AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview, appropriations and budget measures summary

AGENCY 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:

- promote effective competition and informed markets;
- encourage fair trading and protect consumers; and
- regulate infrastructure services market and other markets where competition is restricted.

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

APPROPRIATIONS AND RESOURCING

The total appropriation for the ACCC in the 2003-04 Budget is $66.6 million. Table 1.1 on the following page provides this detail.

Table 1.2 details funding provided for new budget measures in 2003-04.

Australian Competition and Consumer Commission — appropriations 2003-04

Table 1.1: Appropriations and other revenue

Outcome	Agency (price of outputs) $'000					Administered $'000				$'000
	Revenues from government (appropriations)			Revenue from other sources[3]	Price of outputs[2]	Annual appropriations		Special appropriations	Total administered appropriations	Total appropriations
	Bill No. 1	Special approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs)			
	(A)	(B)	(C = A+B) (C1)[1]	(D)	(E = C+D) (E1)[1]	(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	66,567	-	66,567	460	67,027	-	-	-	-	66,567
			99%	1%	100%					
Total	66,567	-	(K1)[1] 66,567	460	67,027	-	-	-	-	66,567
								Agency capital (equity injections and loans)		-
								Administered capital		-
								Total appropriations		66,567

(1) C1 and E1 refer to information provided in Table 2.1, Total resources for Outcome 1. K1 refers to information provided in Table 3.1, Budgeted Agency Statement of Financial Performance.
(2) Refer to Table 3.1, Budgeted Agency Statement of Financial Performance for application of agency revenue.
(3) Revenue from other sources includes other revenues from government (for example, resources free of charge) and revenue from other sources (for example, goods and services). Non-appropriated agency revenues are detailed in Table 1.3.
Note: Percentage figures indicate the percentage contribution of revenues from government (agency appropriations) to the total price of outputs, by outcome.

MEASURES — AUSTRALIAN COMPETITION AND CONSUMER COMMISSION SUMMARY

Table 1.2: Summary of measures disclosed in the 2003-04 Budget

Measure	Outcome	Output Groups affected	Appropriations budget 2003-04 $'000			Appropriations forward estimate 2004-05 $'000			Appropriations forward estimate 2005-06 $'000			Appropriations forward estimate 2006-07 $'000		
			Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total
Australian Competition and Consumer Commission - cessation of cost recovery for airport regulation	1	1.1	-	(900)	(900)	-	-	-	-	-	-	-	-	-
Australian Competition and Consumer Commission - monitoring medical indemnity insurance premiums	1	1.1	-	475	475	-	492	492	-	-	-	-	-	-
Australian Competition and Consumer Commission - telecommunications competition regulation	1	1.1	-	5,770	5,770	-	5,565	5,565	-	5,693	5,693	-	5,824	5,824
Australian Competition and Consumer Commission - implementation of the Wilkinson Report	1	1.1	-	1,456	1,456	-	622	622	-	183	183	-	-	-

AGENCY AND ADMINISTERED REVENUES

Table 1.3: Agency and administered revenues

	Estimated revenue 2002-03 $'000	Estimated revenue 2003-04 $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	400	400
Interest	506	-
Other	60	60
Total non-appropriation agency revenues	966	460
Appropriation revenue	62,500	66,567
Total estimated agency revenues	63,466	67,027
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Fines and costs	1,553	9,490
Authorisation fees	443	500
Other	4	10
Total non-appropriation administered revenues	2,000	10,000
Total estimated agency and administered revenues	65,466	77,027

Note: 1 per cent of revenues are due to cost recovery arrangements.

Revenues include interest, goods and services (that is, seminars/speakers fees, sale of publications, photocopy revenue and sale of non-current assets).

SPECIAL ACCOUNTS

Table 1.5: Estimates of special account flows and balances

		Opening Balance	Receipts	Payments	Closing Balance
	A(1)	**2003-04**	**2003-04**	**2003-04**	**2003-04**
	B(1)	2002-03	2002-03	2002-03	2002-03
		$'000	$'000	$'000	$'000
SPECIAL ACCOUNTS(2)					
Other Trust Monies		**575**	**-**	**200**	**375**
		253	1,329	1,007	575
Total special accounts		**575**	**-**	**200**	**375**

(1) The opening balance for 2003-04 (reference A) is the same as the closing balance for 2002-03 (reference B).

(2) The special accounts are departmental in nature and is governed by Section 20 of the *Financial Management and Accountability Act 1997*.

The Special Public Monies are held by the ACCC in a Trustee capacity. The Trust monies are a result of a court order of which payment to the beneficiary is pending. These monies are temporarily held for the benefit of a person or entity other than the Commonwealth.

EQUITY INJECTIONS AND LOANS

The ACCC does not have an appropriation for an equity injection or loan in the 2003-04 Budget.

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.

Map 2: Outcomes and output groups

Australian Competition and Consumer Commission

Chairperson: Professor Allan Fels, AO (until 30 June 2003)

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: $67 million
Agency outcomes appropriation: $66.6 million

Output Group 1.1

Australian Competition and Consumer Commission

Output 1.1.1	Output 1.1.2
Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	Competitive market structures and informed behaviour

Output cost attribution

The allocation of other expenses is based upon a 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.

CHANGES TO OUTCOMES AND OUTPUTS

There are no proposed changes to the outcome or outputs.

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 to perform functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

The ACCC seeks to:

- promote effective competition and informed markets;
- encourage fair trading and protect consumers; and
- regulate infrastructure services market and other markets where competition is restricted.

Measures affecting Outcome 1

Australian Competition and Consumer Commission — cessation of cost recovery for airport regulation

The Government has decided to reallocate funding previously provided to the Australian Competition and Consumer Commission (ACCC) for administering price regulation of airport services to partially fund a one year extension of the Location Specific Pricing Subsidy for air traffic control services provided by Airservices Australia.

Following the Government's decision to remove price controls from airports from 1 July 2002, the ACCC's regulatory responsibilities have diminished and this appropriation is no longer required. This expense was recovered by excise and customs duty of 0.036 cents per litre on aviation turbine fuel (avtur). Revenue will be redirected to the Transport and Regional Services portfolio.

See also the related expense measure titled *Airservices Australia — extension of the Location Specific Pricing Subsidy* in the Transport and Regional Services portfolio and revenue measure titled *Aviation fuel excise — extension of excise collection for the Location Specific Pricing Subsidy* in the Treasury portfolio.

Australian Competition and Consumer Commission — monitoring medical indemnity insurance premiums

The Government will provide funding of $1 million over two years to the Australian Competition and Consumer Commission (ACCC) to monitor medical indemnity premiums to ensure that they are actuarially and commercially justified.

In October 2002, the Government announced a package of measures 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. The Government considers it important that the benefits of reforms are passed on to the practitioners, to patients and to the community.

Funding of $0.5 million was provided in the *Mid-Year Economic and Fiscal Outlook 2002-03* to enable the ACCC to commence monitoring of medical indemnity premiums in January 2003. The additional funding will allow the ACCC to continue in its monitoring role to the end of June 2005.

Australian Competition and Consumer Commission — telecommunications competition regulation

The Government will provide the Australian Competition and Consumer Commission with additional funding of $22.9 million over four years, with ongoing funding subject to review by October 2006, to continue its current regulatory role in the telecommunications sector under the *Trade Practices Act 1974* and to undertake additional tasks and responsibilities arising from reforms enacted by the *Telecommunications Competition Act 2002*.

Expenses for this proposal are fully recovered from the telecommunications industry under the *Telecommunications (Carrier Licence Charges) Act 1997* in the year following the expense.

See also the related revenue measure titled *Telecommunications competition regulation — cost recovery* in the Communications, Information Technology and the Arts portfolio.

Australian Competition and Consumer Commission — implementation of the Wilkinson Report

The Government will provide additional funding of $2.3 million over three years to the Australian Competition and Consumer Commission to implement the Government's response to the findings and recommendations of the Wilkinson Report on the impact of the competition provisions of the Trade Practices Act 1974 on recruitment and retention of medical practitioners in rural and regional Australia.

Funding ends in the calendar year 2005 to coincide with the review of the implementation of the recommendations of the Wilkinson Report.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2003-04 appropriations translate to total resourcing for Outcome 1, including administered expenses, revenues from government (appropriations), revenue from other sources, and the total price of outputs.

Table 2.1: Total resources for Outcome 1

	Estimated actual 2002-03 $'000		Budget estimate 2003-04 $'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	41,250		41,067
Output 1.1.2 - Competitive market structures and informed behaviour	21,250		25,500
Total revenues from government (appropriations)	62,500	(C1)[1]	66,567
Contributing to price of agency outputs	98%		98%
Revenue from other sources			
Goods and services	400		400
Interest	506		-
Other	60		60
Total revenue from other sources	966		460
Total price from agency outputs (Total revenues from government and from other sources)	63,466	(E1)[1]	67,027
Estimated payments from special account balances[2]			
Other Trust Monies	1,007		200
Total agency special account outflows	1,007		200
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	63,466		67,027

	2002-03	2003-04
Average staffing level (number)	465	465

(1) C1 and E1 show the link back to Table 1.1.
(2) Further details on special accounts appear in Table 1.5.

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

The ACCC's outputs of compliance with laws and competitive market structures reflect the Government's decision to foster competitive, efficient, fair and informed Australian markets.

The outputs reflect the activity that the ACCC undertakes to fulfil its role and functions. The Government seeks to enhance the social and economic welfare of Australians, which the ACCC seeks to contribute by:

- promoting effective competition and informed markets;
- encouraging fair trading and protecting consumers; and
- regulating infrastructure services market and other markets where competition is restricted.

The ACCC commits to meet these goals through effective and timely outcomes in the public interest, and to communicating its actions and results to the community at large.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2: Performance information for Outcome 1

Performance information for administered items (including third party outputs)	
Output Group 1.1 - Australian Competition and Consumer Commission	
Outputs 1.1.1 and 1.1.2 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed. Competitive market structures and informed behaviour	Collection of Statutory fees and judgement debts.
Performance information for agency outputs	
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	Respond quickly to allegations of breaches of competition, fair trading and consumer legislation. Seek appropriate remedies when there is a breach of the law. Enforce mandatory product safety and information standards. Publicise litigation and education activities. Develop new consumer protection and investigative initiatives for e-commerce. Liaise with and inform business and consumers about the law so that they can, in turn, inform their members and customers. Issue publications and media releases, speak to the public, conduct public meetings and conferences and use the latest technology to reach businesses and consumers throughout Australia. Work with other competition, fair trading and consumer protection agencies in Australia and overseas.

Table 2.2: Performance information for Outcome 1 (continued)

Performance information for agency outputs (continued)	
Output 1.1.2 - Competitive market structures and informed behaviour	Assess the competition effects of mergers, acquisitions or asset sales. Encourage competition in markets that depend on monopoly services. Ensure that access regulation provides incentives for efficient business investment and use of infrastructure. Ensure that businesses using monopoly services pay prices that reflect efficient costs. Adjudicate authorisation applications (where anti-competitive behaviour is claimed to deliver public benefits). Develop industry specific codes of conduct. Publicise merger and authorisation decisions, arbitrations, undertakings and access arrangements and monitoring activities and inquiry findings. Assist parliamentary inquiries and government agencies to develop policies and processes that are consistent with the competition, fair trading and consumer protection laws. Liaise with other regulators, business and consumer associations, speak to the public, participate in meetings and conferences, nationally and internationally. Help overseas trading partners to develop and implement effective competition regimes to benefit Australian industry. Monitor prices to assess the impact of market conditions on price levels of goods and services.

EVALUATIONS

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

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) 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.

AGENCY FINANCIAL 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.

NOTES 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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	62,500	(K1)[1] 66,567	66,468	65,194	66,383
Goods and services	400	400	400	400	400
Interest	506	-	-	-	-
Other	60	60	60	60	60
Total revenues from ordinary activities	63,466	67,027	66,928	65,654	66,843
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	27,822	34,555	36,081	35,648	35,771
Suppliers	37,696	30,739	29,057	28,216	29,282
Depreciation and amortisation	1,243	1,663	1,720	1,720	1,720
Total expenses from ordinary activities (excluding borrowing costs expense)	66,761	66,957	66,858	65,584	66,773
Borrowing costs expense	70	70	70	70	70
Operating surplus or deficit from ordinary activities	(3,365)	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	(3,365)	-	-	-	-

(1) K1 shows the link back to Table 1.1.

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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
ASSETS					
Financial assets					
Cash	(1,239)	(2,644)	(4,083)	(5,028)	(6,685)
Receivables	235	235	235	235	235
Other investments	11,482	12,482	13,482	14,482	15,482
Total financial assets	10,478	10,073	9,634	9,689	9,032
Non-financial assets					
Land and buildings	3,472	3,965	5,043	5,043	5,043
Infrastructure, plant and equipment	836	1,994	1,654	1,654	1,654
Inventories	95	95	95	95	95
Intangibles	930	960	991	991	991
Other	2,327	2,327	2,327	2,327	2,327
Total non-financial assets	7,660	9,341	10,110	10,110	10,110
Total assets	18,138	19,414	19,744	19,799	19,142
LIABILITIES					
Debt					
Leases	1,260	1,498	1,498	1,498	1,498
Total debt	1,260	1,498	1,498	1,498	1,498
Provisions					
Employees	7,543	7,959	8,397	8,312	8,312
Total provisions	7,543	7,959	8,397	8,312	8,312
Payables					
Suppliers	6,704	7,326	7,218	7,358	6,701
Total payables	6,704	7,326	7,218	7,358	6,701
Total liabilities	15,507	16,783	17,113	17,168	16,511
EQUITY					
Parent entity interest					
Contributed equity	3,100	3,100	3,100	3,100	3,100
Reserves	1,052	1,052	1,052	1,052	1,052
Retained surpluses or accumulated deficits	(1,521)	(1,521)	(1,521)	(1,521)	(1,521)
Total parent entity interest	2,631	2,631	2,631	2,631	2,631
Total equity	2,631	2,631	2,631	2,631	2,631
Total assets and liabilities by maturity					
Current assets	10,478	10,073	9,634	9,689	9,032
Non-current assets	7,660	9,341	10,110	10,110	10,110
Current liabilities	12,738	13,693	13,936	14,008	13,351
Non-current liabilities	2,769	3,090	3,177	3,160	3,160

Table 3.3: Budgeted Agency Statement of Cash Flows — for the period ended 30 June

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	62,500	66,567	66,468	65,194	66,383
Goods and services	400	400	400	400	400
Interest	506	-	-	-	-
Total cash received	63,406	66,967	66,868	65,594	66,783
Cash used					
Employees	29,982	34,139	35,643	35,733	35,842
Suppliers	37,706	30,458	29,518	28,429	30,221
Total cash used	67,688	64,597	65,161	64,162	66,063
Net cash from operating activities	(4,282)	2,370	1,707	1,432	720
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of financial instruments	2,189	-	-	-	-
Total cash received	2,189	-	-	-	-
Cash used					
Purchases of property, plant and equipment	1,853	2,775	2,146	1,377	1,377
Purchases of financial instruments	1,000	1,000	1,000	1,000	1,000
Total cash used	2,853	3,775	3,146	2,377	2,377
Net cash from investing activities	(664)	(3,775)	(3,146)	(2,377)	(2,377)
Net increase/(decrease) in cash held	(4,946)	(1,405)	(1,439)	(945)	(1,657)
Cash at the beginning of the reporting period	3,707	(1,239)	(2,644)	(4,083)	(5,028)
Cash at the end of the reporting period	(1,239)	(2,644)	(4,083)	(5,028)	(6,685)

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	-	3,472	-	836	-	930	-	5,238
Additions	-	875	-	2,156	-	313	-	3,344
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(382)	-	(998)	-	(283)	-	(1,663)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	3,965	-	1,994	-	960	-	6,919
Total additions								
Self funded	-	875	-	2,156	-	313	-	3,344
Appropriations	-	-	-	-	-	-	-	-
Total	-	875	-	2,156	-	313	-	3,344

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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
REVENUES					
Non-taxation					
Other	2,000	10,000	10,000	10,000	10,000
Total non-taxation	2,000	10,000	10,000	10,000	10,000
Total revenues administered on on behalf of the Government	2,000	10,000	10,000	10,000	10,000
EXPENSES					
Other	200	200	200	200	200
Total expenses administered on behalf of the Government	200	200	200	200	200

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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
ASSETS					
Financial assets					
Cash	3	3	3	3	3
Receivables	5,800	5,800	5,800	5,800	5,800
Total financial assets	5,803	5,803	5,803	5,803	5,803
Total assets administered on behalf of the Government	5,803	5,803	5,803	5,803	5,803
LIABILITIES					
Provisions					
Other	200	200	200	200	200
Total provisions	200	200	200	200	200
Total liabilities administered on behalf of the Government	200	200	200	200	200
Current liabilities	200	200	200	200	200
Non-current liabilities	-	-	-	-	-
Current assets	5,203	5,203	5,203	5,203	5,203
Non-current assets	600	600	600	600	600

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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	1,990	9,790	9,790	9,790	9,790
Other	10	10	10	10	10
Total cash received	2,000	9,800	9,800	9,800	9,800
Net cash from operating activities	2,000	9,800	9,800	9,800	9,800
INVESTING ACTIVITIES					
Cash used					
Cash to Official Public Account	2,000	9,800	9,800	9,800	9,800
Total cash used	2,000	9,800	9,800	9,800	9,800
Net cash from investing activities	2,000	9,800	9,800	9,800	9,800
Net increase/(decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	3	3	3	3	3
Cash at end of reporting period	3	3	3	3	3

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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