceptive and misleading conduct by unincorporated entities and individuals. The States were previously responsible for this activity.

The Government has also provided the ACCC with an additional $1 million in 1999-2000 for preparatory work on the second and third items above.

In the 1999-2000 Budget the Government provided the ACCC with $28 million over three years to monitor retail prices and to 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. Funding was also allocated to provide information to the community at large through a national advertising campaign and to enable the ACCC to take enforcement action where there are breaches of the new prohibition on price exploitation in the *Trade Practices Act 1974*.

The Government announced in the Mid-Year Economic and Fiscal Outlook 1999-2000 that it would provide the ACCC with an additional $5 million in 1999-2000 to expand its monitoring of retail prices function to include four additional data collections before the implementation of the GST on 1 July 2000.

Provisioning for legal services

The Government will provide the Australian Competition and Consumer Commission (ACCC) with additional funding to enable it to meet increased legal expenses. This will enable the ACCC to maintain its compliance and enforcement activity. In addition, it will enable the ACCC to undertake representative actions, under Part IV of the *Trade Practices Act 1974*, where it identifies that there is a misuse of market power or other restrictive trade practices.

Postal services regulation

The Government will fund the Australian Competition and Consumer Commission (ACCC) to carry out its proposed role as the competition regulator for postal services. The ACCC will undertake tasks associated with administration of functions under the access regime, including declaration inquiries; arbitration of the terms and conditions of access; and assessment of access undertakings offered by providers of postal services. It will also oversee record keeping for the purpose of accounting separation between the reserved services and other services.

This measure will be funded by a levy on Australia Post.

The proposed access regime is a key feature of the postal reform package that the Government announced in July 1998 following a review of the *Australian Postal Corporation Act 1989*. The access regime allows competitors to access Australia Post's network. The regime will promote competition in the postal services industry. The current nationwide letter service at a uniform price for standard letters up to 250 grams — the Universal Service Obligation — will be unaffected by the reforms.

Extend communications regulation

The Government will provide additional funding in 2000-01 to the Australian Competition and Consumer Commission (ACCC) to administer a number of powers in relation to competition notices and arbitration activities. This will maintain funding at 1999-2000 levels.

The measure responds to increased demands on the ACCC, in particular to those flowing from amendments contained in the *Telecommunications Legislation Amendment Act 1999*.

Specifically, the measure will assist the ACCC to speed up the workings of the competition notice regime in Part XIB of the *Trade Practices Act 1974* and the processing of arbitration and the associated legal issues under Part XIC of the Act.

The ACCC's costs will be recovered from industry in 2001-02.

Airport regulation

The Government will provide the Australian Competition and Consumer Commission (ACCC) with $3.6 million over four years to undertake its regulatory responsibilities in relation to airports.

The funding will enable the ACCC to improve airport access arrangements, assess compliance with airport price caps including pass through of necessary new investment, monitor prices of aeronautical-related services at airports, monitor quality of service and perform other related functions.

The ACCC's costs will be recovered from the industry.

The Federal Government granted long-term leases at Melbourne, Brisbane and Perth airports in 1997, and at Adelaide, Alice Springs, Canberra, Coolangatta, Darwin, Hobart, Launceston and Townsville airports in 1998. As part of the privatisation process, the Government introduced a framework for economic regulation of these airports under the *Airports Act 1996*, the *Prices Surveillance Act 1983* and the *Trade Practices Act 1974*.

Monitoring of the prices of certain milk products

The Government has provided additional funding of $0.5 million in 1999-2000 for the Australian Competition and Consumer Commission (ACCC) to monitor prices, costs and profits of businesses selling liquid milk products. This is to examine whether the prices of these products are being appropriately set given the introduction of a dairy industry adjustment levy and industry deregulation.

The Commonwealth dairy industry adjustment package will assist dairy farmers to make the transition to a deregulated environment. This follows the agreement by the State and Territory Governments to the deregulation of the dairy industry by removing current farm gate pricing arrangements. The package will be funded by a levy of 11 cents per litre that will be applied to liquid milk products. The farm gate price of milk is expected to fall following deregulation on 1 July 2000.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2000-01 appropriations translate to total resourcing for Outcome 1.

Table 2.1: Total Resources for Outcome 1

	Estimated Actual 1999-00 ($'000)	Budget Estimate 2000-01 ($'000)
Departmental appropriations		
Output group 1.1 — Australian Competition and Consumer Commission		
Output 1.1.1 — The proper administration and enforcement of the *Trade Practices Act 1974*, the *Prices Surveillance Act 1983* and related laws	46,262	66,162
Output 1.1.2 — Performance of actions that promote competition and fair trading and enable well functioning markets	11,191	9,465
Subtotal output group 1.1	57,453	75,627
Total revenue from Government (appropriations) contributing to price of departmental outputs	57,453 97.5%	75,627 99.3%
Revenue from other sources		
Sales of goods & services	1,402	468
Resources received free of charge	55	55
Total revenue from other sources	1,457	523
Total price of departmental outputs *(Total revenue from Government and from other sources)*	58,910	76,150
Total estimated resourcing for outcome 1 *(Total price of outputs and admin expenses)*	58,910	76,150

	1999-00	2000-01
Average staffing levels (number)	372	437

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

Outcome 1 defines the ACCC's role in delivering Government competition and consumer policy. The ACCC's output groups are described below and Table 2.2 provides performance information on the strategies chosen to deliver Outcome 1.

The Commission's outputs are as follows:

- **Output 1.1.1:** The proper administration and enforcement of the *Trade Practices Act 1974*, the *Prices Surveillance Act 1983* and related laws.

- **Output 1.1.2:** Performance of actions that promote competition and fair trading and enable well functioning markets.

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 until 2002.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2: Performance Information 2000-01

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 2.2: Performance Information 2000-01 (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: The proper administration and enforcement of the *Trade Practices Act 1974*, the *Prices Surveillance Act 1983* and related laws.	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: The proper administration and enforcement of the *Trade Practices Act 1974*, the *Prices Surveillance Act 1983* and related laws.	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.
	Appropriate action taken to ensure no business takes unfair advantage of *A New Tax System*.	Price movements monitored. Information provided to market participants including consumers. Complaints and issues of public concern investigated. Strategies (including court action) to achieve compliance with TPA.
	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.

Table 2.2: Performance Information 2000-01 (continued)

Performance information for agency outputs (continued)

	Indicators	Measures
	Access to essential services including postal services and airport regulation 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.
	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.

Table 2.2: Performance Information 2000-01 (continued)

Performance information for agency outputs (continued)

	Indicators	Measures
Output 1.1.2: Performance of actions that promote competition and fair trading and enable well functioning markets.	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 2000-01.

Competitive Tendering and Contracting

The ACCC is planning to market test its banking arrangements during 2000-01.

Section 3: Budgeted Financial Statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Competition and Consumer Commission's (ACCC) 2000-01 Annual Report, and form the basis for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

The budgeted financial statements have been prepared in accordance with the GST accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Research Foundation. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

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 Statement

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 2000-01.

Table 3.1: Agency Budget Statement of Revenues and Expenses (for the period ended 30 June)

	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Operating revenue					
Revenues from Government	57,453	75,627	52,046	39,214	39,875
Sales of goods and services	1,402	468	468	468	468
Other	55	55	55	55	55
Total operating revenues *(before abnormal items)*	58,910	76,150	52,569	39,737	40,398
Operating expenses					
Employees	25,143	28,804	26,660	22,159	20,604
Suppliers	33,754	41,533	25,207	16,839	19,047
Depreciation and amortisation	696	795	659	713	724
Net loss from sale of assets	1,039	20	20	20	20
Interest	16	14	10	6	3
Total operating expenses	60,648	71,166	52,556	39,737	40,398
Operating surplus or deficit before abnormal and extraordinary items	-1,738	4,984	13	-	-
Abnormal and extraordinary items	-	-	-	-	-
Operating surplus or deficit after abnormal and extraordinary items	-1,738	4,984	13	-	-
Operating surplus or deficit after abnormal and extraordinary items and CUC	-1,738	4,984	13	-	-

Table 3.2: Agency Budget Statement of Assets and Liabilities (as at 30 June)

	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Assets					
Financial assets					
Cash	2,517	4,441	2,437	1,432	932
Receivables	50	50	50	50	50
Total financial assets	2,567	4,491	2,487	1,482	982
Non-financial assets					
Land and buildings	1,328	1,519	1,569	1,931	2,099
Infrastructure, plant and equipment	1,008	1,036	1,064	725	686
Inventories	99	104	109	114	119
Intangibles	274	43	37	32	27
Other	300	269	296	334	252
Total non-financial assets	3,009	2,971	3,075	3,136	3,183
Total assets	5,576	7,462	5,562	4,618	4,165
Liabilities					
Debt					
Loans	3,019	-	-	-	-
Leases	69	47	25	14	-
Other	5	-	-	-	-
Total debt	3,093	47	25	14	-
Provisions and payables					
Employees	7,649	8,647	7,153	7,562	6,696
Suppliers	3,500	2,450	2,053	711	1,138
Total provisions and payables	11,149	11,097	9,206	8,273	7,834
Total liabilities	14,242	11,144	9,231	8,287	7,834
Equity					
Reserves	323	323	323	323	323
Accumulated surpluses or deficits	-8,989	-4,005	-3,992	-3,992	-3,992
Total equity	-8,666	-3,682	-3,669	-3,669	-3,669
Total liabilities and equity	5,576	7,462	5,562	4,618	4,165
Current liabilities	10,909	7,406	6,299	5,492	5,382
Non-current liabilities	3,333	3,738	3,209	2,739	2,478
Current assets	2,966	4,917	3,222	1,927	1,432
Non-current assets	2,610	2,598	2,670	2,688	2,812

Table 3.3: Agency Budget Cash Flow Statement (for the period ended 30 June)

	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Operating activities					
Cash received					
Appropriations for outputs	57,453	75,627	52,046	39,214	39,875
Sales of goods and services	1,302	243	368	408	428
Interest	100	225	100	60	40
Total cash received	58,855	76,095	52,514	39,682	40,343
Cash used					
Employees	24,000	27,806	28,154	21,750	21,470
Suppliers	31,890	42,583	25,604	18,181	18,620
Interest	16	14	10	6	3
Total cash used	55,906	70,403	53,768	39,937	40,093
Net cash from operating activities	2,949	5,692	-1,254	-255	250
Investing activities					
Cash used					
Repayments of loans made	-	3,019	-	-	-
Purchase of property, plant and equipment	1,000	750	750	750	750
Total cash used	1,000	3,769	750	750	750
Net cash from investing activities	1,000	3,769	750	750	750
Net increase in cash held					
Cash at the beginning of the reporting period	568	2,517	4,441	2,437	1,432
Cash at the end of the reporting period	2,517	4,441	2,437	1,432	932

Table 3.4: Agency Capital Budget Statement (for the period ended 30 June)

	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Funded by capital appropriations	81	-	-	-	-
Funded internally by agency resources	1,000	3,769	750	750	750

Table 3.5: Agency Non-financial Assets — Summary of Movement

	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 2000 (opening)	-	2,837	2,837	2,293	2,293	425	5,555
Additions	-	400	400	350	350	-	750
Disposals	-	-	-	-80	-80	-10	-90
Other movements	-	-	-	-	-	-	-
As at 30 June 2001 (closing)	-	3,237	3,237	2,563	2,563	415	6,215
Accumulated depreciation							
As at 1 July 2000 (opening)	-	1,383	1,383	1,289	1,289	240	2,912
Disposals	-	-	-	-65	-65	-5	-70
Charge for the reporting period	-	335	335	303	303	137	775
Other movements	-	-	-	-	-	-	-
As at 30 June 2001 (closing)	-	1,718	1,718	1,527	1,527	372	3,617
Net book value as at 30 June 2001 (Closing book value)	-	1,519	1,519	1,036	1,036	43	2,598
Net book value as at 1 July 2000 (Opening book value)	-	1,454	1,454	1,004	1,004	185	2,643

Total additions							
Funded internally by Agency resource	-	400	400	350	350	-	750
Total	-	400	400	350	350	-	750

Table 3.6: Statement of Administered Revenues and Expenses (for the period ended 30 June)

	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Operating revenues					
Non-taxation					
Other sources of non-taxation revenues	9,995	9,975	9,975	9,975	9,975
Other	5	25	25	25	25
Total non-taxation	10,000	10,000	10,000	10,000	10,000
Total operating revenues	10,000	10,000	10,000	10,000	10,000
Transfers to the official public account					
Amount remitted from administered revenues	10,000	10,000	10,000	10,000	10,000
Net surplus or deficit	-	-	-	-	-

Table 3.7: Administered Budget Cash Flow Statement (as at 30 June)

	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Operating activities					
Cash received					
Other taxes, fees and fines	9,995	9,975	9,975	9,975	9,975
Other	5	25	25	25	25
Total cash received	10,000	10,000	10,000	10,000	10,000
Cash used					
Cash to official public account	10,000	10,000	10,000	10,000	10,000
Total cash used	10,000	10,000	10,000	10,000	10,000
Net cash from operating activities	-	-	-	-	-
Net increase in cash held					
Cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position.

Agency and Administered Items

Agency assets, liabilities, revenues and expenses are those items that are controlled by the Commission including:

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from running costs appropriations and from user charging etc. where the proceeds are deemed appropriated under section 31 of the *Financial Management and Accountability Act 1997*; and
- employee expenses and other administrative expenses incurred in providing goods and services.

Administered items are those items which are controlled by the Government and managed by the Commission on behalf of the Government. These items include fees, fines and costs.

The purpose of the separation of agency and administered items is to enable the assessment of administrative efficiency of the Commission in providing its outcome and outputs.

Revenues from Government

Revenues from Government are revenues relating to the core operating activities of the Commission, except to the extent that they represent the receipt of assets arising from a restructuring of administrative arrangements, as shown in the following tables.

Sources of Departmental Revenue

Departmental Operating Revenue	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Appropriations — Ordinary Services Bill No. 1	47,380	67,198	48,362	35,574	36,235
Appropriations — Other Services Bill No. 1	3,492	8,429	3,684	3,640	3,640
Appropriations — Ordinary Services Bill No. 3	5,000				
Departmental Items — Adjustments & Borrowings (Section 9 of Appropriation Act No. 1 1999-2000)	1,500				
Revenue from Government	57,372	75,627	52,046	39,214	39,875
Appropriations — Capital Budget Bill No. 4	81				
Total revenue from Government	57,453	75,627	52,046	39,214	39,875

Sources of Administered Revenue

Administered revenue	Estimated Actual 1999-00 $'000	Budget Estimate 2000-01 $'000	Forward Estimate 2001-02 $'000	Forward Estimate 2002-03 $'000	Forward Estimate 2003-04 $'000
Fines and costs	9,520	9,775	9,775	9,775	9,775
Authorisation fees	475	200	200	200	200
Other	5	25	25	25	25
Total administered revenue	10,000	10,000	10,000	10,000	10,000

Recognition of Assets

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet except for purchases costing less than $1,000 which are expensed in the year of acquisition, other than where they form part of a group of similar items which are significant in total.

Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the statement of agency revenues and expenses on a basis which is representative of the pattern of benefits derived from the lease assets.

Depreciation and Amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Commission using in all cases the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

Asset Class	**Total useful life**
Fitout	Lesser of the term of the lease or 10 years
Furniture	5 years
Office equipment	5 years
Computer hardware and software	3 years