

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* (CCA) and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.

The Australian Energy Regulator (AER) is Australia's national energy market regulator. The AER has an independent Board.

The ACCC and AER share staffing, resources and facilities.

The roles of the ACCC and AER should be seen in the context of the thinking that underpins National Competition Policy – that competition provides the best incentive for businesses to become more efficient, innovative and flexible and to operate in the long term interests of end users. Together the ACCC and AER champion strong, efficient and effective markets.

As Australia's peak consumer protection and competition agency, the ACCC has a number of enduring compliance and enforcement priorities: cartel conduct; agreements that substantially lessen competition, including secondary boycotts; the misuse of market power; and product safety issues which have the potential to cause serious harm to consumers.

During 2014-15, the ACCC is prioritising work in the following areas:

- consumer protection in the telecommunications sector, and in the energy sectors with a particular focus on saving representations, also referred to as 'discounts off what?';
- emerging consumer issues in the online marketplace, particularly those associated with the incremental disclosure of additional fees and charges (including credit card surcharges) by traders (often referred to as 'drip pricing'), and comparator websites;
- competition and consumer issues in highly concentrated sectors, in particular in the supermarket and fuel sectors;

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- in conjunction with other agencies, disruption of scams that rely on building deceptive relationships and which cause severe and widespread consumer and small business detriment;
- complexity and unfairness in consumer or small business contracts;
- credence claims, particularly those with the potential to adversely impact the competitive process and small businesses;
- misleading carbon pricing representations;
- the Australian Consumer Law consumer guarantees regime, and particularly representations made about a consumer's rights when buying products, including representations made in the context of the sale of extended warranties; and
- consumer protection issues impacting on Indigenous consumers.

The ACCC uses priority factors to direct resources to the investigation and resolution of matters that provide the greatest overall benefit for competition and consumers.

The ACCC is the national regulator of natural monopoly infrastructure facilities in communication, bulk water, post and transport industries (energy sector regulation is undertaken by the AER). Fostering efficient infrastructure provision through industry-specific regulation and access conditions – under the umbrella of the long term interest of end users – is the major focus of the economic regulatory role. Access conditions that promote competition in upstream and downstream markets can increase the efficiency and productivity of the overall economy.

The ACCC economic regulation priorities for 2014-15 are:

- consideration and giving effect to the reviews into the National Broadband Network (NBN), including:
 - any consequential variations to the regulatory arrangements relating to the NBN; and
 - regulation of fixed line access and domestic network transmission facilities.
- responding to expected Part IIIA Access Undertakings:
 - finalisation of competitive access arrangements for export wheat ports.
- increasing confidence in emerging water markets in the Murray-Darling Basin – enforcing and monitoring water market and charge; and
- developing a body evidence to support the need for micro economic reform agenda being considered by the Harper Review.

The AER has a diverse work programme that is informed by the requirements of the energy market laws and rules. The energy laws' objective of promoting efficient investment in, and operation and use of, energy services for the long term interests of energy consumers guides the AER's priorities and work programme. For 2014-15, the AER will be focussing on the following priorities when considering its work:

- delivering better network regulation;
- building consumer confidence in retail energy markets; and
- Supporting the efficient operation of energy markets.

The ACCC and AER work directly and indirectly to achieve its outcome. It will use strategic communication and undertake an active programme of stronger and managed partnerships with other organisations to deliver outcomes that impact favourably on consumer welfare.

In the 2014-15 Budget, the Government announced the cessation of the Private Health Insurance Administration Council (PHIAC) as part of its measures to reduce duplication and increase efficiency in how public funds are used to deliver services to the community. The price monitoring functions of PHIAC will be merged into the ACCC. The winding up of the Council will be implemented through 2014-15. Further information can be found in the Budget measure *Smaller Government – additional reductions in the number of Australian Government bodies* in Budget Paper No. 2, *Budget Measures 2014-15* and the press release of 13 May 2014 issued by the Minister for Finance.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the ACCC.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	= Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	6,715 ⁴	-	6,715	-
Departmental appropriation ⁶	-	169,483 ¹	169,483	181,542
Receipts from other sources (s31)	-	1,250 ³	1,250	870
Total ordinary annual services	A 6,715	170,733	177,448	182,412
Other services				
Departmental non-operating				
Equity injections	8,800 ⁴	2,700 ²	11,500	14,310
Total other services	B 8,800	2,700	11,500	14,310
Total available annual appropriations (A+B)	15,515	173,433	188,948	196,722
Special accounts				
Opening balance ⁵	54	-	54	-
Non-appropriation receipts to special accounts	-	-	-	-
Total special accounts	C 54	-	54	-
Total net resourcing for ACCC (A+B+C)	15,569	173,433	189,002	196,722

1. Appropriation Bill (No. 1) 2014-15.

2. Appropriation Bill (No. 2) 2014-15.

3. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

4. Estimated adjusted balance carried forward from previous year.

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

6. Includes \$2.0 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

Third party payments from and on behalf of other agencies

	2013-14 \$'000	2014-15 \$'000
Payments made on behalf of the National Competition Council (NCC)	2,775	1,945

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 summarised below.

Table 1.2: Australian Competition and Consumer Commission 2014-15 Budget measures

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	
Expense measures							
Efficiency Dividend - temporary increase in the rate ¹							
	Departmental expenses	1.1	-	(1,201)	(2,637)	(4,114)	(4,114)
	Departmental expenses	1.2	-	(351)	(784)	(1,211)	(1,211)
Australian Competition and Consumer Commission - additional funding ²							
	Commission - additional funding ²	1.1	-	-	-	-	17,705
Extension of Unfair Contract Provisions to Small Businesses							
	Provisions to Small Businesses	1.1	-	165	418	417	417
Efficiency Dividend - a further temporary increase of 0.25 per cent							
	Departmental expenses	1.1	-	(342)	(666)	(1,003)	(1,001)
	Departmental expenses	1.2	-	(88)	(173)	(256)	(258)
Total expense measures			-	(1,817)	(3,842)	(6,167)	11,538
Related Capital							
Australian Competition and Consumer Commission - additional funding ²							
	Commission - additional funding ²	1.1	-	-	-	-	600
Efficiency Dividend - a further temporary increase of 0.25 per cent							
		1.1	-	(5)	(10)	(15)	(16)
Total capital measures			-	(5)	(10)	(15)	584

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. Funding for this measure was included as a decision taken but not yet announced in the *Mid-Year Economic and Fiscal Outlook 2013-14*.

Prepared on a Government Finance 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. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The ACCC's outcome is described below together with its strategies, programme objectives, deliverables and programme performance indicators used to assess and monitor the performance of the ACCC.

The outcome is also applicable to the AER and informs the strategies, programme objectives, deliverables and programme performance indicators used to assess and monitor the performance of the AER.

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 this outcome, the strategies the ACCC and AER will pursue are:

- maintain and promote competition and remedy market failure;
- protect the interests and safety of consumers and support fair trading in markets affecting consumers and small business; and
- promote the economically efficient operation of, use of, and investment in monopoly infrastructure in the long term interest of end users.

Each of these strategies is underpinned by our engagement with a broad range of groups affected by the ACCC's activities.

Outcome expense statement

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

Table 2.1: Budgeted expenses 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Competition and Consumer Commission		
Departmental expenses		
Departmental appropriation	143,215	133,244
Revenues from independent sources (s31)	870	1,250
Expenses not requiring appropriation in budget year	3,711	4,938
Total for Programme 1.1	147,796	139,432
Programme 1.2: Australian Energy Regulator		
Departmental expenses		
Departmental appropriation	36,302	34,226
Expenses not requiring appropriation in budget year	898	842
Total for Programme 1.2	37,200	35,068
Outcome 1 Total by appropriation type		
Departmental expenses		
Departmental appropriation	179,517	167,470
Revenues from independent sources (s31)	870	1,250
Expenses not requiring appropriation in budget year	4,609	5,780
Total expenses for Outcome 1	184,996	174,500
	2013-14	2014-15
Average staffing level (number)	790	735

Contributions to Outcome 1

Programme 1.1: Australian Competition and Consumer Commission

Programme objective

The ACCC programme objective is to achieve compliance with the CCA, and associated legislation in order to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians. This means the ACCC will take actions that: improve consumer welfare; promote the long term interest of end users in regulated sectors; protect competition; open markets to competition; or stop conduct that is anti-competitive or harmful to consumers.

Programme expenses

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

Table 2.2: Programme 1.1 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Programme 1.1: Australian Competition and Consumer Commission					
Annual departmental expenses					
Departmental items	147,796	139,432	136,786	136,469	135,360
Total programme expenses	147,796	139,432	136,786	136,469	135,360

Programme deliverables

To promote compliance with federal competition, fair trading, consumer protection and product safety laws, and to regulate markets where there is limited competition, the ACCC will:

Maintain and promote competition and remedy market failure

- deliver outcomes to address harm to consumer welfare through anti-competitive conduct and improve competition under the priority areas identified in the ACCC’s Compliance and Enforcement Policy;
- assess and review mergers to prevent structural changes that substantially lessen competition with a particular focus on concentrated and emerging markets and markets of significance to the Australian economy;
- make decisions on authorisation and notification applications and merger reviews thoroughly and efficiently and give clear guidance to merger parties, authorisation and notification applicants, and market participants; and
- improve the workability of emerging markets by advising on and enforcing industry-specific rules and monitoring market outcomes.

Protect the interests and safety of consumers and support fair trading in markets affecting consumers and small business

- deliver outcomes under the priority areas identified in the ACCC’s Compliance and Enforcement Policy to improve compliance with the Australian Consumer Law;
- multiply the effectiveness of ACCC’s compliance and enforcement initiatives through an active programme of stronger and managed partnerships with Australian Consumer Law regulators and law enforcement agencies;
- identify and implement nationally integrated approaches to minimise the risk of injury and death from safety hazards in consumer products;

- support a vibrant small business sector, deter anti-competitive and unconscionable conduct targeted at small business, and facilitate collective conduct by small business operators where that conduct is assessed to provide a net public benefit; and
- empower consumers to assert their rights under the Australian Consumer Law to secure fairer outcomes in the marketplace.

Promote the economically efficient operation of, use of, and investment in monopoly infrastructure

- deliver network regulation to promote competition and meet the long-term interests of end-users;
- improve the workability of emerging markets by enforcing market rules and monitoring market outcomes;
- respond to government requests to provide monitoring reports on industries in highly concentrated and newly deregulated or emerging markets; and
- improve regulatory practices and processes, including by building relationships with domestic and international regulatory agencies to leverage their experience.

Programme key performance indicators

In order to assess the effectiveness of the ACCC in delivering its objectives, the ACCC has the following key performance indicators:

Maintain and promote competition and remedy market failure

- outcomes and impact of actions and policies to promote competition;
- improved levels of effective competition and more informed and better functioning markets; and
- prevention of structural change in markets (particularly concentrated markets, emerging markets and markets of significance to the Australian economy) that substantially lessens competition.

Protect the interests and safety of consumers and support fair trading in markets affecting consumers and small business

- outcomes and impact of actions to prevent or address consumer harm or unfair trading; and
- efficiency and effectiveness of actions to promote consumer safety and fair trading and consumer awareness and assertion of their consumer law rights.

Promote the economically efficient operation of, use of, and investment in monopoly infrastructure

- timely, considered and evidence-based regulatory decisions based on constructive engagement and complemented by effective enforcement and compliance activities;
- timely provision of accurate advice to government including evaluating the effectiveness of frameworks such as access regimes; and
- accurate, targeted and accessible reports on industry and competitive conditions, including pricing practices.

Programme 1.2: Australian Energy Regulator

Programme objective

The AER is the national energy market regulator. The AER’s roles encompass the retail and wholesale electricity and gas markets and energy network infrastructure.

The objectives of the national energy legislation guide the AER’s priorities and work programme. The common objective through the legislation is to promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of end users of energy.

Programme expenses

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

Table 2.3: Programme 1.2 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Programme 1.2: Australian Energy Regulator					
Annual departmental expenses					
Departmental items	37,200	35,068	34,516	34,010	34,344
Total programme expenses	37,200	35,068	34,516	34,010	34,344

Programme deliverables

Delivering better network regulation

- promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers;
- implement network guidelines that cover how the AER:
 - assesses the regulated return on capital;

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- scrutinises network businesses' expenditure proposals;
- encourages efficient investment; and
- engages consumers in the regulatory process.
- develop benchmarking of network businesses;
- consult widely, including closely involving consumers in the regulatory processes;
- gain advice from the newly established Consumer Challenge Panel; and
- make transparent decisions within statutory time limits.

Building consumer confidence in retail energy markets

- promote a culture of regulatory compliance by energy businesses, including through compliance monitoring activities, investigations and reviews;
- monitor and report on retail energy markets and the performance of retailers active in those markets;
- assess applications for entry into the retail energy market and provide guidance to potential applicants so that authorised retailers and exempt sellers are aware of and can meet their obligations under the Retail Law; and
- enhance the functionality of the Energy Made Easy website to provide consumers with additional tools to assist them navigate the retail energy market and understand their rights and available retail energy offers.

Supporting the efficient operation of energy markets

- promote more efficient, competitive, transparent and secure energy wholesale and retail markets through compliance monitoring activities, investigations and reviews;
- take effective, targeted and timely enforcement action when necessary, and promote best practice through compliance publications and audits;
- report on market activities and pricing outcomes to detect consumer harm, market irregularities and manipulation; and
- publish information on energy markets.

Programme key performance indicators

Organisation-wide

- stakeholders perceive the AER as a transparent and consultative decision making body;
- write all public documents clearly and include plain English explanations;
- apply a risk based approach to compliance and monitoring activities;
- investigate and close major compliance matters in a timely manner and take appropriate enforcement action; and
- publish the AER's annual State of the Energy Market Report.

Delivering better network regulation

- decisions consistent with the legislative framework and made within statutory time limits;
- all stakeholders provided with an adequate opportunity to actively participate and engage in regulatory processes;
- publish regulatory decisions that clearly set out how we accounted for stakeholder views, including those of the Consumer Challenge Panel;
- regulatory decisions draw on improved data systems, information requirements, analysis techniques and metrics;
- draw on increased in-house technical expertise, including engineering capabilities; and
- publish the first annual benchmarking report.

Building consumer confidence in retail energy markets

- undertake compliance and enforcement activities that improve market outcomes for consumers;
- accurate, timely and accessible reports on the performance of the energy market within six weeks of the data being available;
- assess applications from businesses to become energy retailers or grant exemptions from the requirement within 12 weeks of the receipt of all relevant information; and
- clear, accurate and accessible information for consumers on energy retail markets, through the Energy Made Easy website.

Supporting the efficient operation of energy markets

- publish quarterly compliance reports within six weeks of the end of the relevant quarter;
- conduct audits of participant systems that are critical to market efficiency and energy security;
- conduct a series of targeted compliance reviews;
- report on outcomes in gas spot markets in Victoria, Short Term Trading Market and the Wallumbilla Hubs; and
- publish reports on extreme price events in the National Electricity Market and significant price variations in spot gas markets, within statutory timeframes.

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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ACCC does not have any movement of administered funds between years.

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 administered 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 2014-15	Receipts 2014-15	Payments 2014-15	Adjustments 2014-15	Closing balance 2014-15
		2013-14	2013-14	2013-14	2013-14	2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys Account	1	54	-	-	-	54
		54	-	-	-	54
Total special accounts						
2014-15 Budget estimate		54	-	-	-	54
Total special accounts 2013-14 estimated actual		54	-	-	-	54

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. The statements show the planned financial performance for the 2014-15 budget year and estimated actual for 2013-14 for comparative purposes.

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Departmental

Comprehensive income statement

The ACCC is budgeting to break even for 2014-15 and each of the forward estimates.

Operating revenues

Total appropriation revenue for 2014-15 is estimated to be \$167.5 million. The ACCC received additional funding of \$12.1 million in 2014-15, \$16.0 million in 2015-16, \$19.0 million in 2016-17 and \$17.7 million in 2017-18.

Operating expenses

Total expenses in 2014-15 are estimated to be \$174.5 million. This is a decrease of \$10.5 million from the 2013-14 estimated actual.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	111,035	102,414	99,502	99,557	99,718
Suppliers	69,427	66,381	65,173	64,979	64,973
Depreciation and amortisation	4,534	5,705	6,627	5,943	5,013
Total expenses	184,996	174,500	171,302	170,479	169,704
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	870	1,250	1,250	1,250	1,250
Total revenue	870	1,250	1,250	1,250	1,250
Gains					
Other gains	75	75	75	75	75
Total gains	75	75	75	75	75
Total own-source income	945	1,325	1,325	1,325	1,325
Net cost of (contribution by) services	184,051	173,175	169,977	169,154	168,379
Appropriation revenue	179,517	167,470	163,350	163,211	163,366
Surplus (deficit) attributable to the Australian Government	(4,534)	(5,705)	(6,627)	(5,943)	(5,013)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(4,534)	(5,705)	(6,627)	(5,943)	(5,013)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(4,534)	(5,705)	(6,627)	(5,943)	(5,013)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	4,964	4,592	4,444	4,344	4,205
Trade and other receivables	19,586	19,201	18,782	19,103	19,486
Total financial assets	24,550	23,793	23,226	23,447	23,691
Non-financial assets					
Land and buildings	14,155	12,759	10,841	8,901	7,757
Infrastructure, plant and equipment	5,951	4,819	3,687	2,555	1,423
Inventories	22	22	22	22	22
Intangibles	3,886	4,422	3,644	3,374	3,263
Other	759	759	759	759	759
Total non-financial assets	24,773	22,781	18,953	15,611	13,224
Total assets	49,323	46,574	42,179	39,058	36,915
LIABILITIES					
Provisions					
Employees	26,087	24,593	23,619	23,356	23,100
Other	1,435	1,435	1,435	1,435	1,435
Total provisions	27,522	26,028	25,054	24,791	24,535
Payables					
Suppliers	5,355	5,092	4,999	4,983	4,983
Other	14,046	14,046	14,046	14,046	14,046
Total payables	19,401	19,138	19,045	19,029	19,029
Total liabilities	46,923	45,166	44,099	43,820	43,564
Net assets	2,400	1,408	(1,920)	(4,762)	(6,649)
EQUITY					
Contributed equity	63,618	68,331	71,630	74,731	77,857
Reserves	3,733	3,733	3,733	3,733	3,733
Retained surpluses or accumulated deficits	(64,951)	(70,656)	(77,283)	(83,226)	(88,239)
Total equity	2,400	1,408	(1,920)	(4,762)	(6,649)
Current assets	24,550	23,793	23,226	23,447	23,691
Non-current assets	24,773	22,781	18,953	15,611	13,224
Current liabilities	19,401	19,138	19,045	19,029	19,029
Non-current liabilities	27,522	26,028	25,054	24,791	24,535

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	869	1,250	1,250	1,250	1,250
Appropriations	182,050	167,470	163,350	163,211	163,366
Total cash received	182,919	168,720	164,600	164,461	164,616
Cash used					
Employees	111,097	105,869	102,172	102,180	102,384
Suppliers	69,925	64,223	63,076	62,881	62,871
Total cash used	181,022	170,092	165,248	165,061	165,255
Net cash from or (used by) operating activities	1,897	(1,372)	(648)	(600)	(639)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	5,060	3,713	2,799	2,601	2,626
Total cash used	5,060	3,713	2,799	2,601	2,626
Net cash from or (used by) investing activities	(5,060)	(3,713)	(2,799)	(2,601)	(2,626)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	7,535	4,713	3,299	3,101	3,126
Total cash received	7,535	4,713	3,299	3,101	3,126
Net cash from or (used by) financing activities	7,535	4,713	3,299	3,101	3,126
Net increase or (decrease) in cash held	4,372	(372)	(148)	(100)	(139)
Cash at the beginning of the reporting period	592	4,964	4,592	4,444	4,344
Cash at the end of the reporting period	4,964	4,592	4,444	4,344	4,205

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014				
Balance carried forward from previous period	(64,951)	3,733	63,618	2,400
Adjustments				-
Adjusted opening balance	(64,951)	3,733	63,618	2,400
Comprehensive income				
Surplus (deficit) for the period	(5,705)	-	-	(5,705)
Total comprehensive income recognised directly in equity	(5,705)	-	-	(5,705)
Transactions with owners				
<i>Contribution by owners</i>				
Appropriation (equity injection)	-	-	2,700	2,700
Appropriation (departmental capital budget)	-	-	2,013	2,013
Total transactions with owners	-	-	4,713	4,713
Estimated closing balance as at 30 June 2015	(70,656)	3,733	68,331	1,408

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	2,025	2,013	1,999	2,001	2,026
Equity injections - Bill 2	14,310	2,700	1,300	1,100	1,100
Total new capital appropriations	16,335	4,713	3,299	3,101	3,126
Provided for:					
Purchase of non-financial assets	3,831	3,713	2,799	2,601	2,626
Other Items	12,504	1,000	500	500	500
Total Items	16,335	4,713	3,299	3,101	3,126
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	2,025	2,013	1,999	2,001	2,026
Funded by capital appropriations	1,806	1,700	800	600	600
TOTAL	3,831	3,713	2,799	2,601	2,626
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,831	3,713	2,799	2,601	2,626
Total cash used to acquire assets	3,831	3,713	2,799	2,601	2,626

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 2014				
Gross book value	18,154	8,705	11,112	37,971
Accumulated depreciation/amortisation and impairment	(3,999)	(2,754)	(7,226)	(13,979)
Opening net book balance	14,155	5,951	3,886	23,992
Capital asset additions				
By purchase - appropriation ordinary annual services	600	-	3,113	3,713
Total additions	600	-	3,113	3,713
Other movements				
Depreciation/amortisation expense	(1,996)	(1,132)	(2,577)	(5,705)
Total other movements	(1,996)	(1,132)	(2,577)	(5,705)
As at 30 June 2015				
Gross book value	18,754	8,705	14,225	41,684
Accumulated depreciation/amortisation and impairment	(5,995)	(3,886)	(9,803)	(19,684)
Closing net book balance	12,759	4,819	4,422	22,000

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	20,000	40,000	40,000	40,000	40,000
Total non-taxation revenue	20,000	40,000	40,000	40,000	40,000
Total own-source revenues administered on behalf of Government	20,000	40,000	40,000	40,000	40,000
Total own-sourced income administered on behalf of Government	20,000	40,000	40,000	40,000	40,000

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	18	18	18	18	18
Receivables	12,577	12,577	12,577	12,577	12,577
Total financial assets	12,595	12,595	12,595	12,595	12,595
Total assets administered on behalf of Government	12,595	12,595	12,595	12,595	12,595

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	20,000	40,000	40,000	40,000	40,000
Total cash received	20,000	40,000	40,000	40,000	40,000
Cash used					
Other	20,000	40,000	40,000	40,000	40,000
Total cash used	20,000	40,000	40,000	40,000	40,000
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	18	18	18	18	18
Cash at end of reporting period	18	18	18	18	18

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 programme 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 programme; and
- employee, supplier and depreciation expenses incurred in providing agency programme.

Administered items are those items incurred in providing programmes 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 programmes.

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 programme, 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.

