

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

There has been no significant change to the strategic direction of the Australian Competition and Consumer Commission (ACCC) from that included in the *Portfolio Budget Statements 2008-09* (pages 65-66).

The ACCC is seeking an additional \$5.0 million in equity injections through Appropriation Bill (No. 4) 2008-09 for the Litigation Contingency Fund.

The ACCC is also reducing appropriations by \$4.0 million as legislation to provide for criminal sanctions for price fixing and market sharing (cartel conduct) has not been enacted.

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1.2 AGENCY RESOURCE STATEMENT

Table 1.1 outlines the total resourcing available from all sources for the 2008-09 Budget year, including variations through Appropriation Bills No. 3 and No. 4 and special accounts.

Table 1.1: Australian Competition and Consumer Commission resource statement — additional estimates for 2008-09 as at Additional Estimates December 2008

	Estimate as at Budget	Proposed additional estimates	Total estimate at Additional Estimates	Total available appropriation
	2008-09 \$'000	2008-09 \$'000	2008-09 \$'000	2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Prior year amounts available	19,867	-	19,867	-
Departmental outputs	139,227	(4,000)	135,227	115,358
Receipts from other sources (s31)	500	-	500	500
Total ordinary annual services	A 159,594	(4,000)	155,594	115,858
Other services				
Departmental non-operating				
Prior year amounts available	17,420	-	17,420	-
Equity injections	1,299	5,000 ¹	6,299	1,073
Previous years' outputs	2,948	-	2,948	-
Total other services	B 21,667	5,000	26,667	1,073
Total available annual appropriations (A + B)	181,261	1,000	182,261	116,931
Special accounts				
Opening balance	52	-	52	52
Appropriation Receipts	15	-	15	203
Total special accounts	C 67	-	67	255
Total resourcing (A + B + C)	181,328	1,000	182,328	117,186
Less receipts from other sources credited to special accounts	15	-	15	203
Total net resourcing for the ACCC	181,313	1,000	182,313	116,983

1. Appropriation Bill (No. 4) 2008-09.

Third party drawdowns from and on behalf of other agencies

	Estimate at Budget	Estimate at Additional Estimates
	2008-09 \$'000	2008-09 \$'000
Payments made on behalf of the National Competition Council (NCC)	2,781	2,781

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

1.3 AGENCY MEASURES TABLE

Table 1.2: Agency measures since Budget

The ACCC does not have any measures since the 2008-09 Budget.

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

Table 1.3 details the additional estimates and variations resulting from new measures since the 2008-09 Budget. Table 1.4 details additional estimates or variations from other variations.

Table 1.3: Additional estimates and variations to outcomes from measures since 2008-09 Budget

The ACCC does not have any additional estimates from measures since the 2008-09 Budget.

Table 1.4: Additional estimates and variations to outcomes from other variations

	Output Group impacted	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Outcome 1					
Increase in estimates (departmental)					
Litigation Contingency Fund	1.1	5,000	-	-	-
Decrease in estimates (departmental)					
Criminal Cartel enforcement	1.1	(4,000)	-	-	-
Net impact on estimates for outcome 1		1,000	-	-	-

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1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the additional estimates sought for the ACCC through Appropriation Bills No. 3 and No. 4.

Table 1.5: Appropriation Bill (No. 3) 2008-09

	2007-08 available \$'000	2008-09 Budget \$'000	2008-09 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets					
Australian markets	115,358	139,227	135,227	-	(4,000)
Total	115,358	139,227	135,227	-	(4,000)

Table 1.6: Appropriation Bill (No. 4) 2008-09

	2007-08 available \$'000	2008-09 Budget \$'000	2008-09 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-operating					
Equity injections	1,073	1,299	6,299	5,000	-
Previous years' outputs	-	2,948	2,948	-	-
Total	1,073	4,247	9,247	5,000	-

Section 2: Revisions to agency outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

There has been no change to outcomes and performance information for the ACCC from that included in the *Portfolio Budget Statements 2008-09* (pages 69-74).

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a snapshot of the ACCC's finances for the budget year 2008-09.

3.1 EXPLANATORY TABLES

3.1.1 Estimates of special account flows

There has been no change to special account flows from that included in the *Portfolio Budget Statements 2008-09* (page 76).

3.1.2 Estimates of variations to Average Staffing Level

There has been no change to the Average Staffing Level from that included in the *Portfolio Budget Statements 2008-09* (page 71).

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 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 actual operating result for 2007-08 was a \$5.2 million deficit.

Operating revenues

Total revenue in 2008-09 is estimated to be \$135.8 million, an increase of \$16.9 million from the 2007-08 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 of the *Portfolio Budget Statements 2008-09*) and measures disclosed in the 2006-07 Budget for the Australian Energy Regulator (AER) in the 2008-09 forward year.

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Operating expenses

Total expenses in 2008-09 are estimated to be \$135.8 million. This is an increase of \$11.7 million from the 2007-08 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 of the *Portfolio Budget Statements 2008-09*), and the full year impact of initiatives funded in 2006-07 for the AER and in 2007-08 for Water Regulatory initiatives.

Balance sheet

The ACCC's budgeted net asset position of \$42.6 million represents an increase of \$6.3 million from the 2007-08 actual. The increase is attributable to an equity injection associated with the Litigation Contingency Fund.

The total assets are expected to increase by \$7.1 million to \$77.7 million reflecting a projected increase in receivables and infrastructure, plant and equipment.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$16.9 million. The liability is expected to increase by approximately \$0.8 million during 2008-09.

3.2.2 Budgeted financial statements

Departmental financial statements

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

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME					
Revenue					
Revenues from Government	118,306	135,227	137,818	136,261	132,962
Goods and services	492	500	500	500	500
Total revenue	118,798	135,727	138,318	136,761	133,462
Gains					
Other	105	75	75	75	75
Total gains	105	75	75	75	75
Total income	118,903	135,802	138,393	136,836	133,537
EXPENSE					
Employees	60,642	73,121	73,180	72,290	70,873
Suppliers	52,081	59,151	61,594	60,885	58,990
Depreciation and amortisation	2,120	3,530	3,619	3,661	3,674
Finance costs	111	-	-	-	-
Write- down and impairment of asset	47	-	-	-	-
Net losses from sale of assets	83	-	-	-	-
Other	8,969	-	-	-	-
Total expenses	124,053	135,802	138,393	136,836	133,537
Net surplus or (deficit) attributable to the Australian Government	(5,150)	-	-	-	-

Prepared on an Australian Accounting Standards basis.

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

	Actual 2007-08 \$'000	Revised budget 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,168	1,168	1,168	1,168	1,168
Receivables	51,607	57,637	58,756	59,123	59,343
Total financial assets	52,775	58,805	59,924	60,291	60,511
Non-financial assets					
Land and buildings	10,082	8,933	7,492	6,055	6,055
Infrastructure, plant and equipment	5,381	7,574	8,703	10,045	9,918
Inventories	42	42	42	42	42
Intangibles	1,342	1,336	1,421	1,262	1,262
Other	1,007	1,007	1,007	1,007	1,007
Total non-financial assets	17,854	18,892	18,665	18,411	18,284
Total assets	70,629	77,697	78,589	78,702	78,795
LIABILITIES					
Payables					
Suppliers	6,322	6,297	6,272	6,272	6,272
Other payables	2,702	2,702	2,702	2,702	2,702
Total payables	9,024	8,999	8,974	8,974	8,974
Provisions					
Employees	16,116	16,910	17,704	17,704	17,704
Other provisions	9,151	9,151	9,151	9,151	9,151
Total provisions	25,267	26,061	26,855	26,855	26,855
Total liabilities	34,291	35,060	35,829	35,829	35,829
Net assets	36,338	42,637	42,760	42,873	42,966
EQUITY					
Contributed equity	34,098	40,397	40,520	40,633	40,726
Reserves	1,321	1,321	1,321	1,321	1,321
Retained surpluses or accumulated deficits	919	919	919	919	919
Total equity	36,338	42,637	42,760	42,873	42,966
Current assets	53,824	59,812	60,931	61,298	61,518
Non-current assets	16,805	17,885	17,658	17,404	17,277
Current liabilities	26,716	17,454	17,826	17,826	17,826
Non-current liabilities	7,575	17,606	18,003	18,003	18,003

Prepared on an Australian Accounting Standards basis.

Agency Additional Estimates Statements — ACCC

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

	Actual 2007-08 \$'000	Revised budget 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	437	500	500	500	500
Appropriations	112,160	134,197	136,699	135,894	132,742
Net GST received	5,688	-	-	-	-
Total cash received	118,285	134,697	137,199	136,394	133,242
Cash used					
Employees	58,305	72,327	72,386	72,290	70,873
Suppliers	55,274	59,101	61,544	60,810	58,915
Other cash used	2,617	-	-	-	-
Total cash used	116,196	131,428	133,930	133,100	129,788
Net cash from or (used by) operating activities	2,089	3,269	3,269	3,294	3,454
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	33	-	-	-	-
Total cash received	33	-	-	-	-
Cash used					
Purchase of property, plant and equipment	9,555	4,568	3,392	3,407	3,547
Total cash used	9,555	4,568	3,392	3,407	3,547
Net cash from or (used by) investing activities	(9,522)	(4,568)	(3,392)	(3,407)	(3,547)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	7,593	1,299	123	113	93
Net cash from or (used by) financing activities	7,593	1,299	123	113	93
Net increase or (decrease) in cash held	160	-	-	-	-
Cash at the beginning of the reporting period	1,008	1,168	1,168	1,168	1,168
Cash at the end of the reporting period	1,168	1,168	1,168	1,168	1,168

Prepared on an Australian Accounting Standards basis.

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

	Accumulated results	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	919	1,321	-	34,098	36,338
Adjusted opening balance	919	1,321	-	34,098	36,338
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	6,299	6,299
Sub-total transactions with owners	-	-	-	6,299	6,299
Estimated closing balance as at 30 June 2009	919	1,321	-	40,397	42,637

Prepared on Australian Accounting Standards basis.

Schedule of administered activity

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

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other fines	62,198	10,000	10,000	10,000	10,000
Total non-taxation	62,198	10,000	10,000	10,000	10,000
Total revenues administered on behalf of Government	62,198	10,000	10,000	10,000	10,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Write down and impairment of assets	10,872	-	-	-	-
Total expenses administered on behalf of Government	10,872	-	-	-	-

Prepared on an Australian Accounting Standards basis.

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

	Actual 2007-08 \$'000	Revised budget 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	151	151	151	151	151
Receivables	5,988	5,988	5,988	5,988	5,988
Total assets administered on behalf of Government	6,139	6,139	6,139	6,139	6,139
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	2	2	2	2	2
Total liabilities administered on behalf of Government	2	2	2	2	2

Prepared on an Australian Accounting Standards basis.

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

	Actual 2007-08 \$'000	Revised budget 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	47,835	10,000	10,000	10,000	10,000
Total cash received	47,835	10,000	10,000	10,000	10,000
Cash used					
To official public account	47,689	10,000	10,000	10,000	10,000
Total cash used	47,689	10,000	10,000	10,000	10,000
Net cash from operating activities	146	-	-	-	-
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	5	151	151	151	151
Cash at end of reporting period	151	151	151	151	151

Prepared on an Australian Accounting Standards basis.

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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 Finance Minister's Orders;
- Australian Accounting Standards Board; and
- International Financial Reporting Standards.

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 fit out 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.

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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.

