AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Competition and Consumer Commission (ACCC) is an independent statutory authority which administers the *Trade Practices Act 1974* (TPA) and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

During 2008-09 the ACCC's role is to enhance the welfare of Australians by:

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

A major new measure arising from the Water Bill 2007 extends the ACCC's role to regulatory oversight of bulk water pricing, rural water delivery charges and other regulated water charges in the Murray-Darling Basin. The ACCC regulatory oversight role includes the conduct of irrigation infrastructure operations through the development, monitoring of compliance and enforcement of water market rules, and advice to the Murray-Darling Basin Authority in respect of water trading rules. The ACCC is required to advise the Minister regarding the water charging implications of, and efficient market arrangements for, new Australian Government infrastructure investment.

Another major new measure is monitoring of grocery prices and the publishing of price data on a dedicated website. The new function relates to the Government's election commitment to direct the ACCC to publish, on a dedicated website, a periodic survey of grocery prices at supermarkets for standard grocery items. In keeping with the ACCC's mission to promote informed markets, this new function has the objective of providing consumers with information to determine the supermarket chains in their region that offer the lowest price for the different baskets of goods published on the dedicated website.

A further new measure, subject to the enactment of legislation, is the establishment of price commitment rules for retail petrol prices and the introduction of a National

FuelWatch Scheme, similar to retail arrangements which currently operate in Western Australia. In keeping with the ACCC's mission to promote effective competition and informed markets, the new function will require fuel retailers to notify the ACCC about their next day's price for specified fuel blends each day. Retailers will be required to maintain their notified prices for a 24 hour period the next day. The ACCC will make prices for the following day publicly available. This provides an opportunity for consumers to observe the next day's notified price and make purchase decisions in an informed way. Retailers will be required to comply with the national price commitment rules. When retailers sell at a price higher or lower than the notified price, enforcement action can be taken by the ACCC. This scheme is in addition to the measure which includes the appointment of a Petrol Commissioner with particular focus on petrol arrangements and the introduction of formal monitoring of petrol prices under Part 95ZE of the TPA.

Challenges impacting on the ACCC's outcome, going forward, arise from the broader environment. A growing interest in environmental and \`green' issues impacts across many functions of the ACCC. These challenges bring new opportunities to provide competition and regulatory leadership on emerging issues as well as impacting on traditional enforcement activities.

The Government has committed to provide funding of up to $4.7 billion, and to consider regulatory changes necessary to facilitate the deployment over five years of a National Broadband Network (NBN). The ACCC will have a key, ongoing advisory role regarding competition and pricing issues, including the provision of a formal report on NBN Proposals to the NBN Expert Panel.

Changes in the communications industry provide challenges for the ACCC's regulatory role and will require the ACCC to be kept abreast of the debate, provide technical advice as required by the government and be able to respond to regulatory changes and challenges that might emerge.

The reforms for gas and electricity continue to evolve as Commonwealth and State negotiations continue. As energy functions pass from the States to the Commonwealth the Australian Energy Regulator's (AER) role as Australia's independent national energy market regulator will be complete. The challenges for the AER are to work within the evolving regulatory landscape while performing regulatory resets, monitoring compliance and providing timely and relevant information to energy market participants.

Subject to the enactment of legislation, the TPA will provide for criminal sanctions for price fixing and market sharing (cartel conduct). This along with other foreshadowed amendments to the TPA will strengthen the objectives of the Act to achieve compliance with competition laws.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the ACCC.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2008-09 as at Budget May 2008

		Estimate of prior year amounts available in 2008-09 $'000	+	Proposed at Budget 2008-09 $'000	=	Total estimate 2008-09 $'000	Estimated appropriation available 2007-08 $'000
Ordinary annual services							
Departmental outputs							
Departmental outputs		19,867	4	139,227	1	159,094	115,358
Receipts from other sources (s31)		-		500	3	500	500
Total ordinary annual services	**A**	**19,867**		**139,727**		**159,594**	**115,858**
Other services							
Departmental non-operating							
Equity injections		17,420		1,299	2	18,719	1,073
Previous years' outputs		-		2,948		2,948	-
Total other services	**B**	**17,420**		**4,247**		**21,667**	**1,073**
Total available annual appropriations (A+B)		**37,287**		**143,974**		**181,261**	**116,931**
Special accounts[5]							
Opening balance		52		-		52	52
Appropriation Receipts		-		15		15	203
Total special accounts	**C**	**52**		**15**		**67**	**255**
Total resourcing (A+B+C)		**37,339**		**143,989**		**181,328**	**117,186**
Less receipts from other sources credited to special accounts		-		15		-	203
Total net resourcing for the ACCC		**37,339**		**144,004**		**181,328**	**117,389**

1. Appropriation Bill (No.1) 2008-09.
2. Appropriation Bill (No.2) 2008-09.
3. Receipts received under s31 of the *Financial Management and Accountability Act 1997.*
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

Third Party Drawdowns from and on behalf of other agencies

	$'000
Payments made on behalf of the National Competition Council (NCC)	2,781

Note: the ACCC provides financial services to the NCC and has drawdown access to manage the NCC's finances.

1.3 BUDGET MEASURES

Budget measures relating to the ACCC are detailed in Budget Paper No. 2, *Budget Measures 2008-09*. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Australian Competition and Consumer Commission 2008-09 Budget measures

	Output group	2007-08 $'000	2008-09 $'000	2009-10 $'000	2010-11 $'000	2011-12 $'000
Expense measures						
Departmental outputs						
Monitoring of grocery prices	1.1	1,606	4,039	4,072	3,133	-
Petrol price monitoring - appointment of a permanent Petrol Commissioner	1.1	1,342	4,275	3,633	2,128	-
Petrol price monitoring - FuelWatch	1.1	-	5,834	4,479	4,455	4,488
Total expense measures		**2,948**	**14,148**	**12,184**	**9,716**	**4,488**
Related capital						
Petrol price monitoring - FuelWatch	1.1	-	1,299	123	113	93
Total related capital		**-**	**1,299**	**123**	**113**	**93**

Prepared on a Government Finance Statistics basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The ACCC's outcome and output groups are described below, specifying the performance indicators and targets used to assess and monitor the performance of the ACCC in achieving government outcomes.

2.1.1 Outcome 1: To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets

Outcome strategy

To achieve its outcome the ACCC has two outputs seeking:

- compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed; and
- competitive market structures and informed behaviour.

Key strategies aimed at achieving the outcome and outputs are:

- promotion of vigorous, lawful competition and informed markets;
- encouragement of fair trading and protection of consumers; and
- regulation of national infrastructure services (such as communications, bulk water, energy, rail, airports and post) and other markets where there is limited competition.

Key actions with medium and longer term effects are:

- detect and stop cartel conduct;
- support and protect competition in markets that rely on networks with natural monopoly characteristics;
- pursue firms that abuse their market power;

- prompt delivery of authorisation and notification decisions, particularly in the field of small business collective bargaining arrangements;
- assess mergers promptly and efficiently, taking effective action to prevent competition concerns arising from mergers across all industries;
- identify and focus effectively on national and cross-border (including international) consumer protection issues;
- pursue and achieve appropriate remedies for false and deceptive conduct, particularly if widespread detriment results;
- facilitate and encourage fair trading conditions between big and small firms;
- work cooperatively through the Australian Energy Regulator to provide a single consistent and independent regulator of the energy sector that encourages competition within and between the gas and electricity markets to benefit industry and consumers;
- regulate and advise on industries where market structures are changing, including where the market structure impedes effective competition (eg water and communications); and
- monitor prices to assess and advise on the effect of market conditions (including deregulation) on the price levels of specified goods and services, including groceries, petrol, stevedores, and a range of airport prices including car parking.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for the outcome.

Table 2.1: Total resources for outcome 1

Outcome 1: To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	2008-09 Total estimate of available resources $'000	2007-08 Estimated actual $'000
Output group 1.1 - Australian Competition and Consumer Commission		
Departmental outputs		
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	68,678	64,778
Output 1.1.2 - Competitive market structures and informed behaviour	70,549	50,580
Receipts from other sources (s31)	500	500
Special accounts		
Other Trust Moneys Account		
Opening balance	52	52
Non-appropriation receipts to special accounts	15	203
Total resources for outcome 1	139,794	116,113
Less receipts from other sources credited to special accounts	15	203
Total net resourcing for the ACCC	139,779	115,910

	2008-09	2007-08
Average staffing level (number)	727	638

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Australian Competition and Consumer Commission
Components of output group 1 are: Output 1.1.1 — Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed; and Output 1.1.2 — Competitive market structures and informed behaviour.

Contributions to outcome (continued)

Output 1.1.1 — Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	
Key performance indicators	2008-09 target
Actions (investigation, litigation, communications) taken to prevent or stop anti-competitive conduct.	Unlawful conduct ceased — 15 enforcement outcomes. Effective and appropriate remedies. Reach of publicity, liaison and education activities undertaken — 1.1 million publications; 380 media releases. Mandatory codes of conduct support a competitive market. Parliamentary inquiries and government agencies assisted to develop policies and processes.
Businesses or individuals who are possibly in breach of the law are encouraged to come forward to assist ACCC investigations through the immunity for cartel conduct and cooperation policies for enforcement matters.	Immunity policy to be communicated and utilised.
Use all powers at our disposal to prevent and stop misleading, deceptive and unconscionable conduct especially when it causes widespread consumer detriment or raises national issues.	Cease unlawful conduct. Effective and appropriate remedies. Reach of publicity, liaison, consultation and eduction activities undertaken — 1.1 million publications; 380 media releases. Parliamentary inquiries and government agencies assisted to develop policies and processes.
Support the ability of small business to trade with larger firms in a fair, yet robust environment.	Reach of publicity, liaison, consultation and education activities undertaken. Collective bargaining notification processes to be within statutory timeframes and decisions communicated. Cease unlawful conduct ceased.
Provide immediate information to hundreds of callers each week, distributing publications through print and the web, and by providing special programs to reach small, isolated or disadvantaged groups.	Calls and emails handled timely. Callers responded to within organisational guidelines. Publications distributed. Website accessible and a source of relevant and up to date information.
Conduct campaigns that target industries and sectors where the risk of failure to comply with the Act is high.	Targeted campaigns where the need is indicated.

Contributions to outcome (continued)

Output 1.1.1 — Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed (continued)	
Key performance indicators	2008-09 target
Advise government on the need for new or amended product safety standards, product recalls, bans and warning notices.	Parliamentary inquiries and government agencies assisted to develop policies and processes. Publicity, liaison and education activities undertaken.
Take enforcement action when products breached the safety standards.	Cease unlawful conduct. Effective and appropriate remedies.
Output 1.1.2 — Competitive market structures and informed behaviour	
Assess the competition effects of mergers, acquisitions or asset sales.	Mergers assessed within statutory guidelines. All public merger decisions published on the ACCC website.
Certain anti-competitive practise in industries and professions to be authorised when it is assessed that the public benefits exceed detriments.	Decisions are made within statutory and organisational timeframes. Timely communication of decisions.
Facilitated and encouraged competition in markets that depend on access to monopoly services so that the benefits of utility regulation are spread throughout the Australian economy.	Complied with statutory reporting requirements — 3 annual reports delivered to the Minister; one 6 monthly report; two quarterly reports. 4 access undertakings (Telecomms regime) assessed. 9 access undertakings (digital radio regime) assessed. 50 determinations (Telecomms access regime) made. Review declarations of 8 declared services (Telecomms regime). Finalise 9 decisions on exemption applications. Parliamentary inquiries and government agencies assisted to develop policies and processes.
Establish access terms, conditions and prices that balance the interests of infrastructure owners, users and the broader public.	Effectiveness of access regimes evidenced by price levels and service delivery standards. Businesses using monopoly services pay prices that more closely reflect efficient costs.

Contributions to outcome (continued)

Output 1.1.2 — Competitive market structures and informed behaviour (continued)	
Key performance indicators	2008-09 target
Provide incentives that stimulate efficient investment in and use of services with natural monopoly characteristics.	Regulatory reports, determinations, and issues papers are timely and accessible. Robustness and accuracy of methodology evidenced by industry acceptance.
Regulatory processes that support efficient resource allocation including investment in the regulated businesses are predictable and consistent.	Reach of publicity, liaison, consultation and education activities undertaken. Robustness and accuracy of methodology evidenced by industry confidence in regulation.
Monitor and advised the government and public on prices to assess the effect of market conditions on the price levels of specified goods and services.	Accurate and timely information about prices of those goods and services monitored. Government and public advised in an accurate and timely manner.
Publicise the outcomes of access arbitrations, arrangements and undertakings; and monitoring activities and inquiry findings.	Publicity, liaison and education activities undertaken.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of ACCC's finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the ACCC from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the ACCC incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the ACCC is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the ACCC's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	$'000
Total available departmental operating appropriation (outputs)	159,594
Less estimated payments in 2008-09	139,491
Estimated departmental outputs carried forward and available for 2009-10	20,103

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The ACCC does not have any administered funds.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* (FMA Act) or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the ACCC.

Special Public Moneys are held by the ACCC in a trustee capacity. The Trust moneys are a result of court orders of which payments to the beneficiaries are pending. These moneys are temporarily held for the benefit of a person or entity other than the Australian Government. This special account is departmental in nature and is governed by section 20 of the FMA Act.

Table 3.1.3: Estimates of special account cash flows and balances

	Outcome	Opening balance **2008-09** *2007-08* $'000	Receipts **2008-09** *2007-08* $'000	Payments **2008-09** *2007-08* $'000	Adjustments **2008-09** *2007-08* $'000	Closing balance **2008-09** *2007-08* $'000
Other Trust Moneys Account	1	**52**	**15**	**15**	**-**	**52**
		52	*203*	*200*	*3*	*52*
Services for other Governments and Non-Agency Bodies Account	1	**-**	**-**	**-**	**-**	**-**
		-	-	-	-	-
Total special accounts 2008-09 Budget estimate		**52**	**15**	**15**	**-**	**52**
Total special accounts 2007-08 estimate actual		*52*	*203*	*200*	*3*	*52*

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The ACCC does not have any Australian Government Indigenous Expenditure.

3.2 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 Deregulation. The statements show the planned financial performance for the 2008-09 budget year and each of the forward years from 2009-10 to 2011-12. The statements also include the estimated actual for 2007-08 for comparative purposes.

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

An analysis of the ACCC's budgeted financial statements, as reflected in the budgeted departmental financial statements and administered schedules for 2008-09, is provided below.

Departmental

Income statement

The ACCC is budgeting for a break even result for 2008-09. The estimated actual operating result for 2007-08 is an approved loss of $10 million.

Operating revenues

Total revenue in 2008-09 is estimated to be $139.8 million, an increase of $20.9 million from the 2007-08 estimated actual. The increase is primarily as a result of the net increase in funding from measures disclosed in the 2008-09 Budget ($14.1 million) (details are provided in Table 1.2) and measures disclosed in the 2006-07 Budget for the Australian Energy Regulator (AER) in the 2008-09 forward year.

Operating expenses

Total expenses in 2008-09 are estimated to be $139.8 million. This is an increase of $10.9 million from the 2007-08 estimated actual. The increase is primarily due to the measures disclosed in the 2008-09 Budget ($14.1 million) (details are provided in Table 1.2), and the full year impact of initiatives funded in 2006-07 for the AER and in 2007-08 the Water Regulatory initiatives. The ACCC is expected to incur a loss of $10 million in 2007-08 due to litigation costs awarded against the ACCC.

Balance Sheet

The ACCC's budgeted net asset position of $32.4 million represents a increase of $1.3 million from the 2007-08 estimated actual. The increase is attributable to an equity injection associated with the National FuelWatch Scheme measure.

The total assets are expected to increase by $2.1 million to $52 million reflecting a projected increase in infrastructure, plant and equipment.

The ACCC's primary liability continues to be accrued employee leave entitlements of $14.7 million, this is expected to increase by approximately $0.8 million during 2008-09.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
INCOME					
Revenue					
Revenues from Government	118,306	139,227	137,818	136,261	132,962
Goods and services	500	500	500	500	500
Other	75	75	75	75	75
Total income	118,881	139,802	138,393	136,836	133,537
EXPENSE					
Employees	66,051	73,121	73,180	72,290	70,873
Suppliers	59,401	63,151	61,594	60,885	58,990
Depreciation and amortisation	3,429	3,530	3,619	3,661	3,674
Total expenses	128,881	139,802	138,393	136,836	133,537
Surplus (deficit) attributable to the Australian Government	(10,000)	-	-	-	-

Prepared on an Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
ASSETS					
Financial assets					
Cash and equivalents	1,624	1,624	1,624	1,624	1,624
Trade and other receivables	37,665	38,695	39,814	40,181	40,401
Total financial assets	39,289	40,319	41,438	41,805	42,025
Non-financial assets					
Land and buildings	6,291	5,142	3,701	2,264	2,264
Infrastructure, plant and equipment	3,009	5,202	6,331	7,673	7,546
Inventories	118	118	118	118	118
Intangibles	566	560	645	486	486
Other	663	663	663	663	663
Total non-financial assets	10,647	11,685	11,458	11,204	11,077
Total assets	49,936	52,004	52,896	53,009	53,102
LIABILITIES					
Provisions					
Employees	13,857	14,651	15,445	15,445	15,445
Other	1,333	1,333	1,333	1,333	1,333
Total provisions	15,190	15,984	16,778	16,778	16,778
Payables					
Suppliers	3,015	2,990	2,965	2,965	2,965
Other	596	596	596	596	596
Total payables	3,611	3,586	3,561	3,561	3,561
Total liabilities	18,801	19,570	20,339	20,339	20,339
Net assets	31,135	32,434	32,557	32,670	32,763

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June) (continued)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
EQUITY					
Contributed equity	34,098	35,397	35,520	35,633	35,726
Reserves	968	968	968	968	968
Retained surpluses or accumulated deficits	(3,931)	(3,931)	(3,931)	(3,931)	(3,931)
Total equity	31,135	32,434	32,557	32,670	32,763
Current assets	39,952	40,982	42,101	42,468	42,688
Non-current assets	9,984	11,022	10,795	10,541	10,414
Current liabilities	11,276	12,245	12,021	12,021	12,021
Non-current liabilities	7,525	7,325	8,318	8,318	8,318

Prepared on an Australian Accounting Standards basis.

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	500	500	500	500	500
Appropriations	118,306	139,227	137,818	136,261	132,962
Total cash received	118,806	139,727	138,318	136,761	133,462
Cash used					
Employees	65,257	72,988	73,044	72,153	70,733
Suppliers	46,206	63,076	61,519	60,810	58,915
Total cash used	111,463	136,064	134,563	132,963	129,648
Net cash from or (used by) operating activities	7,343	3,663	3,755	3,798	3,814
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	7,800	4,962	3,878	3,911	3,907
Total cash used	7,800	4,962	3,878	3,911	3,907
Net cash from or (used by) investing activities	(7,800)	(4,962)	(3,878)	(3,911)	(3,907)

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,073	1,299	123	113	93
Total cash received	1,073	1,299	123	113	93
Net cash from or (used by) financing activities	1,073	1,299	123	113	93
Net increase or (decrease) in cash held	616	-	-	-	-
Cash at the beginning of the reporting period	1,008	1,624	1,624	1,624	1,624
Cash at the end of the reporting period	1,624	1,624	1,624	1,624	1,624

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings $'000	Asset revaluation reserve $'000	Other reserves $'000	Contributed equity/ capital $'000	Total equity $'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	(3,931)	968	-	34,098	31,135
Estimared opening balance	(3,931)	968	-	34,098	31,135
Transactions with owners					
Contribution by owners					
Appropriation (equity injection)	-	-	-	1,299	1,299
Sub-total transactions with owners	-	-	-	1,299	1,299
Estimated closing balance as at 30 June 2009	(3,931)	968	-	35,397	32,434

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	54,000	10,000	10,000	10,000	10,000
Total revenues administered on behalf of Government	54,000	10,000	10,000	10,000	10,000

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	5	5	5	5	5
Receivables	2,497	2,497	2,497	2,497	2,497
Total assets administered on behalf of Government	2,502	2,502	2,502	2,502	2,502

Prepared on an Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2007-08 $'000	Budget estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000
OPERATING ACTIVITIES					
Cash received					
Other	54,000	10,000	10,000	10,000	10,000
Total cash received	54,000	10,000	10,000	10,000	10,000
Cash used					
Other	54,000	10,000	10,000	10,000	10,000
Total cash used	54,000	10,000	10,000	10,000	10,000
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period beginning of reporting period	5	5	5	5	5
Cash at end of reporting period	5	5	5	5	5

Prepared on an Australian Accounting Standards basis.

3.2.3 Notes to the financial statements

Accounting policy

The budgeted financial statements have been prepared on an accrual accounting basis, having regard to Statements of Accounting Concepts, and in accordance with:

- the Government's financial budgeting and reporting framework; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Departmental and administered items

Agency assets, liabilities, revenues and expenses are those items that are controlled by the ACCC that are used by the ACCC in producing its outputs and include:

- computers, plant and equipment, and building fitout used in providing goods and services;
- liabilities for employee entitlements;
- revenue from appropriations or independent sources in payment for outputs; and
- employee, supplier and depreciation expenses incurred in providing agency outputs.

Administered items are those items incurred in providing programs that are controlled by the Government and managed, or oversighted, by the ACCC on behalf of the Government. Administered revenues include fees and fines.

Departmental revenue

Revenue from government represents the purchase of outputs from the ACCC by the government and is recognised to the extent that it has been received into the ACCC's bank account.

Revenue from other sources, representing sales from goods and services, is recognised at the time that it is imposed on customers.

Departmental expenses — employees

Payments and net increases in entitlements to employees for services rendered in the financial year.

Departmental expenses — suppliers

Payments to suppliers for goods and services used in providing agency outputs.

Departmental expenses — depreciation and amortisation

Depreciable property, plant and equipment, buildings and intangible assets are written-off to their estimated residual values over their estimated useful life, using the straight-line calculation method.

Departmental assets — financial assets

The primary financial asset relates to receivables. Financial assets are used to fund the ACCC's capital program, employee entitlements, creditors and to provide working capital.

Departmental assets — non-financial assets

These items represent future benefits that the ACCC will consume in producing outputs. The reported value represents the purchase paid less depreciation incurred to date in using the asset.

Departmental liabilities — provisions and payables

Provision has been made for the ACCC's liability for employee entitlements arising from services rendered by employees. This liability includes unpaid annual leave and long service leave.

Provision has also been made for unpaid expenses as at balance date.