

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2002-03 Portfolio Budget Statements* (page 69).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$0.7 million for the Australian Competition and Consumer Commission (ACCC).

MEASURES

Outcome 1 — To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets

	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000
Outcome 1				
Increased regulatory oversight of Australia Post	200	900	600	600
Medical Indemnity Insurance Assistance Package	500	-	-	-

Increased regulatory oversight of Australia Post

Additional resourcing will be provided to the Australian Competition and Consumer Commission to develop record keeping rules to ensure Australia Post (AP) is not inappropriately cross subsidising its retail services and to inquire into disputes and make recommendations in relation to AP's bulk interconnection service.

Additional resourcing will also be provided to the Australian Communications Authority to calculate the cost of AP's community service obligations and to monitor and report on quality of service issues.

Further details may be found in the Minister for Communications, Information Technology and the Arts' Press Release No. 253/02 of 14 November 2002.

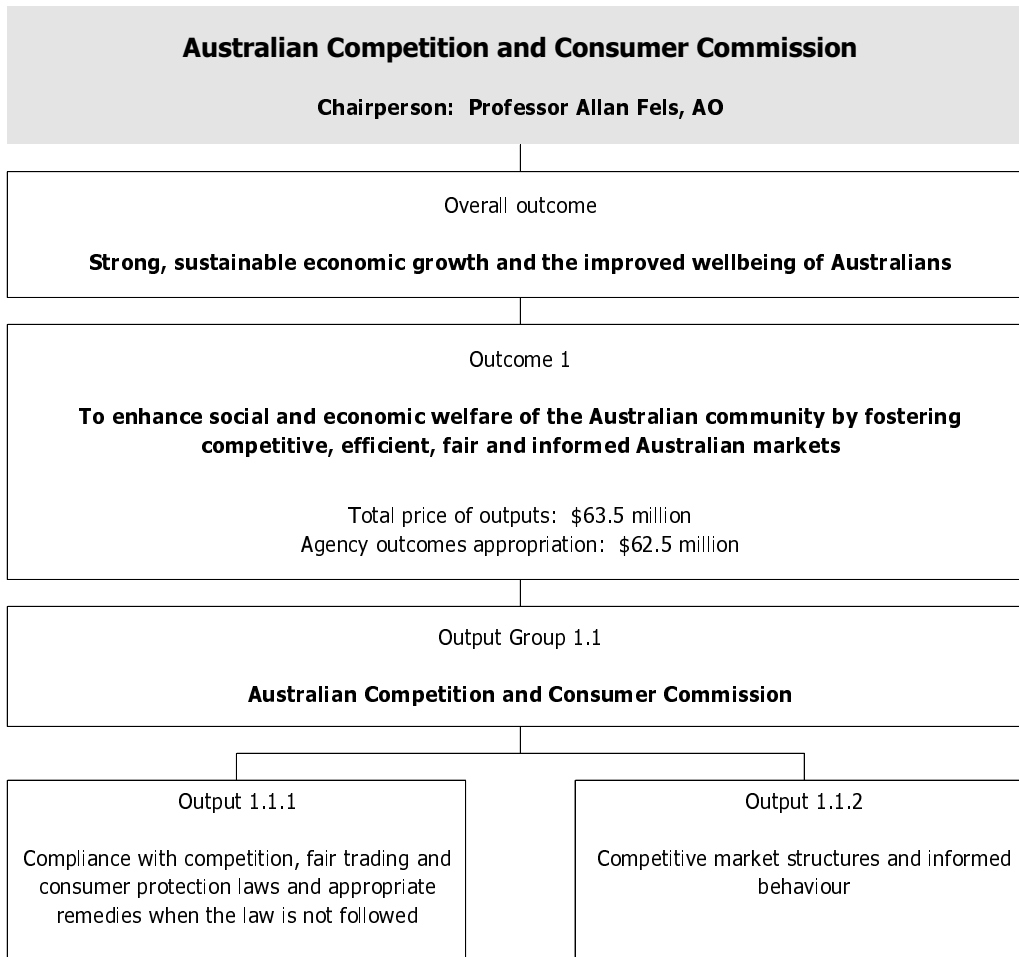
Medical Indemnity Insurance Assistance Package

The Government has decided to provide additional funding of \$0.5 million in 2002-03 for the Australian Competition and Consumer Commission to monitor medical indemnity insurance premiums following implementation of the Government's package of measures.

Included within this additional funding is \$246.5 million over four years to the Department of Health and Ageing to implement the Government's package of measures for providing assistance to doctors, United Medical Protection Limited and the medical indemnity insurance industry generally.

This package was announced in the Prime Minister's Press Release of 23 October 2002 and is aimed at ensuring key private medical services, including in rural and regional areas, are maintained, and providing a new framework for the provision of medical indemnity insurance in Australia.

Map 2: Outcomes and output groups



MEASURES: AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Table 1.1: Summary of measures since the 2002-03 Budget

Measure	Outcome	Output Groups affected	2002-03 appropriations budget \$'000			2003-04 appropriations forward estimate \$'000			2004-05 appropriations forward estimate \$'000			2005-06 appropriations forward estimate \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Increased regulatory oversight of Australia Post	1	1.1	-	200	200	-	900	900	-	600	600	-	600	600
Medical Indemnity Insurance Assistance Package	1	1.1	-	500	500	-	-	-	-	-	-	-	-	-
Total			-	700	700	-	900	900	-	600	600	-	600	600

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2002-03

	2001-02 available \$'000	2002-03 budget \$'000	2002-03 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	83,400	61,800	62,500	700	-
Total	83,400	61,800	62,500	700	-

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Competition and Consumer Commission (ACCC) has not made any changes to its outcome or outputs since the *2002-03 Portfolio Budget Statements*.

Revised performance information and level of achievement — 2002-03

The ACCC has not made any changes to its performance information since the *2002-03 Portfolio Budget Statements*.

Section 3: Budgeted Financial Statements

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the Australian Competition and Consumer Commission (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 2002-03.

NOTES OF ADMINISTERED ACTIVITY

Details of transactions administered by ACCC on behalf of the Commonwealth are shown in the following notes.

Note of budgeted administered financial performance

This note identifies 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)**

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
Revenues from ordinary activities					
Revenue from government	83,400	62,500	58,600	58,500	57,921
Sales of goods and services	390	400	400	400	400
Interest	730	506	571	632	697
Other	60	50	50	50	50
Total revenues from ordinary activities	84,580	63,456	59,621	59,582	59,068
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	33,859	27,822	29,338	31,039	30,819
Suppliers	35,991	32,652	27,414	26,172	25,991
Depreciation and amortisation	2,011	1,243	1,332	1,377	1,377
Net loss on sales of assets	315	-	-	-	-
Interest	-	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	72,176	61,717	58,084	58,588	58,187
Borrowing costs expense	110	70	70	70	70
Net surplus or deficit from ordinary activities	12,294	1,669	1,467	924	811
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	12,294	1,669	1,467	924	811
Capital Use Charge	-	-	-	-	-
Net surplus or deficit after Capital Use Charge	12,294	1,669	1,467	924	811

**Table 3.2: Budget agency statement of financial position
(as at 30 June)**

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
ASSETS					
Financial assets					
Cash	3,707	8,795	7,710	6,533	5,789
Receivables	989	235	235	235	235
Investments	12,671	6,482	7,812	9,204	10,659
Total financial assets	17,367	15,512	15,757	15,972	16,683
Non-financial assets					
Land and buildings	2,462	3,472	3,965	5,043	5,043
Infrastructure, plant and equipment	1,743	836	1,994	1,654	1,654
Inventories	103	95	95	95	95
Intangibles	787	930	960	991	991
Other	1,335	2,328	2,328	2,328	2,328
Total non-financial assets	6,430	7,661	9,342	10,111	10,111
Total assets	23,797	23,173	25,099	26,083	26,794
LIABILITIES					
Debt					
Leases	995	1,260	1,498	1,498	1,498
Other	593	-	-	-	-
Total debt	1,588	1,260	1,498	1,498	1,498
Provisions and payables					
Employees	9,703	7,543	7,959	8,397	8,312
Suppliers	6,510	6,704	6,509	6,131	6,116
Total provisions and payables	16,213	14,247	14,468	14,528	14,428
Total liabilities	17,801	15,507	15,966	16,026	15,926
EQUITY					
Capital	3,100	3,100	3,100	3,100	3,100
Reserves	1,052	1,052	1,052	1,052	1,052
Accumulated surpluses or deficits	1,844	3,514	4,981	5,905	6,716
Total equity	5,996	7,666	9,133	10,057	10,868
Current liabilities	14,272	12,739	12,877	12,849	12,766
Non-current liabilities	3,529	2,768	3,089	3,177	3,160
Current assets	17,367	15,512	15,757	15,972	16,683
Non-current assets	6,430	7,661	9,342	10,111	10,111

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

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	83,400	62,500	58,600	58,500	57,921
Sales of goods and services	979	1,154	400	400	400
Interest	724	506	571	632	697
Total cash received	85,103	64,160	59,571	59,532	59,018
Cash used					
Employees	32,765	29,982	28,922	30,601	30,904
Suppliers	65,487	33,426	27,629	26,570	26,026
Total cash used	98,252	63,408	56,551	57,171	56,930
Net cash from operating activities	(13,149)	752	3,020	2,361	2,088
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	9	-	-	-	-
Withdrawals from deposits	-	6,189	-	-	-
Total cash received	9	6,189	-	-	-
Cash used					
Purchases of property, plant and equipment	1,882	1,853	2,775	2,146	1,377
Investment in deposits	12,671	-	1,330	1,392	1,455
Total cash used	14,553	1,853	4,105	3,538	2,832
Net cash from investing activities	(14,544)	4,336	(4,105)	(3,538)	(2,832)
Net increase (decrease) in cash held	2,307	5,088	(1,085)	(1,177)	(744)
Cash at the beginning of the reporting period	1,400	3,707	8,795	7,710	6,533
Cash at the end of the reporting period	3,707	8,795	7,710	6,533	5,789

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2002-03)

	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
Carrying amount at the start of year	-	2,462	2,462	-	1,743	1,743	787	4,992
Additions	-	1,400	1,400	-	-	-	453	1,853
Disposals	-	-	-	-	(364)	(364)	-	(364)
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(390)	(390)	-	(543)	(543)	(310)	(1,243)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	3,472	3,472	-	836	836	930	5,238
Total additions								
Self funded	-	1,400	1,400	-	-	-	453	1,853
Appropriations	-	-	-	-	-	-	-	-
Total	-	1,400	1,400	-	-	-	453	1,853

**Table 3.6: Note of budgeted administered financial performance
(for the period ended 30 June)**

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
REVENUES					
Non-taxation					
Other sources of non-taxation revenues	7,152	10,000	10,000	10,000	10,000
Total non-taxation	7,152	10,000	10,000	10,000	10,000
Total revenues administered on behalf of government	7,152	10,000	10,000	10,000	10,000
EXPENSES					
Net write-down of assets	-	200	200	200	200
Total expenses administered on behalf of government	-	200	200	200	200

**Table 3.7: Note of budgeted administered financial position
(as at 30 June)**

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
ASSETS					
Financial assets					
Cash	3	-	-	-	-
Receivables	7,138	2,000	2,000	2,000	2,000
Total financial assets	7,141	2,000	2,000	2,000	2,000
Total assets administered on behalf of government	7,141	2,000	2,000	2,000	2,000
LIABILITIES					
Provisions and payables					
Other	331	200	200	200	200
Total provisions and payables	331	200	200	200	200
Total liabilities administered on behalf of government	331	200	200	200	200
Current liabilities	331	200	200	200	200
Non-current liabilities	-	-	-	-	-
Current assets	7,141	2,000	2,000	2,000	2,000
Non-current assets	-	-	-	-	-

**Table 3.8: Note of budgeted administered cash flows
(for the period ended 30 June)**

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	3,806	14,797	9,790	9,790	9,790
Other	11	10	10	10	10
Total cash received	3,817	14,807	9,800	9,800	9,800
Net cash from operating activities	3,817	14,807	9,800	9,800	9,800
INVESTING ACTIVITIES					
Cash used					
Cash to Official Public Account	3,814	14,810	9,800	9,800	9,800
Total cash used	3,814	14,810	9,800	9,800	9,800
Net cash from investing activities	(3,814)	(14,810)	(9,800)	(9,800)	(9,800)
Net increase (decrease) in cash held	3	(3)	-	-	-
Cash at beginning of reporting period	-	3	-	-	-
Administered cash at end of reporting period	3	-	-	-	-

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.

Revenue from government

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

Agency appropriations

Since 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.

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 1 requires that buildings, infrastructure, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive three 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 currently having its assets revalued in accordance with its revaluation strategy. However, no revaluation adjustments have been factored into the current budget estimates.

The ACCC is implementing the requirements of Schedule 1 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; and
- 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.

Part C: Agency Additional Estimates Statements —ACCC

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

Appendix 1

Agency and administered revenue

	2002-03 budget estimate \$'000	2002-03 revised estimate \$'000
AGENCY REVENUE		
Non-appropriation agency revenue		
Sales of goods and services	390	400
Interest	730	506
Resources free of charge	60	50
Total non-appropriation agency revenue	1,180	956
Appropriation revenue	61,800	62,500
Total agency revenue	62,980	63,456
ADMINISTERED REVENUE		
Non-appropriation administered revenue		
Fines and costs	6,780	9,490
Authorisation fees	361	500
Other	11	10
Total non-appropriation administered revenue	7,152	10,000
Total estimated revenue	70,132	73,456