AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 67).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $7.581 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

	2003-04 $'000	2004-05 $'000	2005-06 $'000	2006-07 $'000
Outcome 1				
Australian Competition and Consumer Commission - additional funding	6,770	-	-	-
Budget estimates - enhanced quality and timeliness	279	268	257	239
Budget estimates - enhanced quality and timeliness *(Related capital)*	56	-	-	-

Australian Competition and Consumer Commission — additional funding

The Government will provide the Australian Competition and Consumer Commission with additional funding of $6.770 million in 2003-04 to meet additional cost pressures.

The additional funding in 2003-04 will ensure that the Australian Competition and Consumer Commission has sufficient resources to manage its current commitments without compromising its effectiveness in fostering competitive markets.

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of $88.5 million over five years (including $0.1 million in 2007-08) to implement the Budget Estimates and

Framework Review (BEFR) recommendations. This funding includes capital of $7.4 million over four years.

In the 2003-04 Budget the Government made provision for $78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra $10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

The ACCC is seeking additional price of outputs funding of $0.069 million for the increase to the Comcover premium and $0.463 million depreciation supplementation.

MEASURES — AUSTRALIAN COMPETITION AND CONSUMER COMMISSION SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget $'000			2004-05 appropriations forward estimate $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Australian Competition and Consumer Commission - additional funding	1	1.1	-	6,770	6,770	-	-	-	-	-	-	-	-	-
Budget estimates - enhanced quality and timeliness	1	1.1	-	279	279	-	268	268	-	257	257	-	239	239
Budget estimates - enhanced quality and timeliness *(Related capital)*	1	1.1	-	56	56	-	-	-	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency

Australian Competition and Consumer Commission

Chairperson: Mr Graeme Samuel

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: $74.6 million
Agency outcomes appropriation: $74.1 million

Output Group 1.1

Australian Competition and Consumer Commission

Output 1.1.1

Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed

Output 1.1.2

Competitive market structures and informed behaviour

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 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	62,500	66,567	74,148	7,581	-
Total	62,500	66,567	74,148	7,581	-

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-Operating					
Equity injection	-	-	56	56	-
Total capital	-	-	56	56	-
Total	-	-	56	56	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
Outcome 1			
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	465	460	(5)
Total	465	460	(5)

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2003-04 total approp budget $'000	2003-04 total approp revised $'000	Receipts from independent sources budget $'000	Receipts from independent sources revised $'000	Variation in non-govt revenue $'000
Outcome 1					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	66,567	74,148	400	400	-
Total	66,567	74,148	400	400	-

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	400	400
Interest	-	-
Other	60	60
Total non-appropriation agency revenues	460	460
Appropriation revenue	66,567	74,148
Total estimated agency revenues	67,027	74,608
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Other	10,000	10,000
Total non-appropriation administered revenues	10,000	10,000
Total estimated agency and administered revenues	77,027	84,608

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

	A[1]	**2003-04**	**2003-04**	**2003-04**	**2003-04**	**2003-04**
	B[1]	2002-03	2002-03	2002-03	2002-03	2002-03
		opening balance	receipts	payments	adjustments	closing balance
		$'000	$'000	$'000	$'000	$'000
SPECIAL ACCOUNTS[2]						
Other Trust Monies		**382**	**-**	**7**	**-**	**375**
		253	138	9	-	382
Total special accounts		**382**	**-**	**7**	**-**	**375**

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) The special accounts are departmental in nature and are governed by the *Financial Management and Accountability Act 1997*.

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 *2003-04 Portfolio Budget Statements*.

Output cost attribution

The allocation of other expenses is based upon detailed analysis by cost centre managers prior to the commencement of the financial year. Cost centre managers confirm in writing their contribution to the output split, and this information is distributed to staff for coding of actual transactions.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
Agency appropriations		
Output Group 1.1 - Australian Competition and Consumer Commission		
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	41,067	48,382
Output 1.1.2 - Competitive market structures and informed behaviour	25,500	25,766
Total revenues from government (appropriations) contributing to price of agency outputs	66,567	74,148
Revenue from other sources		
Goods and services	400	400
Other	60	60
Total revenue from other sources	460	460
Total price from agency outputs (Total revenues from government and from other sources)	67,027	74,608
Total estimated resourcing (Total price of outputs and administered appropriations)	67,027	74,608

	2003-04	2003-04
Average staffing level (number)	465	460

Revised performance information and level of achievement – 2003-04

The ACCC has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

AGENCY 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) 2003-04 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.

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 capital budget statement

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

Agency non-financial assets — summary of movement

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

NOTE OF ADMINISTERED ACTIVITY

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)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	62,560	74,148	67,268	65,983	67,155
Goods and services	530	400	400	400	400
Interest	54	-	-	-	-
Revenue from sales of assets	3	-	-	-	-
Other	-	60	60	60	60
Total revenues from ordinary activities	63,147	74,608	67,728	66,443	67,615
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	35,132	38,200	39,850	40,452	41,063
Suppliers	35,969	40,423	25,570	23,697	24,297
Depreciation and amortisation	2,126	2,145	2,202	2,201	2,183
Write-down of assets	26	-	-	-	-
Value of assets sold	17	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	73,270	80,768	67,622	66,350	67,543
Borrowing costs expense	80	94	106	93	72
Operating surplus or deficit from ordinary activities	(10,203)	(6,254)	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit attributable to Commonwealth	(10,203)	(6,254)	-	-	-

Table 3.2: Budgeted Agency Statement of Financial Position (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	2,186	-	-	-	-
Receivables	8,234	795	795	795	795
Total financial assets	10,420	795	795	795	795
Non-financial assets					
Land and buildings	1,999	3,965	5,043	5,043	5,043
Infrastructure, plant and equipment	1,734	2,050	1,654	1,654	1,654
Inventories	87	95	95	95	95
Intangibles	978	1,485	1,485	1,485	1,485
Other	768	768	768	768	768
Total non-financial assets	5,566	8,363	9,045	9,045	9,045
Total assets	15,986	9,158	9,840	9,840	9,840
LIABILITIES					
Interest bearing liabilities					
Leases	562	562	562	562	562
Total interest bearing liabilities	562	562	562	562	562
Provisions					
Employees	10,386	11,946	12,533	14,144	15,779
Total provisions	10,386	11,946	12,533	14,144	15,779
Payables					
Suppliers	9,070	6,880	6,975	5,364	3,729
Other	468	468	468	468	468
Total payables	9,538	7,348	7,443	5,832	4,197
Total liabilities	20,486	19,856	20,538	20,538	20,538
EQUITY					
Contributed equity	3,100	3,156	3,156	3,156	3,156
Reserves	1,052	1,052	1,052	1,052	1,052
Retained surpluses or accumulated deficits	(8,652)	(14,906)	(14,906)	(14,906)	(14,906)
Total equity	(4,500)	(10,698)	(10,698)	(10,698)	(10,698)
Current liabilities	14,803	13,883	14,272	13,466	12,649
Non-current liabilities	5,683	5,973	6,266	7,072	7,889
Current assets	11,182	1,563	1,563	1,563	1,563
Non-current assets	4,804	7,595	8,277	8,277	8,277

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

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	62,500	74,148	67,268	65,983	67,155
Goods and services	708	427	400	400	400
Interest	68	-	-	-	-
GST received from the Australian Taxation Office	3,537	-	-	-	-
Other	-	7,439	60	60	60
Total cash received	66,813	82,014	67,728	66,443	67,615
Cash used					
Cash returned to Official Public Account	7,439	-	-	-	-
Employees	34,450	38,846	38,263	38,840	39,428
Suppliers	36,424	41,959	26,317	25,237	25,842
Borrowing costs	80	94	106	93	72
Total cash used	78,393	80,899	64,686	64,170	65,342
Net cash from/(used by) operating activities	(11,580)	1,115	3,042	2,273	2,273
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	3	-	-	-	-
Total cash received	3	-	-	-	-
Cash used					
Purchase of property,plant and equipment	1,451	2,831	2,609	1,840	1,840
Purchase of intangibles	438	-	-	-	-
Total cash used	1,889	2,831	2,609	1,840	1,840
Net cash from/(used by) investing activities	(1,886)	(2,831)	(2,609)	(1,840)	(1,840)
FINANCING ACTIVITIES					
Cash received					
Cash from capital injection	-	56	-	-	-
Total cash received	-	56	-	-	-
Cash used					
Lease payments	433	526	433	433	433
Other	293	-	-	-	-
Total cash used	726	526	433	433	433
Net cash from/(used by) financing activities	(726)	(470)	(433)	(433)	(433)
Net increase/(decrease) in cash held	(14,192)	(2,186)	-	-	-
Cash at the beginning of the reporting period	16,378	2,186	-	-	-
Cash at the end of the reporting period	2,186	-	-	-	-

Table 3.4: Agency Capital Budget Statement

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	56	-	-	-
Funded internally by agency resources	1,889	4,859	2,609	1,840	1,840
Total	1,889	4,915	2,609	1,840	1,840

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at the start of year	-	1,999	-	1,734	-	978	-	4,711
Additions	-	2,488	-	623	-	1,804		4,915
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(522)	-	(363)	-	(1,260)		(2,145)
Write-off of assets	-	-	-	-	-			-
Carrying amount at the end of year	-	3,965	-	1,994	-	1,522	-	7,481
Total additions								
Self funded	-	2,488	-	623	-	1,748	-	4,859
Appropriations	-	-	-	-	-	56	-	56
Total	-	2,488	-	623	-	1,804	-	4,915

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Taxation					
Other taxes, fees and fines	7,912	10,000	10,000	10,000	10,000
Total taxation	7,912	10,000	10,000	10,000	10,000
Total revenues administered on behalf of the Government	7,912	10,000	10,000	10,000	10,000
EXPENSES					
Other	-	200	200	200	200
Total expenses administered on behalf of the Government	-	200	200	200	200

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	10	3	3	3	3
Receivables	3,981	5,800	5,800	5,800	5,800
Total financial assets	3,991	5,803	5,803	5,803	5,803
Total assets administered on behalf of the Government	3,991	5,803	5,803	5,803	5,803
LIABILITIES					
Provisions					
Other	-	200	200	200	200
Total liabilities administered on behalf of the Government	-	200	200	200	200
Current liabilities	-	200	200	200	200
Non-current liabilities	-	-	-	-	-
Current assets	3,563	5,203	5,203	5,203	5,203
Non-current assets	428	600	600	600	600

Table 3.8: Note of Budgeted Administered Cash Flows (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	10,738	9,790	9,790	9,790	9,790
Other	-	10	10	10	10
Total cash received	10,738	9,800	9,800	9,800	9,800
Cash used					
Cash to Official Public Account	10,731	9,807	9,800	9,800	9,800
Total cash used	10,731	9,807	9,800	9,800	9,800
Net cash from operating activities	7	(7)	-	-	-
Net increase/(decrease) in cash held	7	(7)	-	-	-
Cash at beginning of reporting period	3	10	3	3	3
Cash at end of reporting period	10	3	3	3	3

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

The financial statements have been prepared on an accrual basis and 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.

Budgeted agency financial statements

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 revenues 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 (that is, seminars/speakers fees, sale of publications, photocopy revenue and sale of non-current assets) is recognised upon the delivery of goods/services 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 information technology assets on 1 July 1999. This sale and lease back of the information technology assets has been specifically treated as a finance lease.

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 three year cycles.

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

- leasehold improvements were revalued as at 30 June 2002 at depreciated replacement cost;
- plant and equipment (including furniture and fittings, office equipment and computer equipment excluding software) assets were revalued as at 30 June 2002 at deprival value; and
- intangibles (softwares) have not been revalued.

All valuations are independent.

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