NATIONAL COMPETITION COUNCIL

NATIONAL COMPETITION COUNCIL

Section 1: Overview

The National Competition Council (NCC) is an independent statutory agency established under Part IIA of the *Trade Practices Act 1974* (TPA). The NCC was established to oversee and assist the implementation of National Competition Policy (NCP) and to recommend on the design and coverage of infrastructure access regulation.

With the end of the NCP reform agenda in 2006 the NCC's role in relation to NCP has effectively ended and the NCC has refocussed its activities on access regulation matters. In relation to this, the NCC's specific tasks are to make recommendations[1] relating to access to services provided by monopoly infrastructure under Part IIIA of the TPA (declaration and certification) and to undertake similar functions under the National Third Party Access Code for Natural Gas Pipeline Systems (the Gas Code).

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the NCC which contribute to the achievement of outcomes are summarised in Table 1.1 and Figure 2 on page 273.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	Provide advice to governments on competition policy and infrastructure access and public information on competition policy.	Output Group 1.1 National Competition Council

1 Recommendations are made to the Australian Government Treasurer or other Ministers, or State or Territory Leaders depending on the particular subject matter.

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the National Competition Council (NCC) in the 2007-08 Budget is $4.0 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental				Administered					
National Competition Council	Appropriation Bill No. 1 $'000	Appropriation Bill No. 2 $'000	Special Appropriation $'000	Other resources $'000	Appropriation Bill No. 1 $'000	Appropriation Bill No. 2 SPPs $'000	Appropriation Bill No. 2 Other $'000	Special Appropriation $'000	Other resources $'000	Total $'000
Outcome 1										
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	4,025	-	-	24	-	-	-	-	-	4,049
Total	4,025	-	-	24	-	-	-	-	-	4,049

2.2 2007-08 BUDGET MEASURES

Table 2.2: National Competition Council measures

The NCC does not have any 2007-08 Budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by the NCC for the provision of goods or services as well as resources received free of charge. These resources are approved for use by the NCC and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 $'000	Budget estimate 2007-08 $'000
Departmental other resources		
Goods and services	33	-
Other - resources received free of charge	19	24
Total departmental other resources available to be used	52	24

Note: Departmental resources are collected under section 31 of the *Financial Management and Accountability Act 1997.*

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The NCC does not have any administered appropriations.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The NCC does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Table 2.6: Estimates of special account cash flows and balances

The NCC does not have any special accounts.

Section 3: Outcomes

General Government Sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) on behalf of the Government.

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the National Competition Council (NCC). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the NCC and its outcome is summarised in the figure below.

Figure 2: Contributions to outcomes

National Competition Council

President: Mr David Crawford

Outcome 1

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

Total departmental resources: $4.0 million
Departmental appropriation: $4.0 million

Output Group 1.1

National Competition Council

Output 1.1.1	Output 1.1.2
Advice provided to governments on competition policy and infrastructure access issues	Clear, accessible public information on competition policy
Total departmental resources: $3.8 million	Total departmental resources: $0.2 million

The NCC has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07.*

The NCC uses a process of cost allocation to estimate the costs for each output in Table 3.1. The cost of Output 1.1.1 is comprised of direct and indirect costs. The cost of Output 1.1.2 primarily includes direct costs only, as the expenditure is not material to the NCC's budget.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including departmental appropriations and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 $'000	Budget estimate 2007-08 $'000
Departmental appropriations		
Output Group 1.1 - National Competition Council		
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	3,824	3,825
Output 1.1.2 - Clear accessible public information on competition policy	207	200
Total departmental appropriations	4,031	4,025
Revenue from other sources		
Output Group 1.1 - National Competition Council		
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	52	24
Total revenue from other sources	52	24
Total resources	4,083	4,049

	2006-07	2007-08
Average staffing level (number)	15	9

3.2.2 Measures affecting Outcome 1

The NCC does not have any 2007-08 Budget measures.

3.2.3 Contributions to achievement of Outcome 1

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.

Administered activities

NCC does not administer any activities on behalf of the Australian Government.

Departmental outputs

The NCC has two outputs that contribute to the achievement of the defined outcome. The outcome is for effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community. The outputs are:

- advice provided to governments on competition policy and infrastructure access issues; and
- clear accessible public information on competition policy.

3.2.4 Performance information for Outcome 1

The following table summarises the performance information for individual outputs and output groups relating to the NCC.

Table 3.2: Performance information for Outcome 1

Performance indicators for group outputs	
Output group 1.1: National Competition Council	
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	**Quality:** 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. **Price: $3.8 million**
Output 1.1.2 - Clear, accessible public information on competition policy	**Quality:** Publications and explanatory material, including the Annual Report and the Councils' website are comprehensive and meet deadlines, and information provided is effective in promoting understanding of competition reform, policy and processes. **Price: $0.2 million**

3.2.5 Evaluations for Outcome 1

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

Section 4: Other reporting requirements

4.1 PURCHASER — PROVIDER ARRANGEMENTS

The National Competition Council (NCC) does not have any purchaser-provider arrangements with other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

The National Gas Pipeline Access Law and the National Gas 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.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The NCC does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Government's financial budgeting and reporting framework, as well as specific guidelines issued by the Department of Finance and Administration. The budgeted statements show the planned financial performance for the 2007-08 budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the National Competition Council's (NCC) budgeted financial statements is provided below.

Budgeted departmental income statement

The NCC is budgeting for a breakeven operating result in 2007-08.

Operating revenues

Total agency revenue is estimated to be $4.0 million. This is a decrease of $0.1 million from the 2006-07 estimated actual.

Operating expenses

Total expenses are estimated to be $4.0 million. This is a decrease of $0.1 million from the 2006-07 estimated actual.

Budgeted departmental balance sheet

In 2007-08 the NCC's equity position will be positive $1.3 million.

Assets

The NCC's assets are predominantly financial assets. In 2007-08 the NCC will be investing $0.01 million in capital.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2006-07.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006-07 $'000	Budget estimate 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
INCOME					
Revenue					
Revenues from Government	4,031	4,025	4,060	4,103	4,142
Other	52	24	24	24	24
Total revenue	4,083	4,049	4,084	4,127	4,166
Total income	4,083	4,049	4,084	4,127	4,166
EXPENSE					
Employees	1,650	1,469	1,526	1,584	1,645
Suppliers	2,377	2,571	2,535	2,510	2,481
Depreciation and amortisation	56	9	23	33	40
Total expenses	4,083	4,049	4,084	4,127	4,166
Surplus or (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 $'000	Budget estimate 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
ASSETS					
Financial assets					
Cash	592	265	265	265	265
Receivables	1,215	1,464	1,459	1,465	1,479
Other receivables	39	-	-	-	-
Total financial assets	1,846	1,729	1,724	1,730	1,744
Non-financial assets					
Infrastructure, plant and equipment	61	21	54	77	93
Other	11	11	11	11	11
Total non-financial assets	72	32	65	88	104
Total assets	1,918	1,761	1,789	1,818	1,848
LIABILITIES					
Provisions					
Employees	421	344	372	401	431
Other	-	8	8	8	8
Total provisions	421	352	380	409	439
Payables					
Suppliers	239	151	151	151	151
Total payables	239	151	151	151	151
Total liabilities	660	503	531	560	590
Net assets	1,258	1,258	1,258	1,258	1,258
EQUITY					
Reserves	3	3	3	3	3
Retained surpluses	1,255	1,255	1,255	1,255	1,255
Total equity	1,258	1,258	1,258	1,258	1,258
Current assets	1,857	1,740	1,735	1,741	1,755
Non-current assets	61	21	54	77	93
Current liabilities	450	323	337	352	367
Non-current liabilities	210	180	194	208	223

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006-07 $'000	Budget estimate 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	4,031	4,025	4,060	4,103	4,142
Other	33	-	-	-	-
Total cash received	4,064	4,025	4,060	4,103	4,142
Cash used					
Employees	1,596	1,442	1,498	1,555	1,615
Suppliers	2,358	2,420	2,384	2,359	2,330
Total cash used	3,954	3,862	3,882	3,914	3,945
Net cash from or (used by) operating activities	110	163	178	189	197
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	56	10	56	56	56
Total cash used	56	10	56	56	56
Net cash from or (used by) investing activities	(56)	(10)	(56)	(56)	(56)
FINANCING ACTIVITIES					
Cash used					
Other	54	480	122	133	141
Total cash used	54	480	122	133	141
Net cash from or (used by) financing activities	(54)	(480)	(122)	(133)	(141)
Net increase or (decrease) in cash held	-	(327)	-	-	-
Cash at the beginning of the reporting period	592	592	265	265	265
Cash at the end of the reporting period	592	265	265	265	265

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	$'000	$'000	$'000	$'000	$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	1,255	-	3	-	1,258
Estimated opening balance	1,255	-	3	-	1,258
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Estimated closing balance as at 30 June 2008	1,255	-	3	-	1,258

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07	Budget estimate 2007-08	Forward estimate 2008-09	Forward estimate 2009-10	Forward estimate 2010-11
	$'000	$'000	$'000	$'000	$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by:	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	56	10	56	56	56
Total	56	10	56	56	56

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment property	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	$'000
As at 1 July 2007									
Gross book value	-	-	98	-	94	-	-	-	192
Accumulated depreciation	-	-	(98)	-	(74)	-	-	-	(172)
Estimated opening net book value	-	-	-	-	20	-	-	-	20
Additions:									
by purchase	-	-	-	-	10	-	-	-	10
Depreciation/amortisation expense	-	-	-	-	(9)	-	-	-	(9)
As at 30 June 2008									
Gross book value	-	-	98	-	104	-	-	-	202
Accumulated depreciation	-	-	(98)	-	(83)	-	-	-	(181)
Estimated closing net book value	-	-	-	-	21	-	-	-	21

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The NCC does not have any administered items.

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The NCC does not have any administered items.

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The NCC does not have any administered items.

Table 5.10: Schedule of administered capital budget

The NCC does not have any administered items.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

The NCC does not have any administered items.

5.3 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.