NATIONAL COMPETITION COUNCIL

Section 1: Overview, appropriations and budget measures summary

AGENCY OVERVIEW

The role of the National Competition Council (NCC) is to oversight and assist the implementation of National Competition Policy and related reforms outlined in frameworks developed and agreed by all Australian Governments. Its responsibilities also include assisting public awareness of governments' competition reform agendas, recommending on the design and coverage of infrastructure access regimes under Part IIIA of the *Trade Practices Act 1974*, and assessing whether the Commonwealth, States and Territories have made satisfactory progress towards their commitments to competition policy reform.

Through constructive engagement with governments the NCC works towards completing the reform programme agreed in April 1995. The NCC also helps the community to become better attuned to the scope and potential favourable outcomes of competition reform. This approach facilitates increased competition to be introduced where it will result in greater economic growth, less unemployment, better social outcomes and the better use of resources for the benefit of all Australians. This vision is embodied in the Council's mission: 'To help raise the living standards of the Australian community by ensuring that conditions for competition prevail throughout the economy that promote growth, innovation and productivity.'

APPROPRIATIONS AND RESOURCING

The total appropriation for the NCC in the 2003-04 Budget is $3.8 million. Table 1.1 on the following page provides this detail.

National Competition Council — 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 - The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	3,818	-	3,818	32	3,850	-	-	-	-	3,818
			99%	1%	100%					
Total	3,818	-	(K1)[1] 3,818	32	3,850	-	-	-	-	3,818
								Agency capital (equity injections and loans)		-
								Administered capital		-
								Total appropriations		3,818

(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.

AGENCY REVENUES

Table 1.3: Agency revenues

	Estimated revenue 2002-03 $'000	Estimated revenue 2003-04 $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	32	32
Total estimated agency revenues	32	32

The Council receives approximately $32,000 from applications for revocation and coverage of pipelines under the National Gas Code. Cost recovery arrangements account for less than 1 per cent of the Council's Budget.

EQUITY INJECTIONS AND LOANS

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

Section 2: Outcomes and outputs information

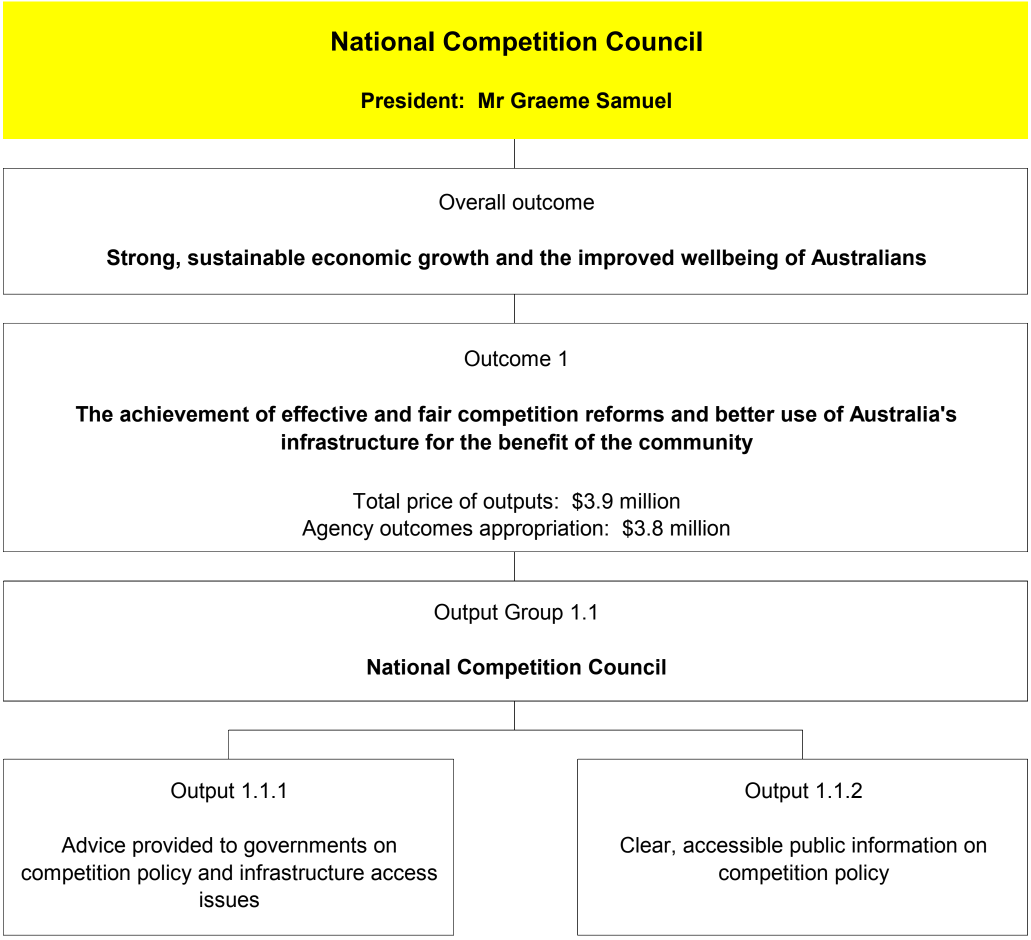
OUTCOMES AND OUTPUT GROUPS

Map 2 shows the relationship between Government outcomes and the contributing outputs for the National Competition Council (NCC). Financial detail for Outcome 1 by output appears in Table 2.1 while non-financial information for Outcome 1 appears in Table 2.2.

Output cost attribution

The $0.2 million attributed to the output — clear, accessible public information on competition policy — primarily covers direct costs of these activities. Expenditure on this output is small in total and as a proportion of the Council's total budget. The formal allocation of overheads would not make a material difference to the Council's budget. The Council has concluded that it is not cost effective to allocate overheads to this output.

Map 2: Outcomes and output groups



CHANGES TO OUTCOMES AND OUTPUTS

There are no proposed changes to the outcome or outputs.

OUTCOME 1 — DESCRIPTION

The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community.

Measures affecting Outcome 1

There are no measures for the NCC in the 2003-04 Budget.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2003-04 appropriations translate to total resourcing for Outcome 1, including 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 - National Competition Council			
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	3,404		3,618
Output 1.1.2 - Clear, accessible public information on competition policy	200		200
Total revenues from government (appropriations)	3,604	(C1)[1]	3,818
Contributing to price of agency outputs	99%		99%
Revenue from other sources			
Other	32		32
Total revenue from other sources	32		32
Total price from agency outputs (Total revenues from government and from other sources)	3,636	(E1)[1]	3,850
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	3,636		3,850

	2002-03	2003-04
Average staffing level (number)	20	20

(1) C1 and E1 show the links back to Table 1.1.

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

The NCC pursues goals and strategies that allow it to provide advice to governments on competition policy and infrastructure access and public information on competition policy. These goals and strategies work towards the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2: Performance information for Outcome 1

Performance information for agency outputs	
Output Group 1.1 - National Competition Council	
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	Advice and recommendations meet criteria of robustness, quality and timeliness. Advice and recommendations take into account all relevant considerations and meet Ministers' needs. Recommendations to governments and representations to the Australian Competition Tribunal on access to essential infrastructure services, and responses to reviews requested by governments, are effective and timely.
Output 1.1.2 - Clear, accessible public information on competition policy	Publications and explanatory material, including the Annual Report and the Council's website are comprehensive and meet deadlines, and information provided is effective in promoting understanding of competition reform, policy and processes.

EVALUATIONS

Internal, informal monitoring of the NCC's performance and output is undertaken on a continuous basis.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the National Competition Council's (NCC) 2003-04 Annual Report and form the basis for the Council's input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

The budgeted financial statements have been prepared in accordance with the 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 NCC by identifying full accrual expenses and revenues. It highlights whether the NCC is operating at a sustainable level.

Budgeted agency statement of financial position

This statement shows the financial position of the NCC. It enables decision-makers to track the management of the NCC'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 appropriations or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in NCC's non-financial assets over the budget year 2003-04.

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	3,604	(K1)[(1)]	3,818	3,867	3,953	4,035
Other	32		32	33	33	34
Total revenues from ordinary activities	3,636		3,850	3,900	3,986	4,069
EXPENSES						
Expenses from ordinary activities (excluding borrowing costs expense)						
Employees	2,005		2,187	2,205	2,256	2,289
Suppliers	1,570		1,604	1,637	1,673	1,724
Depreciation and amortisation	61		59	58	57	56
Total expenses from ordinary activities (excluding borrowing costs expense)	3,636		3,850	3,900	3,986	4,069
Borrowing costs expense	-		-	-	-	-
Operating surplus or deficit from ordinary activities	-		-	-	-	-
Gain or loss on extraordinary items	-		-	-	-	-
Net surplus or deficit	-		-	-	-	-

(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	165	219	232	242	255
Receivables	42	42	42	42	42
Other investments	200	200	200	200	200
Total financial assets	407	461	474	484	497
Non-financial assets					
Land and buildings	22	22	22	22	22
Infrastructure, plant and equipment	169	115	102	92	79
Other	19	19	19	19	19
Total non-financial assets	210	156	143	133	120
Total assets	617	617	617	617	617
LIABILITIES					
Provisions					
Employees	646	646	646	646	646
Total provisions	646	646	646	646	646
Payables					
Suppliers	167	167	167	167	167
Total payables	167	167	167	167	167
Total liabilities	813	813	813	813	813
EQUITY					
Parent entity interest					
Retained surpluses or accumulated deficits	(196)	(196)	(196)	(196)	(196)
Total parent entity interest	(196)	(196)	(196)	(196)	(196)
Total equity	(196)	(196)	(196)	(196)	(196)
Total assets and liabilities by maturity					
Current assets	426	480	493	503	516
Non-current assets	191	137	124	114	101
Current liabilities	214	214	214	214	214
Non-current liabilities	599	599	599	599	599

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	3,604	3,818	3,867	3,953	4,035
Other	32	32	33	33	34
Total cash received	3,636	3,850	3,900	3,986	4,069
Cash used					
Employees	1,979	2,190	2,199	2,253	2,282
Suppliers	1,596	1,601	1,643	1,678	1,729
Total cash used	3,575	3,791	3,842	3,931	4,011
Net cash from operating activities	61	59	58	55	58
INVESTING ACTIVITIES					
Cash used					
Purchases of property, plant and equipment	107	5	45	45	45
Total cash used	107	5	45	45	45
Net cash from investing activities	(107)	(5)	(45)	(45)	(45)
Net increase/(decrease) in cash held	(46)	54	13	10	13
Cash at the beginning of the reporting period	411	365	419	432	442
Cash at the end of the reporting period	365	419	432	442	455

Table 3.4: Agency Capital Budget Statement

	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
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	107	5	45	45	45
Total	107	5	45	45	45

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	-	22	-	169	-	-	-	191
Additions	-	-	-	5	-	-	-	5
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(59)	-	-	-	(59)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	22	-	115	-	-	-	137
Total additions								
Self funded	-	-	-	5	-	-	-	5
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	5	-	-	-	5

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis in accordance with the historical cost convention.

Section 4: Purchasing/provider and cost recovery arrangments

SUMMARY OF COST RECOVERY IMPACT STATEMENT

The Gas Pipelines Access Law and Code allow the National Competition Council (NCC) to charge for coverage and revocation applications. The NCC has determined the appropriate charge to be $7,500 per application, which represents partial cost recovery. In 2003-04 cost recovery charges are expected to collect revenue of approximately $32,000.