

NATIONAL COMPETITION COUNCIL

Section 1: Overview, appropriations and budget measures summary

AGENCY OVERVIEW

The role of the National Competition Council (NCC) is to oversee and assist the implementation of National Competition Policy and related reforms outlined in frameworks developed and agreed by all 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 Australian Government, 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 2004-05 Budget is \$3.9 million. Table 1.1 on the following page provides this detail.

National Competition Council — appropriations 2004-05

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	Total		Bill No. 1 (F)	Bill No. 2 (SPPs & NAOs) (G)	(I = F+G+H)	(J = C+I)
	(A)	(B) (C = A+B) (C1) ⁽¹⁾	(D) (E = C+D) (E1) ⁽¹⁾			(H)	
Outcome 1 - The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	3,896	-	3,896	33	3,929	-	3,896
Total	3,896	-	(K1) ⁽¹⁾ 3,896	99% 1% 33	100% 3,929	-	3,896
				Agency capital (equity injections and loans)			-
				Administered capital			-
				Total appropriations			3,896

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

	2003-04 estimated revenue \$'000	2004-05 estimated revenue \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	32	33
Total non-appropriation agency revenues	32	33

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 one per cent of the Council's Budget.

AGENCY EQUITY INJECTIONS AND LOANS

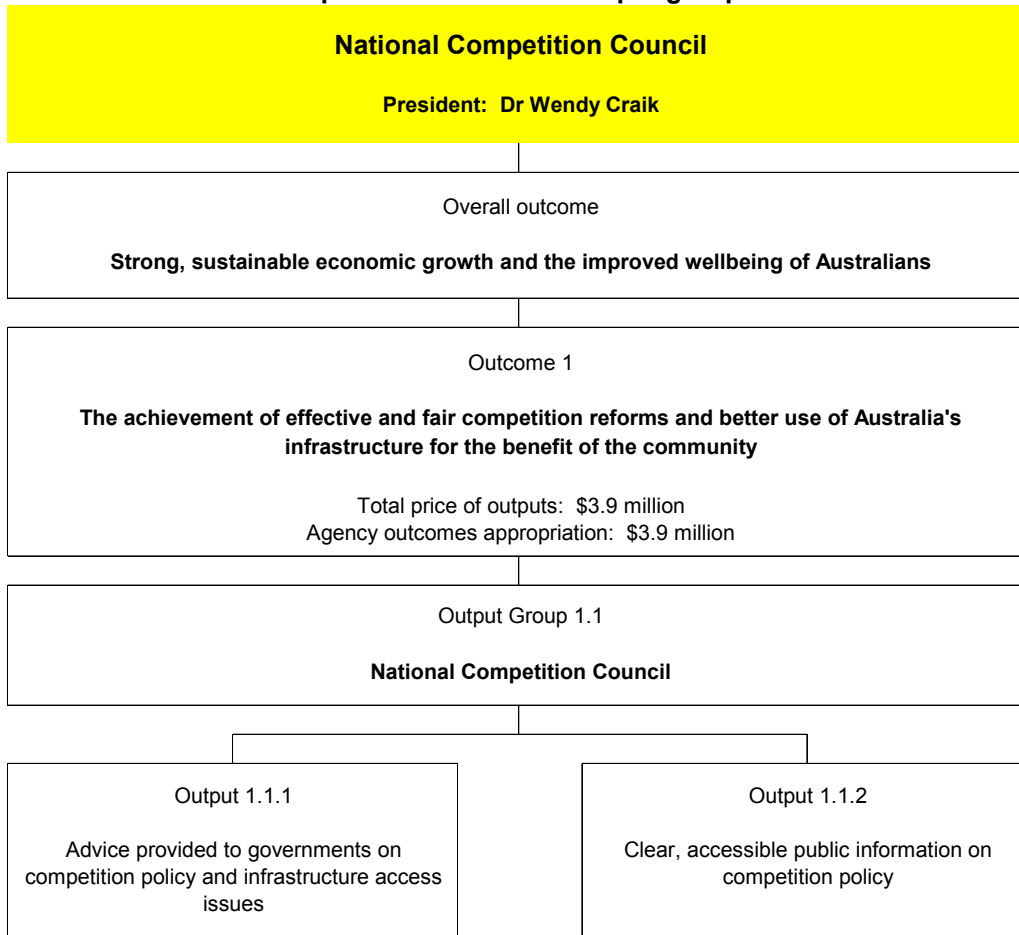
The NCC does not have an appropriation for an equity injection or loan in the 2004-05 Budget.

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.

Map 2: Outcomes and output groups



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.

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 2004-05 Budget.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2004-05 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

	2003-04 estimated actual \$'000	2004-05 budget estimate \$'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	3,645	3,692
Output 1.1.2 - Clear, accessible public information on competition policy	202	204
Total revenues from government (appropriations)	3,847	(C1) ⁽¹⁾ 3,896
Contributing to price of agency outputs	99%	99%
Revenue from other sources		
Goods and services	32	33
Proceeds from sale of assets	-	-
Other	-	-
Total revenue from other sources	32	33
Total price from agency outputs		
(Total revenues from government and from other sources)	3,879	(E1) ⁽¹⁾ 3,929
Total estimated resourcing for Outcome 1		
(Total price of outputs appropriations)	3,879	3,929
	2003-04	2004-05
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) 2004-05 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 contain estimates prepared in accordance with the requirements of the Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The NCC is budgeting for a breakeven operating result in 2004-05. An analysis of the NCC's budgeted financial statements is provided below.

The total agency revenue is estimated to be \$3.9 million. This is a small increase from the estimated 2003-04 actual, primarily due to an increase in appropriations for Comcover premium supplementation of \$29,000.

The total agency expenses will increase by \$50,000 in 2004-05 to a total of \$3.9 million. Employee expenses will increase by \$123,000 offset by a reduction in supplier expenses of \$72,000.

The net asset position for 2004-05 will marginally reduce by \$13,000, which comprises capital expenditure of \$75,000 on upgraded information technology equipment, offset by depreciation on other capital items.

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 2004-05.

**Table 3.1: Budgeted Agency Statement of Financial Performance
for the period ended 30 June**

	2003-04 estimated actual \$'000	2004-05 budget estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenue from government	3,847	(K1) ⁽¹⁾ 3,896	3,953	4,035	4,035
Other	32	33	33	34	34
Total revenues from ordinary activities	3,879	3,929	3,986	4,069	4,069
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	2,187	2,310	2,256	2,289	2,289
Suppliers	1,633	1,561	1,673	1,724	1,724
Depreciation and amortisation	59	58	57	56	56
Total expenses from ordinary activities (excluding borrowing costs expense)	3,879	3,929	3,986	4,069	4,069
Borrowing costs expense	-	-	-	-	-
Operating surplus or (deficit) from ordinary activities	-	-	-	-	-

1. K1 shows the link back to Table 1.1.

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

	2003-04 estimated actual \$'000	2004-05 budget estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	514	497	554	610	666
Receivables	80	80	80	80	80
Total financial assets	594	577	634	690	746
Non-financial assets					
Land and buildings	105	85	85	85	85
Infrastructure, plant and equipment	88	112	101	90	90
Other	29	29	29	29	29
Total non-financial assets	222	226	215	204	204
Total assets	816	803	849	894	950
LIABILITIES					
Provisions					
Employees	455	461	466	472	477
Total provisions	455	461	466	472	477
Payables					
Suppliers	217	198	239	278	329
Total payables	217	198	239	278	329
Total liabilities	672	659	705	750	806
EQUITY					
Parent entity interest					
Retained surpluses or accumulated deficits	144	144	144	144	144
Total parent entity interest	144	144	144	144	144
Current assets	623	606	663	719	775
Non-current assets	193	197	186	175	175
Current liabilities	445	234	234	234	234
Non-current liabilities	228	374	374	374	374

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

	2003-04 estimated actual \$'000	2004-05 budget estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,847	3,896	3,953	4,035	4,035
Other	32	33	33	33	33
Total cash received	3,879	3,929	3,986	4,068	4,068
Cash used					
Employees	2,190	2,266	2,306	2,346	2,386
Suppliers	1,571	1,605	1,623	1,666	1,626
Total cash used	3,761	3,871	3,929	4,012	4,012
Net cash from or (used by) operating activities	118	58	57	56	56
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	54	75	45	45	45
Total cash used	54	75	45	45	45
Net cash from or (used by) investing activities	(54)	(75)	(45)	(45)	(45)
Net increase/(decrease) in cash held	64	(17)	12	11	11
Cash at the beginning of the reporting period	450	514	497	509	520
Cash at the end of the reporting period	514	497	509	520	531

Table 3.4: Agency Capital Budget Statement

	2003-04 estimated actual \$'000	2004-05 budget estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	54	75	45	45	45
Total	54	75	45	45	45

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2004-05)

	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		105	-	88	-	-	-	193
Additions	-	-	-	75	-	-	-	75
Disposals	-	-	-	-	-	-	-	-
Net revaluation increments/decrements	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(20)	-	(39)	-	-	-	(59)
Other movements	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	85	-	124	-	-	-	209
Represented by								
Self funded	-	-	-	75	-	-	-	75
Appropriations	-	-	-	-	-	-	-	-
Total represented by	-	-	-	75	-	-	-	75

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: Purchaser/provider and cost recovery arrangements

PURCHASER/PROVIDER ARRANGEMENTS

The National Competition Council (NCC) is not party to any cross agency purchaser/provider arrangements.

COST RECOVERY ARRANGEMENTS

Summary of cost recovery impact statement

The Gas Pipelines Access Law and Code allow the 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.