

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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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.

The Australian Energy Regulator (AER), which is part of the ACCC, regulates the national energy market.

The ACCC's outcome is: lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

Further to the approval and establishment of the new National Broadband Network Company (NBN Co.), the ACCC has been given an oversight role with respect to both the NBN Co.'s operation and access to the NBN itself. The ACCC will play an integral part in the consultative processes associated with the regulatory regime for the NBN as well as the necessary changes to the existing telecommunications regulatory regime through the provision of advice on competition and pricing issues.

A further significant measure for the ACCC is the implementation of the unfair contract terms provisions of the Australian Consumer Law. Under this measure, the ACCC is required to generate compliance with the new unfair contract terms provisions and undertake consultation with industry and consumer stakeholders on the structure and content of the unfair contract terms guidance. To aid consistency, the ACCC's compliance campaign will involve considerable liaison, coordination and cooperation with the Australian Securities and Investments Commission as well as State and Territory agencies.

Laws recently passed by the Australian Parliament introduce new civil cartel prohibitions and, for the first time, a criminal cartel offence. The ACCC will continue to be responsible for the investigation of alleged cartel conduct and will work closely with the Commonwealth Director of Public Prosecutions in relation to matters that may be subject to a referral.

Reforms to gas and electricity market regulation continue. The AER will continue to work within the evolving regulatory landscape while performing regulatory resets, monitoring compliance and providing timely and relevant information to energy market participants.

In performing its role, the ACCC is alert to market conduct that may impact adversely on competition and consumers. Specific areas for the ACCC's attention are mergers and creeping acquisitions, unconscionable conduct, franchising opportunities, misleading and deceptive conduct, harassment and coercion, and cartel conduct. The ACCC's regulatory role will continue to reflect the view that competition provides the best incentive for firms and institutions to become more efficient, innovative and flexible.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2010-11 as at Budget May 2010

| | Estimate of prior year amounts available in 2010-11 \$'000 | Proposed at Budget 2010-11 \$'000 | Total estimate 2010-11 \$'000 | Actual available appropriation 2009-10 \$'000 |
|--|---|--|--|---|
| Ordinary annual services | | | | |
| Departmental | | | | |
| Prior year departmental carried forward | 26,389 ⁴ | - | 26,389 | - |
| Departmental appropriation ⁶ | - | 147,304 ¹ | 147,304 | 138,930 |
| Receipts from other sources (s31) | - | 500 ³ | 500 | 500 |
| Total ordinary annual services | A 26,389 | 147,804 | 174,193 | 139,430 |
| Other services | | | | |
| Departmental non-operating | | | | |
| Equity injections | 26,856 | 40 ² | 26,896 | 61 |
| Previous years' outputs | - | - | - | 2,324 |
| Total other services | B 26,856 | 40 | 26,896 | 2,385 |
| Total available annual appropriations (A+B) | 53,245 | 147,844 | 201,089 | 141,815 |
| Special accounts | | | | |
| Opening balance ⁵ | 760 | - | 760 | - |
| Non-appropriation receipts to special accounts | - | 100 | 100 | 708 |
| Total special account | C 760 | 100 | 860 | 708 |
| Total net resourcing for ACCC (A+B+C) | 54,005 | 147,944 | 201,949 | 142,523 |

1. Appropriation Bill (No. 1) 2010-11.

2. Appropriation Bill (No. 2) 2010-11.

3. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

4. Estimated adjusted balance carried from previous year for annual appropriations.

5. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

6. Includes \$2.5 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

Third Party Payments from and on behalf of other agencies

| | 2010-11 \$'000 | 2009-10 \$'000 |
|---|-------------------|-------------------|
| Payments made on behalf of the National Competition Council (NCC) | 2,772 | 2,806 |

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 ACCC are detailed in Budget Paper No. 2, *Budget Measures 2010-11* and are summarised below.

Table 1.2: Australian Competition and Consumer Commission 2010-11 Budget measures

| | Program | 2009-10 \$'000 | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| Implementation of Unfair Contract Terms Provisions of the Australian Consumer Law | 1.1 | 596 | 1,170 | 1,163 | 1,171 | 1,179 |
| NBN Co Limited - regulatory framework | 1.1 | 3,367 | 5,832 | 5,851 | 4,483 | 4,513 |
| Petrol Commissioner and formal monitoring of petrol prices - continuation | 1.1 | - | 2,070 | 2,082 | - | - |
| Total expense measures | | 3,367 | 7,902 | 7,933 | 4,483 | 4,513 |

Prepared on a Government Financial Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to government outcomes over the budget and forward years.

The ACCC's outcome is described below specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the ACCC.

Outcome 1: Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services

Outcome 1 Strategy

To achieve its outcome the three strategies the ACCC will pursue are:

- promote vigorous, lawful competition and informed markets;
- encourage fair trading, protection of consumers and product safety; and
- regulate national infrastructure services (such as communications, bulk water, energy, rail, airports, post and wheat exports) and other markets where there is limited competition.

The intended results and target groups of the ACCC program are:

- detect, pursue and stop anti-competitive conduct – including cartels – and misuse of market power;
- promptly deliver authorisation and notification decisions, particularly on small business collective bargaining arrangements;
- assess mergers promptly and efficiently across all industries, taking effective action to address substantial competition concerns arising from mergers;

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- 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 conduct resulting in widespread detriment;
- ensure that trading conditions between big and small firms are fair;
- promote product safety through identification and regulation of emerging hazards, active engagement in recalls, and enforcement of standards and bans;
- support and protect competition in markets that rely on networks with natural monopoly characteristics;
- provide consistent and independent regulation of the energy sector, encouraging 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 (for example water, transport 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 petrol and a range of airport prices including car parking.

Outcome 1 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1 by program.

Table 2.1: Budgeted expenses and resources for Outcome 1

| Outcome 1: Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services | 2009-10 Estimated actual expenses \$'000 | 2010-11 Estimated expenses \$'000 |
|--|--|--|
| Program 1.1: Australian Competition and Consumer Commission | | |
| Departmental expenses | | |
| Ordinary annual services (Appropriation Bill No. 1) | 138,930 | 140,842 |
| Revenues from independent sources (s31) | 500 | 500 |
| Expenses not requiring appropriation in the Budget year | 2,112 | 3,540 |
| Previous years' outputs | 3,962 | - |
| Total expenses for Outcome 1 | 145,504 | 144,882 |
| | 2009-10 | 2010-11 |
| Average staffing level (number) | 756 | 778 |

Contributions to Outcome 1

Program 1.1: Australian Competition and Consumer Commission

Program objectives

The ACCC program objective is to administer the TPA, and associated legislation, to bring greater competitiveness, fair trading, consumer protection and product safety to the Australian economy, working on the fundamental principle that this benefits consumers, business and the wider community.

The ACCC promotes compliance with federal competition, fair trading, consumer protection and product safety laws.

The ACCC and AER regulate markets where competition is less effective – for example communications (ACCC), transport (ACCC) and energy markets (AER and ACCC).

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program expenses

| | 2009-10 Revised budget \$'000 | 2010-11 Budget \$'000 | 2011-12 Forward year 1 \$'000 | 2012-13 Forward year 2 \$'000 | 2013-14 Forward year 3 \$'000 |
|------------------------------------|--|-----------------------------|--|--|--|
| Annual departmental expenses | | | | | |
| Departmental items | 145,504 | 144,882 | 141,042 | 139,147 | 140,317 |
| Total departmental expenses | 145,504 | 144,882 | 141,042 | 139,147 | 140,317 |

Program deliverables

From promoting vigorous, lawful competition and informed markets (TPA Parts IV, VII, XIA) and encouraging fair trading, protection of consumers and product safety (TPA Parts IVA, IVB, V, VA, VC, *Trade Marks Act 1995* and *Copyright Act 1968*), the ACCC has the following deliverables:

- actions against unlawful conduct;
- effective and appropriate remedies for unlawful conduct;
- outcomes from an expected 20 court cases (for competition, fair trading and consumer protection);
- outcomes from an expected 40 court enforceable undertakings (predominately for consumer protection conduct that has breached or is likely to breach the TPA);
- assessment of mergers within statutory and organisational timelines and in accordance with published guidelines;
- publication on accc.gov.au of all public merger decisions;
- authorisation and notification decisions within statutory and organisational timeframes (assessment of validity within five days, authorisation within six months, majority of notifications within four weeks) and promptly communicated;
- collective bargaining notification decisions within statutory timeframes (assessment of validity within five days, initial assessment within 14 days) and communicated promptly;
- publicity, liaison and education activities that are timely and reach the target audiences – 750,000 publications and 250 media releases;
- enforcement of mandatory codes of conduct;

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- assistance to parliamentary inquiries and government agencies to develop policies and processes;
- complaints and inquiries (telephone calls, correspondence and emails) responded to within organisational guidelines (7-28 days, depending on the nature of the complaint or inquiry); and
- websites (www.accc.gov.au, www.recalls.gov.au, www.productsafety.gov.au and www.scamwatch.gov.au) that are accessible and a source of relevant and up-to-date information.

From regulating national infrastructure services and other markets where there is limited competition (TPA Parts IIIA, VIIA, X, XIB, XIC; *National Gas Law 2008*, *National Gas Rules*, *National Electricity Law 2005*; *National Electricity Rules*; *Airports Act 1996*; *Broadcasting Services Act 1992*; *Radiocommunications Act 1992*; *Telecommunications Act 1997*; *Telecommunications (Consumer Protection and Service Standards) Act 1999*; *Water Act 2007*; *Wheat Export Marketing Act 2008*), the ACCC has the following deliverables:

- compliance with statutory reporting requirements to the Minister for Broadband, Communications and the Digital Economy;
- implementation of reasonable terms and conditions of access in arbitral determinations under the telecommunications access regime;
- review of declarations of declared services under the telecommunications access regime within statutory timeframes;
- assistance to the Australian Competition Tribunal and Courts in review of any appealed ACCC regulatory decisions under the telecommunications access regime;
- assistance to parliamentary inquiries and government agencies to develop policies and processes;
- effective access regimes (evidenced by price levels and service delivery standards);
- improvement (to more closely reflect efficient costs) in prices paid by businesses using monopoly services;
- timely and accessible regulatory reports, determinations, and issues papers;
- robust and accurate regulatory methodology (evidenced by industry acceptance); and
- websites (www.accc.gov.au and www.aer.gov.au) that are accessible and a source of relevant and up-to-date information.

Program key performance indicators

To promote compliance with federal competition, fair trading, consumer protection and product safety laws, the ACCC has the following key performance indicators:

- effective and appropriate actions (investigations, litigation, communication) are taken to prevent and stop,
 - anti-competitive conduct,
 - misleading, deceptive and unconscionable conduct, especially conduct that causes widespread consumer detriment, and
 - non-compliance with mandatory codes of conduct; and
- effective and appropriate actions are taken to promote product safety, including responding to emerging hazards, managing product recalls, and enforcing standards and bans;
- support is provided to increase the ability of small business to trade with larger firms in a fair, yet competitive environment;
- immediate information is provided to thousands of callers each week; publications are widely distributed through print and the web; and special information programs reach small, isolated or disadvantaged groups; and
- effective and appropriate education campaigns are conducted that target industries and sectors where the risk of failure to comply with the TPA is high.

To regulate markets where competition is less effective – for example communications (ACCC), transport (ACCC) and energy markets (AER and ACCC) – the ACCC and AER have the following key performance indicators:

- access terms, conditions and prices balance the interests of infrastructure owners and users and the broader public;
- incentives are provided that stimulate efficient investment in and use of services with natural monopoly characteristics;
- regulatory processes that support efficient resource allocation, including investment in the regulated businesses, are predictable and consistent;
- prices of specified goods and services are monitored to assess the effect of market conditions on price levels, and the government and public are advised accordingly; and

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- all the outcomes of access arbitrations, arrangements and undertakings, monitoring activities and inquiry findings are publicised.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ACCC does not have any administered funds.

3.1.2 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 3.1.2 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 3.1.2: Estimates of special account cash flows and balances

| | | Opening balance 2010-11 2009-10 | Receipts 2010-11 2009-10 | Payments 2010-11 2009-10 | Adjustments 2010-11 2009-10 | Closing balance 2010-11 2009-10 |
|--|---------|---|---------------------------------------|---------------------------------------|--|---|
| | Outcome | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Other Trust Moneys Account | 1 | 760 52 | 100 708 | 808 - | - - | 52 760 |
| Services for other Governments and Non-agency Bodies Account | 1 | - - | - - | - - | - - | - - |
| Total special accounts 2010-11 Budget estimate | | 760 | 100 | 808 | - | 52 |
| Total special accounts 2009-10 estimate actual | | 52 | 708 | - | - | 760 |

3.1.3 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 2010-11 budget year and estimated actual for 2009-10 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 2010-11 is provided below.

Departmental

Comprehensive Income Statement

The ACCC is budgeting for a break even result for 2010-11 and for the remainder of the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses under the new net cash appropriation arrangements beginning in the 2010-11 Budget.

Operating revenues

Total appropriation revenue for 2010-11 is estimated to be \$140.8 million, a decrease of \$2.1 million from the 2009-10 estimated actual. This is primarily due to the movement to net cash arrangements from 2010-11 onwards whereby funding will no longer be provided for depreciation.

Operating expenses

Total expenses in 2010-11 are estimated to be \$144.9 million. This is a decrease of \$0.6 million from the 2009-10 estimated actual.

Balance Sheet

The ACCC's budgeted net asset position of \$42.7 million represents a decrease of \$0.9 million from the 2009-10 estimated actual.

The total assets are expected to be \$74.0 million, a decrease of \$1.6 million from 2009-10 primarily as a result of a decrease in value of land and buildings.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$19.6 million.

3.2.3 Budgeted financial statements tables

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

| | Estimated actual 2009-10 \$'000 | Budget estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 |
|---|--|---|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 79,056 | 82,617 | 80,892 | 79,971 | 80,622 |
| Supplier | 63,005 | 58,800 | 56,682 | 55,707 | 56,226 |
| Depreciation and amortisation | 3,443 | 3,465 | 3,468 | 3,469 | 3,469 |
| Total expenses | 145,504 | 144,882 | 141,042 | 139,147 | 140,317 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Revenue | | | | | |
| Sale of goods and rendering of services | 500 | 500 | 500 | 500 | 500 |
| Total revenue | 500 | 500 | 500 | 500 | 500 |
| Gains | | | | | |
| Other gains | 75 | 75 | 75 | 75 | 75 |
| Write-down of debt liabilities | 2,037 | - | - | - | - |
| Total gains | 2,112 | 75 | 75 | 75 | 75 |
| Total own-source income | 2,612 | 575 | 575 | 575 | 575 |
| Net cost of (contribution by) services | 142,892 | 144,307 | 140,467 | 138,572 | 139,742 |
| Appropriation revenue | 142,892 | 140,842 | 136,999 | 135,103 | 136,273 |
| Surplus (deficit) attributable to the Australian Government | - | (3,465) | (3,468) | (3,469) | (3,469) |
| Note: Reconciliation of operating result attributable to the agency | | | | | |
| | 2009-10 \$'000 | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 |
| Operating result attributable to the Australian Government | - | (3,465) | (3,468) | (3,469) | (3,469) |
| Plus non-appropriated expenses depreciation and amortisation expenses | - | 3,465 | 3,468 | 3,469 | 3,469 |
| Operating result attributable to the ACCC | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

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

| | Estimated actual 2009-10 \$'000 | Budget estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 |
|---|--|---|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and equivalents | 1,896 | 1,783 | 1,783 | 1,783 | 1,783 |
| Trade and other receivables | 50,121 | 49,526 | 49,526 | 49,526 | 49,526 |
| Total financial assets | 52,017 | 51,309 | 51,309 | 51,309 | 51,309 |
| Non-financial assets | | | | | |
| Land and buildings | 14,123 | 13,311 | 11,874 | 10,437 | 9,000 |
| Infrastructure, plant and equipment | 6,096 | 6,143 | 6,571 | 6,972 | 7,373 |
| Inventories | 28 | 28 | 28 | 28 | 28 |
| Intangibles | 2,088 | 1,928 | 2,023 | 2,130 | 2,237 |
| Other | 1,304 | 1,304 | 1,304 | 1,304 | 1,304 |
| Total non-financial assets | 23,639 | 22,714 | 21,800 | 20,871 | 19,942 |
| Total assets | 75,656 | 74,023 | 73,109 | 72,180 | 71,251 |
| LIABILITIES | | | | | |
| Provisions | | | | | |
| Employees | 19,604 | 19,604 | 19,604 | 19,604 | 19,604 |
| Other | 3,044 | 3,044 | 3,044 | 3,044 | 3,044 |
| Total provisions | 22,648 | 22,648 | 22,648 | 22,648 | 22,648 |
| Payables | | | | | |
| Suppliers | 5,472 | 5,472 | 5,472 | 5,472 | 5,472 |
| Other | 3,913 | 3,205 | 3,205 | 3,205 | 3,205 |
| Total payables | 9,385 | 8,677 | 8,677 | 8,677 | 8,677 |
| Total liabilities | 32,033 | 31,325 | 31,325 | 31,325 | 31,325 |
| Net assets | 43,623 | 42,698 | 41,784 | 40,855 | 39,926 |
| EQUITY | | | | | |
| Contributed equity | 40,102 | 42,642 | 45,196 | 47,756 | 50,316 |
| Reserves | 3,538 | 3,538 | 3,538 | 3,538 | 3,538 |
| Retained surpluses or accumulated deficits | (17) | (3,482) | (6,950) | (10,439) | (13,928) |
| Total equity | 43,623 | 42,698 | 41,784 | 40,855 | 39,926 |
| Current assets | 52,669 | 51,961 | 51,961 | 51,961 | 51,961 |
| Non-current assets | 22,987 | 22,062 | 21,148 | 20,219 | 19,290 |
| Current liabilities | 9,385 | 8,677 | 8,677 | 8,677 | 8,677 |
| Non-current liabilities | 22,648 | 22,648 | 22,648 | 22,648 | 22,648 |

Prepared on Australian Accounting Standards basis.

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

| | Estimated actual 2009-10 \$'000 | Budget estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Goods and services | 500 | 500 | 500 | 500 | 500 |
| Appropriations | 149,800 | 141,437 | 136,999 | 135,103 | 136,273 |
| Other | 708 | 100 | - | - | - |
| Total cash received | 151,008 | 142,037 | 137,499 | 135,603 | 136,773 |
| Cash used | | | | | |
| Employees | 79,056 | 82,617 | 80,892 | 79,971 | 80,622 |
| Suppliers | 62,930 | 58,725 | 56,607 | 55,632 | 56,151 |
| Other | - | 808 | - | - | - |
| Total cash used | 141,986 | 142,150 | 137,499 | 135,603 | 136,773 |
| Net cash from or (used by) operating activities | 9,022 | (113) | - | - | - |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 8,970 | 2,540 | 2,554 | 2,560 | 2,560 |
| Total cash used | 8,970 | 2,540 | 2,554 | 2,560 | 2,560 |
| Net cash from or (used by) investing activities | (8,970) | (2,540) | (2,554) | (2,560) | (2,560) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations - contributed equity | 61 | 2,540 | 2,554 | 2,560 | 2,560 |
| Total cash received | 61 | 2,540 | 2,554 | 2,560 | 2,560 |
| Net cash from or (used by) financing activities | 61 | 2,540 | 2,554 | 2,560 | 2,560 |
| Net increase or (decrease) in cash held | 113 | (113) | - | - | - |
| Cash at the beginning of the reporting period | 1,783 | 1,896 | 1,783 | 1,783 | 1,783 |
| Cash at the end of the reporting period | 1,896 | 1,783 | 1,783 | 1,783 | 1,783 |

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

| | Retained surpluses \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|---|---------------------------------|---|-----------------------------|---|---------------------------|
| Opening balance as at 1 July 2010 | | | | | |
| Balance carried forward from previous period | (17) | 3,538 | - | 40,102 | 43,623 |
| Adjusted opening balance | (17) | 3,538 | - | 40,102 | 43,623 |
| Comprehensive income | | | | | |
| Surplus (deficit) for the period | (3,465) | - | - | - | (3,465) |
| Total comprehensive income recognised directly in equity | (3,465) | - | - | - | (3,465) |
| Transactions with owners | | | | | |
| <i>Contribution by owners</i> | | | | | |
| Appropriation (equity injection) | - | - | - | 40 | 40 |
| Appropriation (departmental capital budget) | - | - | - | 2,500 | 2,500 |
| Total transactions with owners | - | - | - | 2,540 | 2,540 |
| Estimated closing balance as at 30 June 2011 | (3,482) | 3,538 | - | 42,642 | 42,698 |

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

| | Estimated actual 2009-10 \$'000 | Budget estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 |
|--|--|---|--|--|--|
| CAPITAL APPROPRIATIONS | | | | | |
| Capital budget - Bill 1 - DCB | - | 2,500 | 2,499 | 2,500 | 2,500 |
| Equity injections - Bill 2 | 61 | 40 | 55 | 60 | 60 |
| Previous years' outputs | 2,324 | - | - | - | - |
| Total capital appropriations | 2,385 | 2,540 | 2,554 | 2,560 | 2,560 |
| Represented by: | | | | | |
| Purchase of non-financial assets | 61 | 2,540 | 2,554 | 2,560 | 2,560 |
| Other Items | 2,324 | - | - | - | - |
| Total represented by | 2,385 | 2,540 | 2,554 | 2,560 | 2,560 |
| ACQUISITION OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriation - DCB | - | 2,500 | 2,499 | 2,500 | 2,500 |
| Funded by capital appropriations | 61 | 40 | 55 | 60 | 60 |
| Funded internally from departmental resources | 8,909 | - | - | - | - |
| TOTAL | 8,970 | 2,540 | 2,554 | 2,560 | 2,560 |

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

| | Buildings \$'000 | Other infrastructure, plant and equipment \$'000 | Intangibles \$'000 | Total \$'000 |
|--|---------------------|--|-----------------------|-----------------|
| As at 1 July 2010 | | | | |
| Gross book value | 15,027 | 7,091 | 6,008 | 28,126 |
| less Accumulated depreciation/amortisation | 904 | 995 | 3,920 | 5,819 |
| Opening net book balance | 14,123 | 6,096 | 2,088 | 22,307 |
| Asset movements | | | | |
| Additions | 500 | 2,000 | 40 | 2,540 |
| less Depreciation/amortisation expense | 1,312 | 1,953 | 200 | 3,465 |
| Total asset movements | (812) | 47 | (160) | (925) |
| As at 30 June 2011 | | | | |
| Gross book value | 15,527 | 9,091 | 6,048 | 30,666 |
| less Accumulated depreciation/amortisation | 2,216 | 2,948 | 4,120 | 9,284 |
| Closing net book balance | 13,311 | 6,143 | 1,928 | 21,382 |

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

| | Estimated actual 2009-10 \$'000 | Budget estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 |
|--|--|---|--|--|--|
| INCOME ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Revenue | | | | | |
| Non-taxation | | | | | |
| Fees and fines | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Total non-taxation | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Total revenues administered on behalf of Government | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

| | Estimated actual 2009-10 \$'000 | Budget estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 |
|--|--|---|--|--|--|
| ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 29 | 29 | 29 | 29 | 29 |
| Receivables | 4,071 | 4,071 | 4,071 | 4,071 | 4,071 |
| Total financial assets | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 |
| Total assets administered on behalf of Government | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 |

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

| | Estimated actual 2009-10 \$'000 | Budget estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Fees | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Total cash received | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Cash used | | | | | |
| Other | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Total cash used | 10,000 | 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 | 29 | 29 | 29 | 29 | 29 |
| Cash at end of reporting period | 29 | 29 | 29 | 29 | 29 |

Prepared on Australian Accounting Standards basis.

3.2.4 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.

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 program 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 the departmental program; and
- employee, supplier and depreciation expenses incurred in providing agency program.

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 programs.

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. The liability includes unpaid annual leave and long service leave.

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