

# NATIONAL COMPETITION COUNCIL

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# 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 refocused its activities on access regulation matters. In relation to this, the NCC's specific tasks are to make recommendations<sup>1</sup> 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                                    |
|---|---|--|
| <b>Outcome 1</b>  |   |  |
| 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<br>National Competition Council |

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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**

| 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 \$'000 |              |
| <b>Outcome 1</b>  |                                 |                                 |                              |                        |                                 |                           |                            |                              |              |
| 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        |
| <b>Total</b>  | <b>4,025</b>                    | <b>-</b>                        | <b>-</b>                     | <b>24</b>              | <b>-</b>                        | <b>-</b>                  | <b>-</b>                   | <b>-</b>                     | <b>4,049</b> |

## 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<br>actual<br>2006-07<br>\$'000 | Budget<br>estimate<br>2007-08<br>\$'000 |
|--|--|---|
| <b>Departmental other resources</b>                            |  |   |
| Goods and services   | 33                                       | -                                       |
| Other - resources received free of charge                      | 19                                       | 24                                      |
| <b>Total departmental other resources available to be used</b> | <b>52</b>                                | <b>24</b>                               |

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.

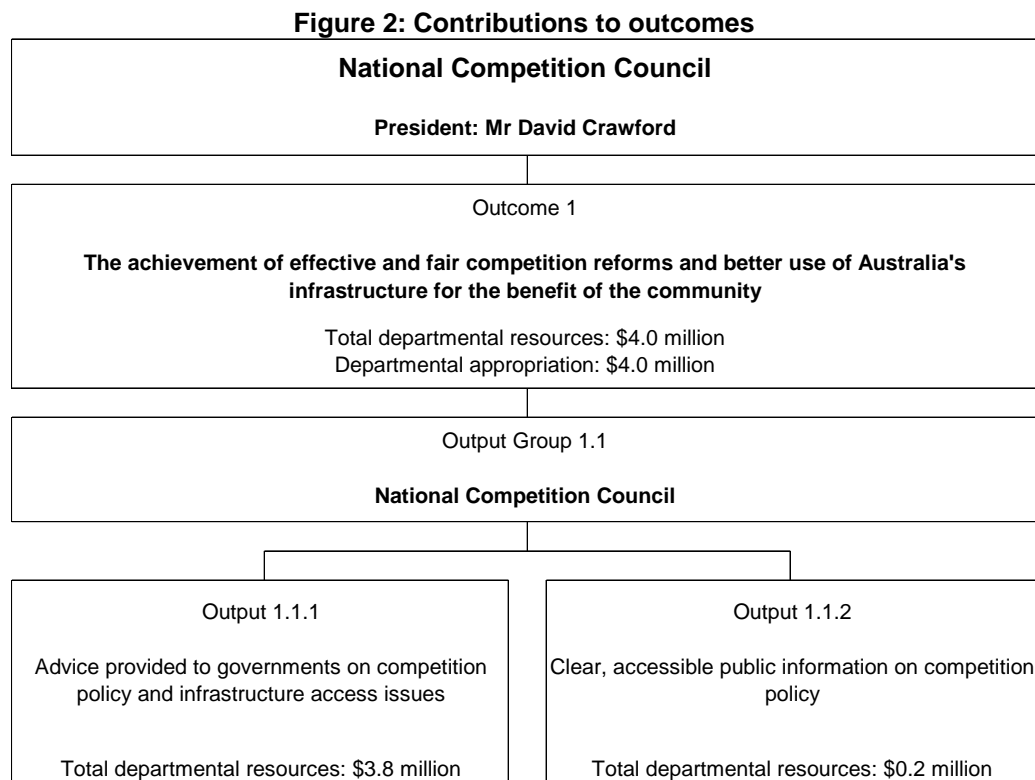
## Section 3: Outcomes

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.



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<br>actual<br>2006-07<br>\$'000 | Budget<br>estimate<br>2007-08<br>\$'000 |
|--|--|---|
| <b>Departmental appropriations</b>   |  |   |
| 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                                     |
| <b>Total departmental appropriations</b>   | <b>4,031</b>                             | <b>4,025</b>                            |
| <b>Revenue from other sources</b>  |  |   |
| Output Group 1.1 - National Competition Council  |  |   |
| Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues | 52                                       | 24                                      |
| <b>Total revenue from other sources</b>  | <b>52</b>                                | <b>24</b>                               |
| <b>Total resources</b>   | <b>4,083</b>                             | <b>4,049</b>                            |
|  | 2006-07                                  | 2007-08                                 |
| <b>Average staffing level (number)</b>   | 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   |  |
|--|--|
| <b>Output group 1.1: National Competition Council</b>  |  |
| Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues | <p><b>Quality:</b><br/>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><b>Price: \$3.8 million</b></p> |
| Output 1.1.2 - Clear, accessible public information on competition policy                            | <p><b>Quality:</b><br/>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><b>Price: \$0.2 million</b></p>   |

### 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<br>actual<br>2006-07<br>\$'000 | Budget<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 | Forward<br>estimate<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 |
|---|--|---|--|--|--|
| <b>INCOME</b>   |  |   |  |  |  |
| <b>Revenue</b>  |  |   |  |  |  |
| Revenues from Government  | 4,031                                    | 4,025                                   | 4,060                                    | 4,103                                    | 4,142                                    |
| Other   | 52                                       | 24                                      | 24                                       | 24                                       | 24                                       |
| <b>Total revenue</b>  | <b>4,083</b>                             | <b>4,049</b>                            | <b>4,084</b>                             | <b>4,127</b>                             | <b>4,166</b>                             |
| <b>Total income</b>   | <b>4,083</b>                             | <b>4,049</b>                            | <b>4,084</b>                             | <b>4,127</b>                             | <b>4,166</b>                             |
| <b>EXPENSE</b>  |  |   |  |  |  |
| 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                                       |
| <b>Total expenses</b>   | <b>4,083</b>                             | <b>4,049</b>                            | <b>4,084</b>                             | <b>4,127</b>                             | <b>4,166</b>                             |
| <b>Surplus or (deficit) attributable<br/>to the Australian Government</b> | -  | -                                       | -  | -  | -  |

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

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

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

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

**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       |
| <b>Estimated opening balance as at 1 July 2007</b>             |                   |                           |                |                            |              |
| Balance carried forward from previous period                   | 1,255             | -                         | 3              | -                          | 1,258        |
| <b>Estimated opening balance</b>                               | 1,255             | -                         | 3              | -                          | 1,258        |
| <b>Income and expense</b>                                      |                   |                           |                |                            |              |
| Surplus (deficit) for the period                               | -                 | -                         | -              | -                          | -            |
| <b>Total income and expenses recognised directly in equity</b> | -                 | -                         | -              | -                          | -            |
| <b>Estimated closing balance as at 30 June 2008</b>            | 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                   |
| <b>CAPITAL APPROPRIATIONS</b>               |                          |                         |                          |                          |                          |
| Total equity injections                     | -                        | -                       | -                        | -                        | -                        |
| Total loans                                 | -                        | -                       | -                        | -                        | -                        |
| <b>Total capital appropriations</b>         | -                        | -                       | -                        | -                        | -                        |
| <b>Represented by:</b>                      |                          |                         |                          |                          |                          |
| Purchase of non-financial assets            | -                        | -                       | -                        | -                        | -                        |
| Other                                       | -                        | -                       | -                        | -                        | -                        |
| <b>Total represented by:</b>                | -                        | -                       | -                        | -                        | -                        |
| <b>PURCHASE OF NON-FINANCIAL ASSETS</b>     |                          |                         |                          |                          |                          |
| Funded by capital appropriation             | -                        | -                       | -                        | -                        | -                        |
| Funded internally by departmental resources | 56                       | 10                      | 56                       | 56                       | 56                       |
| <b>Total</b>                                | 56                       | 10                      | 56                       | 56                       | 56                       |

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

|   | Land     | Investment | Buildings | Specialist | Other          | Heritage     | Computer | Other       | Total  |
|---|----------|------------|-----------|------------|----------------|--------------|----------|-------------|--------|
|   | property | property   |           | military   | infrastructure | and cultural | software | intangibles |        |
|   | \$'000   | \$'000     | \$'000    | equipment  | plant and      | assets       | \$'000   | \$'000      | \$'000 |
|   |          |            |           |            | equipment      |              |          |             |        |
| <b>As at 1 July 2007</b>                |          |            |           |            |                |              |          |             |        |
| Gross book value                        | -        | -          | 98        | -          | 94             | -            | -        | -           | 192    |
| Accumulated depreciation                | -        | -          | (98)      | -          | (74)           | -            | -        | -           | (172)  |
| <b>Estimated opening net book value</b> | -        | -          | -         | -          | 20             | -            | -        | -           | 20     |
| Additions:                              |          |            |           |            |                |              |          |             |        |
| by purchase                             | -        | -          | -         | -          | 10             | -            | -        | -           | 10     |
| Depreciation/amortisation expense       | -        | -          | -         | -          | (9)            | -            | -        | -           | (9)    |
| <b>As at 30 June 2008</b>               |          |            |           |            |                |              |          |             |        |
| Gross book value                        | -        | -          | 98        | -          | 104            | -            | -        | -           | 202    |
| Accumulated depreciation                | -        | -          | (98)      | -          | (83)           | -            | -        | -           | (181)  |
| <b>Estimated closing net book value</b> | -        | -          | -         | -          | 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.

