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 administers the *Trade Practices Act 1974* and the *Prices Surveillance Act 1983* and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

The ACCC 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 ACCC 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 2001-02 Budget are $83.4 million (see Table 1.1 on the following page).

Australian Competition and Consumer Commission — appropriations 2001-02

Table 1.1: Appropriations and other revenue

Outcome	Agency (price of outputs) ($'000)					Administered ($'000)				($'000)
	Revenue from Government (appropriations)			Revenue from other sources[4]	Price of outputs[3]	Annual appropriations		Special approps	Total administered appropriations	Total appropriations
	Bill No. 1	Special approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs)[2]			
	(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	83,400	-	(C1)[1] 83,400	1,156	(E1)[1] 84,556	-	-	-	-	83,400
			*99%	1%	100%					
Total	83,400	-	(K1)[1] 83,400	1,156	84,556	-	-	-	-	83,400
									Agency capital (equity injections and loans)	-
									Administered capital	-
									Total appropriations	83,400

(1) C1 and E1 refer to information provided in Table 2.1. K1 refers to information provided in Table 3.1.
(2) Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), New Agency Outcomes (NAO's), administered capital and agency capital via agency injections and loans.
(3) Refer to Table 3.1 for application of agency revenue.
(4) Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services by agencies). Non-appropriated agency and administered revenues are detailed in Appendix 1.
* Percentage figures indicate the percentage contribution of revenue from government (agency appropriations) to the total price of outputs, by outcome.

BUDGET MEASURES — AUSTRALIAN COMPETITION AND CONSUMER COMMISSION SUMMARY

Table 1.2: Summary of measures in the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations budget 2001-02 ($'000)			Appropriations estimate 2002-03 ($'000)			Appropriations estimate 2003-04 ($'000)			Appropriations estimate 2004-05 ($'000)		
			Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total
Pricing review of the Australian Competition and Consumer Commission	1	1.1	-	21,400	21,400	-	16,600	16,600	-	11,800	11,800	-	17,000	17,000

ADMINISTERED CAPITAL AND AGENCY EQUITY INJECTIONS AND LOANS

The ACCC does not have an appropriation for an equity injection or loan or an appropriation for administered capital in 2001-02.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

The map below 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.

Chart 6: Outcomes and outputs groups

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: $84.6 million
Agency outcomes appropriation: $83.4 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

OUTCOME 1 — DESCRIPTION

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* and the *Prices Surveillance Act 1983* and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

The ACCC 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 2001-02 additional resources have been provided to the ACCC for a pricing review of the ACCC.

Measures affecting Outcome 1

Pricing review of the Australian Competition and Consumer Commission

The Government will provide the Australian Competition and Consumer Commission with additional funding to maintain service delivery standards and to improve service delivery in priority areas such as e-commerce and rural and regional issues.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2001-02 appropriations translate to total resourcing for Outcome 1.

Table 2.1: Total resources for Outcome 1

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000
Agency 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	71,845	79,700
Output 1.1.2 Performance of actions that promote competition and fair trading and enable well functioning markets	3,782	3,700
Total revenue from government (appropriations)	75,627	(C1)[1]83,400
Contributing to price of agency outputs	99%	99%
Revenue from other sources		
Sale of goods and services	650	650
Interest	240	456
Resources received free of charge	50	50
Total revenue from other sources	940	1,156
Total price from agency outputs (Total revenue from government and from other sources)	76,567	(E1)[1]84,556
Total estimated resourcing for Outcome 1 (Total price of outputs and administered expenses)	76,567	84,556

	2000-01	2001-02
Average staffing level (number)	437	480

(1) C1 and E1 — see Table 1.1.

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

Table 2.2: Performance information for Outcome 1

Effectiveness — overall achievement of the outcome	Indicators	Measures
Secure compliance by business with the Trade Practices Act (TPA).	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 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 TPA 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 for Outcome 1 (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	Increasing resolution speed of arbitrations in telecommunications.	Increase the speed of finalising telecommunications arbitrations from 8 per year to 10 per year.
	Reducing the number of outstanding regulatory decisions in telecommunications.	Reduce the number of outstanding access disputes from 15 to 5 over 2-year period.
	Increasing number of telecommunications investigations.	Increase the number of telecommunications investigations from 10 to 15.
	Reducing the number of outstanding regulatory decisions in gas.	Improved timeliness in delivery of decisions under National Gas Code — reduction in outstanding applications from 11 to 4 over 18 months.
	Development and finalisation of regulatory guidelines in gas.	Development of guidelines for exercise of regulatory responsibilities by end 2002.
	Increasing resolution speed of arbitrations in gas.	Improved monitoring work — increase in speed of resolution of arbitrations under the National Gas Code from 3 to 6 over 18 month period.
	Extending Commission small business communications programs to remote business and community organisations.	Expansion of satellite broadcast project to reach 150 remote communities by 2002-03.
	Development of tailored compliance information tool kits for distribution to small business.	Development of compliance tools and information for small business for distribution by June 2002.
		Production of information leaflets tailored to 4 key problem areas of small business by June 2002.

Table 2.2: Performance information for Outcome 1 (continued)

Performance information for agency outputs (continued)

	Indicators	Measures
	Development and finalisation of regulatory guidelines in electricity.	Finalisation of regulatory principles guidelines for transmission networks by June 2002.
	Reducing the number of outstanding regulatory decisions in electricity.	Finalisation of network ring fencing and accounting separation rules by December 2001.
	Reducing the time taken to authorise national electricity market code changes.	Changes to national electricity code to incorporate move towards nodal pricing on transmission network by December 2001. Reduction in outstanding authorisations from 60 to 20 by March 2002.
	Extending Commission communications programmes to remote business and community organisations in rural and regional Australia.	Development of 400 partnerships with local agencies/Rural Transaction Centres by June 2002. Establishment of Rural and Regional Advisory Committee by December 2001 to advise ACCC of competition and consumer issues and to assist ACCC in promoting its activities in remote locations. Meet quarterly. Implementation of a regional visits programme. Advertising of ACCC services in regional and rural press 4 times a year.
	Reduction in number of irrelevant complaints.	Decrease percentage of irrelevant complaints from 53 per cent to 40 per cent by June 2003.
	Development of domestic and international information exchange networks on e-commerce.	Establishment, by December 2001 of networks with international and domestic agencies to gain expertise in information/internet based conduct. Development of internet specific strategy by March 2002 to improve the handling of potential competition and consumer protection issues by government agencies and encourage exchange of information on relevant e-commerce activities by December 2001.

Table 2.2: Performance information for Outcome 1 (continued)

Performance information for agency outputs (continued)

	Indicators	**Measures**
	Establishment of an e-commerce investigatory capability.	Development of appropriate computer forensic capacity and relevant skills by December 2001. Development of strategies to manage Commission's capacity to respond quickly to emerging issues by December 2001.
	Extending production of compliance information for the health and other professions sector.	Provision of cost effective information on ACCC in relevant sectors through a new publication by March 2002.
	Undertake compliance/adjudication actions in the health and other professions sector.	Commencement of 2 additional compliance/adjudication actions by March 2002.
Output 1.1.2 — Performance of actions that promote competition and fair trading and enable well functioning markets	The number of stakeholder visits.	Increase in number of stakeholder contacts from 10 to 50.
	Increasing the level of awareness of ACCC and its role.	Increased awareness of the Trade Practices Act in the small business and other emerging markets sectors as measured by provision of an additional 5000 copies of compliance publications. ACCC Consultative Committee to meet twice yearly.
	Development of tailored compliance information tool kits for distribution to organisations in rural and regional Australia.	Extension of publications program- provision of 2 new publications to remote communities by March 2002.

Evaluations

Stakeholder views will be sought on the effectiveness of the ACCC's actions.

Competitive tendering and contracting

Some aspects of corporate services are already outsourced. Other aspects of corporate services, such as the library, and aspects of finance and personnel services will be market tested.

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) 2001-02 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 abridged notes

The budgeted financial statements have been prepared in accordance with the Goods and Services Tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. 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.

AGENCY STATEMENTS

Budgeted agency statement of financial performance

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.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

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

Agency non-financial assets — summary of movement

This statement shows the movement in the ACCC's non-financial assets over the Budget year 2001-02.

ADMINISTERED NOTES

Details of transactions administered by the agency on behalf of the Commonwealth are to be shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from government and transfers to the Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

Table 3.1: Budgeted agency statement of financial performance
for the period ended 30 June

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
Revenues from ordinary activities		(K1)(1)			
Revenue from government	75,627	83,400	61,800	57,700	57,900
Sale of goods and services	650	650	650	650	650
Interest	240	456	506	571	632
Resources free of charge	50	50	50	50	50
Total revenues from ordinary activities	76,567	84,556	63,006	58,971	59,232
Expenses from ordinary activities (excluding borrowing cost expense)					
Employees	29,613	29,663	27,347	28,854	30,437
Suppliers	40,001	47,645	31,671	26,076	25,076
Depreciation and amortisation	1,449	1,211	1,243	1,332	1,377
Net losses from sale of assets	280	266	-	-	-
Other	71	70	70	70	69
Total expenses from ordinary activities (excluding borrowing cost expense)	71,414	78,855	60,331	56,332	56,959
Borrowing cost expense	-	-	-	-	-
Net surplus or deficit from ordinary activities	5,153	5,701	2,675	2,639	2,273
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	5,153	5,701	2,675	2,639	2,273
Capital use charge	-	-	-	-	-
Net surplus or deficit after capital use charge	5,153	5,701	2,675	2,639	2,273

(1) K1 — see Table 1.1.

Table 3.2: Budgeted agency statement of financial position
as at 30 June

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	46	47	218	334	500
Receivables	235	235	235	235	235
Investments	-	5,203	6,482	7,812	9,204
Total financial assets	281	5,485	6,935	8,381	9,939
Non-financial assets					
Land and buildings	2,433	2,962	3,472	3,965	5,043
Infrastucture, plant and equipment	1,404	1,120	836	1,994	1,654
Inventories	95	95	95	95	95
Intangibles	872	901	930	960	991
Other	2,328	2,328	2,328	2,328	2,328
Total non-financial assets	7,132	7,406	7,661	9,342	10,111
Total assets	7,413	12,891	14,596	17,723	20,050
LIABILITIES					
Debt					
Leases	1,260	1,260	1,260	1,498	1,498
Total debt	1,260	1,260	1,260	1,498	1,498
Provisions and payables					
Employees	8,154	8,182	7,543	7,959	8,397
Suppliers	7,221	6,970	6,639	6,473	6,090
Total provisions and payables	15,375	15,152	14,182	14,432	14,487
Total liabilities	16,635	16,412	15,442	15,930	15,985
EQUITY					
Capital	3,100	3,100	3,100	3,100	3,100
Reserves	768	768	768	768	768
Accumulated surpluses or deficits	-13,090	-7,389	-4,714	-2,075	197
Total equity	-9,222	-3,521	-846	1,793	4,065
Current liabilities	14,752	14,524	13,682	14,039	14,006
Non-current liabilities	1,883	1,888	1,761	1,891	1,979
Current assets	376	5,485	6,935	8,381	9,939
Non-current assets	7,037	7,406	7,661	9,342	10,111

Table 3.3: Budgeted agency statement of cash flows
for the period ended 30 June

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	75,677	83,400	61,800	57,700	57,900
Sale of goods and services	487	650	650	650	650
Interest	240	456	506	571	632
Total cash received	76,404	84,506	62,956	58,921	59,182
Cash used					
Employees	29,655	29,635	27,986	28,438	29,999
Suppliers	47,232	47,916	32,022	26,262	25,479
Total cash used	76,888	77,551	60,008	54,700	55,478
Net cash from operating activities	-484	6,955	2,948	4,221	3,704
INVESTING ACTIVITIES					
Cash used					
Investments made	-	5,203	1,279	1,330	1,392
Purchase of property, plant and equipment	1,671	1,751	1,498	2,775	2,146
Total cash used	1,671	6,954	2,777	4,105	3,538
Net cash from investing activities	-1,671	-6,954	-2,777	-4,105	-3,538
Net increase in cash held	-2,155	1	171	116	166
Cash at beginning of reporting period	2,201	46	47	218	334
Cash at end of reporting period	46	47	218	334	500

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2001-02)

	Land	Buildings	Total land and buildings	Specialist military equipment	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROSS VALUE								
As at 1 July 2001 (opening)	-	3,536	3,536	-	2,378	2,378	1,478	7,392
Additions	-	900	900	-	252	252	332	1,484
Disposals	-	-720	-720	-	-224	-224	-296	-1,240
As at 30 June 2002 (closing)	-	3,716	3,716	-	2,406	2,406	1,514	7,636
ACCUMULATED DEPRECIATION								
As at 1 July 2001 (opening)	-	1,103	1,103	-	974	974	606	2,683
Disposals	-	-720	-720	-	-224	-224	-296	-1,240
Charge for the reporting period	-	371	371	-	536	536	303	1,210
As at 30 June 2002 (closing)	-	754	754	-	1,286	1,286	613	2,653
Net book value As at 30 June 2002 (closing book value)	-	2,962	2,962	-	1,120	1,120	901	4,983
Net book value As at 1 July 2001 (opening book value)	-	2,433	2,433	-	1,404	1,404	872	4,709
TOTAL ADDITIONS								
Self funded	-	900	900	-	252	252	332	1,484
Total	-	900	900	-	252	252	332	1,484

Table 3.6: Statement of budgeted administered financial performance
for the period ended 30 June

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
REVENUES					
Non-taxation					
Other sources of non-taxation revenues	36,005	40,000	10,000	10,000	10,000
Total non-taxation	36,005	40,000	10,000	10,000	10,000
Total revenues administered on behalf of the Government	36,005	40,000	10,000	10,000	10,000
EXPENSES					
Other	361	200	200	200	200
Total expenses administered on behalf of the Government	361	200	200	200	200

Table 3.7: Statement of budgeted administered financial position *as at 30 June*

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	1,834	1,918	1,718	1,518	1,318
Receivables	2,445	2,000	2,000	2,000	2,000
Total financial assets	4,279	3,918	3,718	3,518	3,318
Total assets administered on behalf of the Government	4,279	3,918	3,718	3,518	3,318
LIABILITIES					
Provisions and payables					
Other	361	200	200	200	200
Total provisions and payables	361	200	200	200	200
Total liabilities administered on behalf of the Government	361	200	200	200	200
Current liabilities	361	200	200	200	200
Non-current liabilities	-	-	-	-	-
Current assets	4,279	3,918	3,718	3,518	3,318
Non-current assets	-	-	-	-	-

Table 3.8: Statement of budgeted administered cash flows
for the period ended 30 June

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	38,301	40,074	9,790	9,790	9,790
Other	5	10	10	10	10
Total cash received	38,306	40,084	9,800	9,800	9,800
Net cash from operating activities	38,306	40,084	9,800	9,800	9,800
INVESTING ACTIVITIES					
Cash used					
Cash to Official Public Account	36,500	40,000	10,000	10,000	10,000
Total cash used	36,500	40,000	10,000	10,000	10,000
Net cash from investing activities	36,500	40,000	10,000	10,000	10,000
Net increase in cash held	1,806	84	-200	-200	-200
Cash at beginning of reporting period	28	1,834	1,918	1,718	1,518
Cash at end of reporting period	1,834	1,918	1,718	1,518	1,318

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, are at valuation. Except where stated, 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 ACCC. They are used by the ACCC in producing its outputs, including:

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from appropriations or independent sources in payment of outputs; and
- employee, supplier and depreciation expenses incurred in producing Commission outputs.

Administered items are those items which are controlled by the Government and managed or oversighted by the ACCC on behalf of the Government. These administered items managed or controlled by the ACCC include authorisation fees, fines and costs.

The purpose of the separation of agency and administered items is to enable the assessment of administrative efficiency of the agency in providing goods and services.

Revenues from government

Revenues from government are revenues relating to the core operating activities of the ACCC. Policies for accounting for revenue from government follow:

Agency appropriations

From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework.

Appropriations to the ACCC for its agency outputs are recognised as revenue to the extent they have been received into the ACCC's bank account or are entitled to be received by the ACCC at year end.

Resources received free of charge

Services received free of charge are recognised in the statement of financial performance as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Other revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Administered revenue includes fines and costs, which are recognised as per the court judgement orders. Authorisation fees are recognised when the application is received.

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 operating performance on a basis which is representative of the pattern of benefits derived from the lease assets.

The ACCC entered into a sale and lease back of certain IT assets on 1 July 1999. This sale and lease back of the IT assets has been specifically treated as a finance lease. The consequent loss on sale of $0.8 million is being amortised over three years.

Receivables

Court costs, which are awarded, are not considered as receivables or as creditors, as the case may be, until the costs have been agreed by the concerned parties.

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year end.

Bad debts are written off during the year in which they are identified.

Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, 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).

Revaluations

Schedule 2 requires that buildings, infrastructure, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive 3 year cycles.

The ACCC revalued all its assets (except intangibles) on 1 July 1999. The current revaluation cycle commenced in 1999-2000.

The ACCC is implementing the requirements of Schedule 2 as follows:

- leasehold improvements were revalued as at 1 July 1999 at depreciated replacement cost;
- plant and equipment (including furniture and fittings, office equipment and computer equipment excluding software) assets, were revalued as at 1 July 1999 at deprival value;
- intangibles (software) have not been revalued.

Depreciation and amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the ACCC 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.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates apply to each class of depreciable asset are as follows:

Asset class	Total useful life
Fitout	Lesser of the term of the lease or 10 years
Furniture and fittings	10 years
Office equipment	5 years
Computer hardware	3 years
Computer software	3 to 7 years

Appendix 1

Non-appropriation agency and administered revenue

	Estimated revenue 2000-01 $'000	Estimated revenue 2001-02 $'000
Non-appropriation agency revenue		
Sale of goods and services	650	650
Interest	240	456
Resources free of charge	50	50
Total non-appropriation agency revenue	940	1,156
Non-appropriation administered revenue		
Fines and costs	35,500	39,490
Authorisation fees	500	500
Other	5	10
Total non-appropriation administered revenue	36,005	40,000