

NATIONAL COMPETITION COUNCIL

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NATIONAL COMPETITION COUNCIL

Section 1: Agency overview

The role of the National Competition Council (NCC) is to oversee and assist the implementation of National Competition Policy and related reforms as 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 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 NCC'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'.

Table 1.1: Agency outcomes and output groups

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

Section 2: Agency resources for 2005-06

2.1: APPROPRIATIONS AND OTHER RESOURCES

The total appropriation for the National Competition Council (NCC) in the 2005-06 Budget is \$4.0 million.

Table 2.1 shows the total resources from all origins for 2005-06, including appropriations. The table summarises how revenue will be applied by outcome and departmental classification.

Table 2.1: Appropriations and other revenue 2005-06¹ ('000)

Outcome	Appropriations					Revenue from other sources ²		Total resources ⁴
	\$'000	\$'000	\$'000	\$'000	% ³	\$'000	% ³	\$'000
	Bill No. 1	Bill No. 2	Special approp	Total approp				
Outcome 1								
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community								
Departmental	3,954	-	-	3,954	99%	52	1%	4,006
Total agency	3,954	-	-	3,954		52		4,006
Departmental capital (equity injections)	-	-	-	-	-	-	-	-
Previous year's outputs	-	-	-	-	-	-	-	-
Total resources	3,954	-	-	3,954		52		4,006

1 This table has been redesigned to correspond with *Budget Paper No. 4, Agency Resourcing 2005-06*.

2 Revenue from other sources includes *Financial Management and Accountability Act 1997* (FMA) s.31 revenues, that are available to be expensed, special accounts (non-appropriation revenues) and resources received free of charge of \$19,000.

3 Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the total price of outputs, by outcome, and the percentage contribution of Revenue from other sources (Departmental) to the total price of outputs, by outcome.

4 Total resources = Total appropriations + Revenue from other sources.

Note: Refer to Budgeted departmental statement of financial performance for application of agency revenue.

2.2: 2005-06 BUDGET MEASURES

Budget measures relating to the NCC as explained in *Budget Paper No. 2, Budget Measures 2005-06* are summarised in Table 2.2. The table also identifies the relevant outcomes and outputs associated with each measure

Table 2.2: National Competition Council measures

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2006-07			Appropriations forward estimate 2007-08			Appropriations forward estimate 2008-09		
			2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Efficiency dividend — increase in the rate from 1 per cent to 1.25 percent ¹	1	1.1	-	- 10	- 10	-	- 20	- 20	-	- 30	- 30	-	- 30	- 30

¹ This is a cross portfolio measure. This table shows the NCC contribution to the measure.

2.3: OTHER RECEIPTS AVAILABLE TO BE USED

Table 2.3 provides details of other receipts available to be used and include FMA s.31 receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

Table 2.3: Other receipts available to be used¹

	Estimated receipts 2004-05 \$'000	Budget estimate 2005-06 \$'000
Departmental other receipts		
Other	52	52
Total departmental other receipts available to be used	52	52

¹ This table replaces the former table 'Receipts from independent sources'. It represents own source receipts available for spending on departmental purposes.

The NCC levies charges on applications for revocation and coverage of pipelines under the National Gas Pipelines Access Law and Code.

The NCC recovers approximately one per cent of revenue from cost recovery arrangements and receives free of charge the services of the Australian National Audit Office.

2.4: MOVEMENT OF ADMINISTERED FUNDS FROM 2004-05 TO 2005-06

Table 2.4: Movement of administered funds from 2004-05 to 2005-06

This table is not applicable to the NCC.

2.5: SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

This table is not applicable to the NCC.

2.6: SPECIAL ACCOUNTS

Table 2.6: Estimates of special account flows and balances

This table is not applicable to the NCC.

2.7: DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The NCC does not have an appropriation for an equity injection or loan in the 2005-06 Budget.

Section 3: Agency outcomes

This section explains how the resources identified in Section 2 will be used to deliver outputs that contribute to the outcome for National Competition Council (NCC).

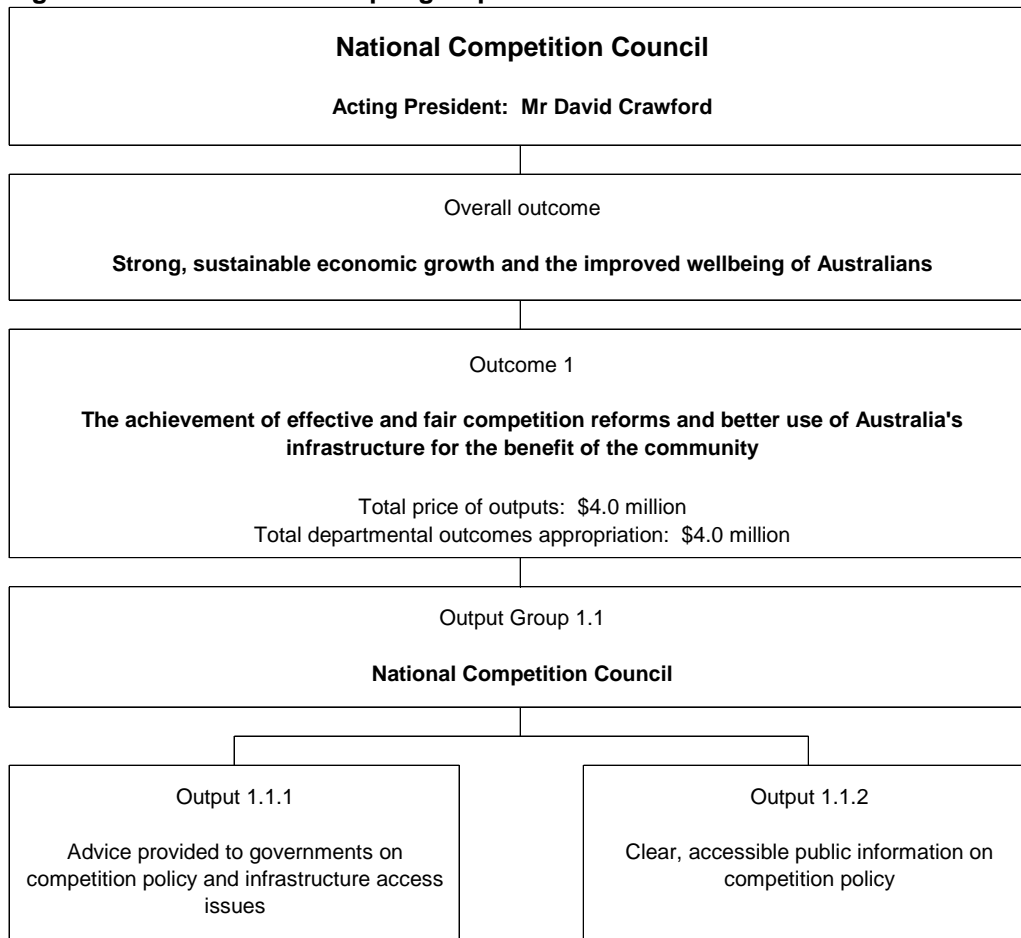
3.1: SUMMARY OF OUTCOMES AND OUTPUTS

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 on this output is small in total and as a proportion of the NCC's total budget. The formal allocation of overheads to this output would not make a material difference to the NCC's budget. The NCC has concluded that it is not cost effective to allocate overheads to this output.

The relationship between activities of the NCC and the outcome is summarised in Figure 4.

Figure 4: Outcomes and output groups



3.2: OUTCOMES — DEPARTMENTAL

The NCC has only one outcome, namely, 'the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community'. The total appropriation for this outcome for 2005-06 is \$4.0 million.

Figure 5: Departmental appropriations by outcome, 2005-06

This figure is not applicable to the NCC.

Figure 6: Administered appropriations by outcome, 2005-06

This figure is not applicable to the NCC.

3.3: OUTCOMES RESOURCING

Outcome 1 description

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

Outcome 1 resourcing

Table 3.1 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 1, including revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

Table 3.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'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	3,677	3,747
Output 1.1.2 - Clear, accessible public information on competition policy and infrastructure access issues	203	207
Total revenue from government (appropriations) Contributing to price of departmental outputs	3,880	3,954
Revenue from other sources		
Other	52	52
Total revenue from other sources	52	52
Total price from departmental outputs (Total revenue from government and from other sources)	3,932	4,006
Total estimated resourcing for Outcome 1 (Total price of outputs)	3,932	4,006
	2004-05	2005-06
Average staffing level (number)	20	20

3.4: MEASURES AFFECTING OUTCOMES

Measures affecting Outcome 1

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Efficiency dividend — increase in the rate from 1 per cent to 1.25 per cent ¹	- 10	- 20	- 30	- 30

¹ This is a cross portfolio measure. This table shows the NCC contribution to the measure.

Details of this measure is included in *Budget Paper No. 2, Budget Measures 2005-06*.

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 3.2: Performance information for Outcome 1

Performance information for individual outputs	
Output group 1.1: National Competition Council	
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	<p>Quality Advice and recommendations meet criteria of robustness, quality and timeliness.</p> <p>Advice and recommendations take into account all relevant considerations and meet Ministers' needs.</p> <p>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.</p> <p>Price: \$3.8 million</p>
Output 1.1.2 - Clear, accessible public information on competition policy	<p>Quality Publications and explanatory material, including the Annual Report and the NCCs' website are comprehensive and meet deadlines, and information provided is effective in promoting understanding of competition reform, policy and processes.</p> <p>Price: \$0.2 million</p>

Evaluations for Outcome 1

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

Section 4: Other reporting requirements

4.1: PURCHASER-PROVIDER ARRANGEMENTS

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

4.2: COST RECOVERY ARRANGEMENTS

The National 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 2005-06 cost recovery charges are expected to collect revenue of approximately \$30,000.

4.3: AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

This table is not applicable to the NCC.

Section 5: Budgeted financial statements

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2005-06 budget year and each of the forward years from 2006-07 to 2008-09. The statements also include the estimated actual for 2004-05 for comparative purposes.

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the NCC's budgeted financial statements is provided below.

Budgeted departmental statement of financial performance

The NCC is budgeting for a breakeven operating result in 2005-06.

Operating Revenues

Total agency revenue is estimated to be \$4.006 million. This is an increase of \$0.074 million from the 2004-05 estimated actual.

Operating Expenses

Total expenses are estimated to be \$4.006 million. This is an increase of \$0.074 million from the 2004-05 estimated actual.

Operating expenses consist of \$2.108 million in employee expenditure, \$1.841 million in supplier expenditure and \$0.057 million in depreciation and amortisation.

Budgeted departmental statement of financial position

In 2005-06 the NCC's equity position will be positive \$0.149 million.

Assets

The NCC's assets are predominantly financial assets. In 2005-06 the NCC will be investing \$0.015 million in capital.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2004-05.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental statement of financial performance for the period ended 30 June

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from Government	3,880	3,954	4,035	4,029	4,076
Other	52	52	52	52	52
Revenues from ordinary activities	3,932	4,006	4,087	4,081	4,128
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	2,150	2,108	2,296	2,294	2,324
Suppliers	1,710	1,841	1,735	1,731	1,748
Depreciation and amortisation	72	57	56	56	56
Expenses from ordinary activities (excluding borrowing costs expense)	3,932	4,006	4,087	4,081	4,128
Borrowing costs expense	-	-	-	-	-
Operating surplus or deficit from ordinary activities	-	-	-	-	-
Net surplus or deficit	-	-	-	-	-
Net surplus or deficit attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental statement of financial position as at 30 June

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
ASSETS					
Financial assets					
Cash	414	456	456	456	456
Receivables	286	360	434	508	582
Total financial assets	700	816	890	964	1,038
Non-financial assets					
Land and buildings	71	35	-	-	-
Infrastructure, plant and equipment	68	62	97	97	97
Other non-financial assets	14	14	14	14	14
Total non-financial assets	153	111	111	111	111
Total assets	853	927	1,001	1,075	1,149
LIABILITIES					
Provisions					
Employees	534	608	682	756	830
Total provisions	534	608	682	756	830
Payables					
Suppliers	170	170	170	170	170
Total payables	170	170	170	170	170
Total liabilities	704	778	852	926	1,000
EQUITY*					
Parent entity interest					
Retained surpluses or accumulated deficits	149	149	149	149	149
Total parent entity interest	149	149	149	149	149
Total equity	149	149	149	149	149
Current assets	714	830	904	978	1,052
Non-current assets	139	97	97	97	97
Current liabilities	437	474	511	548	585
Non-current liabilities	267	304	341	378	415

* 'Equity' is the residual interest in assets after deduction of liabilities.

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

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,880	3,954	4,035	4,029	4,076
Other	33	33	33	33	33
Total cash received	3,913	3,987	4,068	4,062	4,109
Cash used					
Employees	2,074	2,034	2,222	2,220	2,250
Suppliers	1,729	1,822	1,716	1,712	1,729
Total cash used	3,803	3,856	3,938	3,932	3,979
Net cash from or used by operating activities	110	131	130	130	130
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	11	15	56	56	56
Total cash used	11	15	56	56	56
Net cash from or used by investing activities	- 11	- 15	- 56	- 56	- 56
FINANCING ACTIVITIES					
Cash used					
Other	246	74	74	74	74
Total cash used	246	74	74	74	74
Net cash from or used by financing activities	- 246	- 74	- 74	- 74	- 74
Net increase or decrease in cash held	- 147	42	-	-	-
Cash at the beginning of the reporting period	561	414	456	456	456
Cash at the end of the reporting period	414	456	456	456	456

Table 5.4: Departmental capital budget statement

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'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	11	15	56	56	56
Total	11	15	56	56	56

Table 5.5: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

	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 2005									
Gross book value	-	-	144	-	239	-	-	-	383
Accumulated depreciation	-	-	- 73	-	- 171	-	-	-	- 244
Opening net book value	-	-	71	-	68	-	-	-	139
Additions:									
by purchase	-	-	-	-	15	-	-	-	15
by finance lease	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Net revaluation increment/decrement	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	- 36	-	- 21	-	-	-	- 57
Recoverable amount write-downs	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2006									
Gross book value	-	-	144	-	254	-	-	-	398
Accumulated depreciation	-	-	- 109	-	- 192	-	-	-	- 301
Closing net book value	-	-	35	-	62	-	-	-	97

Table 5.6: Schedule of budgeted revenues and expenses administered on behalf of Government for the period ended 30 June

This table is not applicable to the NCC.

Table 5.7: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June

This table is not applicable to the NCC.

Table 5.8: Schedule of budgeted administered cash flows for the period ended 30 June

This table is not applicable to the NCC.

Table 5.9: Schedule of administered capital budget

This table is not applicable to the NCC.

Table 5.10: Schedule of property, plant, equipment and intangibles — summary of movement (Budget Year 2005-06)

This table is not applicable to the NCC.

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.