

NATIONAL COMPETITION COUNCIL

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NATIONAL COMPETITION COUNCIL

Section 1: 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, including whether the Australian Government, States and Territories made satisfactory progress towards their commitments to competition policy reform. Its responsibilities also include assisting public awareness of governments' competition reform agendas and recommending on the design and coverage of infrastructure access regimes under Part IIIA of the *Trade Practices Act 1974* and the National Third Party Access Code for Natural Gas Pipeline Systems (National Gas Code).

Through constructive engagement with governments the NCC has worked to complete the reform programme agreed by governments 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 improve the wellbeing of all Australians through growth, innovation, and rising productivity, by promoting competition that is in the public interest'.

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: Resources for 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriations and other resources for the National Competition Council (NCC) in the 2006-07 Budget is \$4.1 million.

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome and departmental classification.

Table 2.1: Appropriations and other resources 2006-07

National Competition Council	Departmental				Administered				Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Appropriation \$'000	Special Appropriation resources \$'000	
Outcome 1									
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	4,031	-	-	52	-	-	-	-	4,083
Total	4,031	-	-	52	-	-	-	-	4,083

2.2 2006-07 BUDGET MEASURES

Table 2.2 National Competition Council measures

The NCC does not have any 2006-07 Budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the NCC for the provision of goods or services. These resources are approved for use by the NCC and include *Financial Management and Accountability Act 1997* section 31 receipts and resources received free of charge.

Table 2.3: Other resources available to be used

	Estimated receipts 2005-06 \$'000	Budget estimate 2006-07 \$'000
Departmental resources		
Goods and Services	33	33
Other - resources received free of charge	19	19
Total departmental resources available to be used	52	52

The NCC levies charges on applications for coverage and revocation of coverage of pipelines under the National Gas Pipelines Access Law and the National Gas 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 2005-06 TO 2006-07

Table 2.4: Movement of administered funds from 2005-06 to 2006-07

The NCC does not have any administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The NCC does not have any special appropriations.

2.6 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes.

Table 2.6: Estimates of special account flows and balances

The NCC does not have any special accounts.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

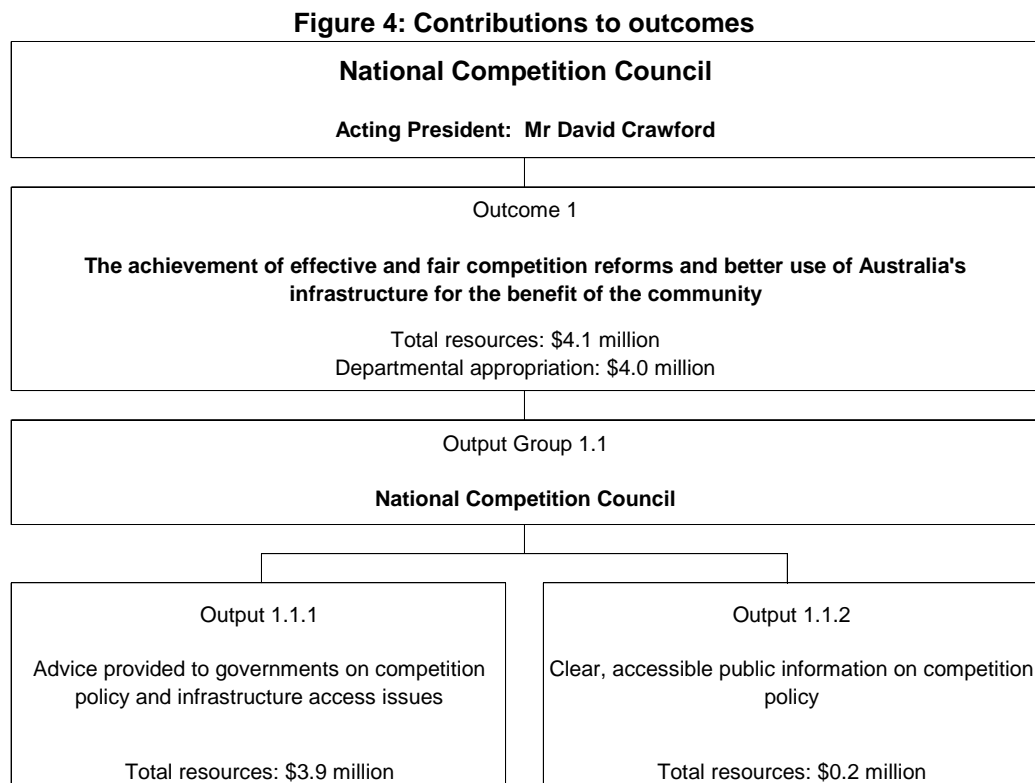
The NCC does not have an appropriation for administered capital, departmental equity injection or loan in the 2006-07 Budget.

Section 3: Outcomes

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

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

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



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.

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.

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.

Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the NCC are summarised in Table 3.2.

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	<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: \$3.9 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 Councils' 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) does not have any purchaser-provider arrangements with other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

The National Gas Pipelines 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. In 2006-07 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

The NCC does not have any specific indigenous expenditure.

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 2006-07 budget year and each of the forward years from 2007-08 to 2009-10. The statements also include the estimated actual for 2005-06 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 2006-07.

Operating Revenues

Total agency revenue is estimated to be \$4.1 million. This is an increase of \$0.1 million from the 2005-06 estimated actual.

Operating Expenses

Total expenses are estimated to be \$4.1 million. This is an increase of \$0.1 million from the 2005-06 estimated actual.

Operating expenses consist of \$1.7 million in employee expenditure, \$2.4 million in supplier expenditure and \$0.1 million in depreciation and amortisation.

Budgeted departmental balance sheet

In 2006-07 the NCC's equity position will be positive \$0.4 million.

Assets

The NCC's assets are predominantly financial assets. In 2006-07 the NCC will be investing \$0.1 million in capital.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2005-06.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	3,954	4,031	4,021	4,064	4,103
Other	52	52	52	52	52
Total revenue	4,006	4,083	4,073	4,116	4,155
Total income	4,006	4,083	4,073	4,116	4,155
EXPENSE					
Employees	2,108	1,650	1,681	1,746	1,746
Suppliers	1,841	2,377	2,336	2,314	2,353
Depreciation and amortisation	57	56	56	56	56
Total expenses	4,006	4,083	4,073	4,116	4,155
Operating result from continuing operations	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	-	-	-	-	-

**Table 5.2: Budgeted departmental balance sheet
as at 30 June**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash	592	592	592	592	592
Receivables	320	374	428	482	536
Other receivables	39	39	39	39	39
Total financial assets	951	1,005	1,059	1,113	1,167
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	61	61	61	61	61
Other	11	11	11	11	11
Total non-financial assets	72	72	72	72	72
Total assets	1,023	1,077	1,131	1,185	1,239
LIABILITIES					
Provisions					
Employees	367	421	475	529	583
Total provisions	367	421	475	529	583
Payables					
Suppliers	239	239	239	239	239
Total payables	239	239	239	239	239
Total liabilities	606	660	714	768	822
EQUITY					
Reserves	3	3	3	3	3
Retained surpluses	414	414	414	414	414
Total equity	417	417	417	417	417
Current assets	962	1,016	1,070	1,124	1,178
Non-current assets	61	61	61	61	61
Current liabilities	423	450	477	504	531
Non-current liabilities	183	210	237	264	291

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

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,954	4,031	4,021	4,064	4,103
Other	33	33	33	33	33
Total cash received	3,987	4,064	4,054	4,097	4,136
Cash used					
Employees	2,034	1,596	1,627	1,692	1,692
Suppliers	1,822	2,358	2,317	2,295	2,334
Total cash used	3,856	3,954	3,944	3,987	4,026
Net cash from or (used by) operating activities	131	110	110	110	110
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	15	56	56	56	56
Total cash used	15	56	56	56	56
Net cash from or (used by) investing activities	(15)	(56)	(56)	(56)	(56)
FINANCING ACTIVITIES					
Cash used					
Other	74	54	54	54	54
Total cash used	74	54	54	54	54
Net cash from or (used by) financing activities	(74)	(54)	(54)	(54)	(54)
Net increase or (decrease) in cash held	42	-	-	-	-
Cash at the beginning of the reporting period	550	592	592	592	592
Cash at the end of the reporting period	592	592	592	592	592

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	414	-	3	-	417
Adjusted opening balance	414	-	3	-	417
Income and expense					
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Estimated closing balance as at 30 June 2007	414	-	3	-	417

Table 5.5: Departmental capital budget statement

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	15	56	56	56	56
Total	15	56	56	56	56

Table 5.6: Departmental property, plant, equipment and intangibles summary of movement (Budget year 2006-07)

	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 2006									
Gross book value	-	-	144	-	254	-	-	-	398
Accumulated depreciation	-	-	(109)	-	(228)	-	-	-	(337)
Opening net book value	-	-	35	-	26	-	-	-	61
Additions:									
by purchase	-	-	-	-	56	-	-	-	56
Depreciation/amortisation expense	-	-	(35)	-	(21)	-	-	-	(56)
As at 30 June 2007									
Gross book value	-	-	144	-	310	-	-	-	454
Accumulated depreciation	-	-	(144)	-	(249)	-	-	-	(393)
Estimated closing net book value	-	-	-	-	61	-	-	-	61

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 2006-07)

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.