

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Entity 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) regulates energy markets and networks under national legislation and rules. The AER has an independent Board.

The ACCC and AER share staff, 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; anti-competitive agreements and practices; the misuse of market power; product safety issues which have the potential to cause serious harm to consumers; conduct that impacts vulnerable and disadvantaged consumers and work with Indigenous consumers living in remote areas.

This year the ACCC is prioritising compliance and enforcement work in the following areas:

- competition and consumer issues in the agriculture sector;
- competition issues in the commercial construction sector;
- consumer issues in private health insurance;
- consumer issues in new car retailing, including responses by retailers and manufacturers to consumer guarantee claims;
- issues arising from the ACCC's monitoring of broadband speed and performance claims;

- consumer guarantees, including in relation to services such as those provided by the airline industry;
- providing education to business and consumers in relation to new country of origin labelling laws;
- ensuring compliance by business with new excessive payment surcharge laws;
- consumer issues arising from commission based sales business models;
- working with internet platform providers to prevent the supply of unsafe products into Australia;
- ensuring small business receives the protections of:
 - industry codes of conduct, including the Franchising Code, the Food and Grocery Code and the Horticulture Code; and
 - the new unfair contract terms law.

While the ACCC will focus its current activities in these priority areas, it will continue to monitor compliance in areas previously identified as priorities and take action where necessary.

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 will continue to assess and review mergers to prevent structural changes that substantially lessen competition with a particular focus on concentrated markets and proposed acquisitions arising through privatisation of public sector assets.

The ACCC will continue to assess and make decisions about applications for authorisation and notification of certain anti-competitive conduct, evaluating if such arrangements or conduct may result in a net public benefit and warrant exemption from the CCA.

The ACCC is the national regulator of natural monopoly infrastructure facilities in communication, bulk water, post, petroleum, rail, ports, airports 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 2017-18 include:

- undertaking access, pricing and regulatory coverage assessments across key infrastructure sectors;
- promoting competition and efficiency in sectors undergoing major reform and/or transitioning to new market structures, including communications and water markets;
- enforcing and promoting compliance with industry-specific compliance regimes in telecommunications and water;
- assessing the implications of emerging competition issues in communications markets through market studies; and
- advocating for appropriate regulation of monopoly infrastructure, including in areas where there are efficiency concerns independent of competition concerns.

In 2017-18 the ACCC will also focus on undertaking an increased number of prices inquiries, monitoring roles and industry analysis and reporting activities as directed by Government covering a broad range of sectors, including electricity, gas, petrol, airports, stevedoring, communications, dairy and private health insurance.

The AER has a diverse work program 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 with respect to price, quality, safety, reliability and security guides the AER's priorities and work program.

For 2017-18, the AER's focus will include:

- providing independent, expert advice to inform energy policy development processes and working with the Council of Australian Governments Energy Council and other market institutions to support energy market reforms;
- delivering network regulation to promote efficient investment in energy network services that customers value, including through:
 - setting the revenues of significant electricity networks and gas pipelines in Australia;
 - contributing to the review of the Limited Merits Review regime and implementing associated changes to processes for setting network revenues;
 - progressing the implementation of network tariff and ring fencing reforms that will enable customers to get better value from their energy choices; and

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- developing a new demand management incentive scheme and innovation allowance mechanism to encourage demand management activities that have the potential to reduce long term network costs.
- building consumer confidence in retail energy markets by:
 - providing clear and useful information about energy business performance, customer rights and protections;
 - actively promoting industry compliance with regulatory obligations and taking appropriate enforcement action;
 - applying flexible and adaptable regulatory processes that accommodate innovative products and services while maintaining appropriate consumer protections; and
 - helping consumers make informed choices through our price comparator website Energy Made Easy.
- promoting efficient wholesale energy markets by:
 - developing our approach to monitoring and reporting on the effectiveness of competition in the National Electricity Market, including a first report on any impact from the closure of the Hazelwood Power Station;
 - investigating, monitoring and reporting on activity in wholesale gas and electricity markets, including major incidents and high price events; and
 - promoting compliance with the gas and electricity market rules and taking enforcement action where necessary.

The ACCC and AER work directly and indirectly to achieve a shared outcome, outlined in section 2.1 below. Both will use strategic communication and undertake an active program of managed partnerships with other organisations to deliver outcomes that impact favourably on competition and consumer welfare.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	16,575	7,468
Departmental appropriation (b)	173,359	189,341
s 74 retained revenue receipts (c)	3,049	4,269
Departmental capital budget (d)	1,987	1,968
Annual appropriations - other services - non-operating (e)		
Prior year appropriations available	15,596	11,398
Equity injection	1,400	1,100
<i>Total departmental annual appropriations</i>	<i>211,966</i>	<i>215,544</i>
Total departmental resourcing	211,966	215,544
Administered		
Special appropriations (f)	20	20
<i>Total administered special appropriations</i>	<i>20</i>	<i>20</i>
Total administered resourcing	20	20
Total resourcing for the ACCC	211,986	215,564
<hr/>		
Average staffing level (number)	769	792
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Third party payments from and on behalf of the National Competition Council (NCC)		
	2016-17 <i>Estimated actual \$'000</i>	2017-18 Estimate \$'000
Payments made on behalf of the NCC (as disclosed in the NCC's resource statement)	1,727	1,678
Receipts received from the NCC for the provision of services (disclosed above in s74 Retained revenue receipts section above)	775	850

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2017-18.
- (b) Excludes departmental capital budget (DCB).
- (c) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as 'contributed equity'.
- (e) Appropriation Bill (No.2) 2017-18.
- (f) Relates to repayments not provided for under other appropriations through section 77 of the PGPA Act.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Competition and Consumer Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	
Revenue measures						
Strengthening Penalties under the Australian Consumer Law						
Administered revenues	1.1	-	-	*	*	*
Total revenue measures		-	-	*	*	*
Expense measures						
A More Accountable and Competitive Banking System - improving competition						
Departmental expenses	1.1	-	2,980	3,179	3,504	3,521
Australian Competition and Consumer Commission - monitoring of insurance premiums in northern Australia						
Departmental expenses	1.1	-	2,726	2,063	2,065	1,062
Broadband Performance Monitoring and Reporting Program - establishment						
Departmental expenses	1.1	-	1,997	1,684	1,642	1,651
Energy for the Future - Australian Competition and Consumer Commission - gas market monitoring						
Departmental expenses	1.1	-	2,175	2,289	2,092	-
Energy for the Future - Australian Competition and Consumer Commission - retail electricity prices inquiry						
Departmental expenses	1.1	-	7,917	-	-	-
Energy for the Future - Australian Energy Regulator - additional funding						
Departmental expenses	1.2	-	7,950	-	-	-
Major bank levy - introduction						
Department expenses	1.1	-	1,197	-	-	-
Total expense measures		-	26,942	9,215	9,303	6,234

Prepared on a Government Finance Statistics (fiscal) basis.

Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

* The nature of the measure is such that a reliable estimate cannot be provided.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Australian Competition and Consumer Commission and Australian Energy Regulator can be found at: Corporate Plan.

The most recent annual performance statement can be found in the Annual Report at: Annual Performance Statement

2.1 BUDGETED EXPENSES AND PERFORMANCE 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.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Competition and Consumer Commission					
Departmental expenses					
Departmental appropriations	132,595	148,994	138,247	135,205	132,292
Retained revenue receipts (a)	3,851	3,953	2,253	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	5,676	5,569	5,386	4,651	4,378
Departmental total	142,122	158,516	145,886	142,109	138,923
Total expenses for program 1.1	142,122	158,516	145,886	142,109	138,923
Program 1.2: Australian Energy Regulator					
Departmental expenses					
Departmental appropriation	40,764	40,347	32,195	32,225	32,380
Departmental total	40,764	40,347	32,195	32,225	32,380
Total expenses for program 1.2	40,764	40,347	32,195	32,225	32,380

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Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Outcome 1 Totals by appropriation type					
Departmental expenses					
Departmental appropriation	173,359	189,341	170,442	167,430	164,672
s74 Retained revenue receipts (a)	3,851	3,953	2,253	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	5,676	5,569	5,386	4,651	4,378
Departmental total	182,886	198,863	178,081	174,334	171,303
Total expenses for Outcome 1	182,886	198,863	178,081	174,334	171,303
	2016-17	2017-18			
Average staffing level (number)	769	792			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

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.	
Program 1.1 – Australian Competition and Consumer Commission.	
To achieve compliance with the <i>Competition and Consumer Act 2010</i> and other legislation 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.	
Delivery	<p>The ACCC achieves Outcome 1 by:</p> <ol style="list-style-type: none"> 1. Maintaining and promoting competition through: <ul style="list-style-type: none"> • delivering outcomes to address harm to consumers and businesses resulting from anti-competitive conduct; • assessing mergers to prevent structural changes that substantially lessen competition; • making decisions on authorisation, notification and certification trademark applications in the public interest; and • delivering outcomes arising from market studies in relation to specific priority areas. 2. Protecting the interests and safety of consumers, and supporting fair trading in markets affecting consumers and small business through: <ul style="list-style-type: none"> • delivering outcomes to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law; • enhancing the effectiveness of the ACCC's compliance and enforcement initiatives through partnerships; • identifying and addressing the risk of serious injury and death from safety hazards in consumer products; • supporting a vibrant small business sector; and • empowering consumers by increasing their awareness of their rights under the Australian Consumer Law. 3. Promoting the economically efficient operation of, use of, and investment in infrastructure; and identifying market failure through: <ul style="list-style-type: none"> • delivering network regulation that promotes competition in the long-term interests of end-users; • providing industry monitoring reports to Government in relation to highly concentrated, newly deregulated or emerging markets; and • improving the efficient operation of markets by enforcing industry-specific competition and market rules.

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Performance information		
Performance criteria	2016-17 targets	2017-18 and forward year targets
Number of competition enforcement interventions (court proceeding commenced, section 87B undertakings accepted)	Expect to achieve target of 8	8
Percentage of merger matters considered (under the informal merger review process) that were finalised by pre-assessment	Expect to exceed target of 80%	80%
Percentage of authorisation applications assessed within statutory timeframes	Expect to meet target of 100%	100%
Number of Australian Consumer Law enforcement interventions (court proceeding commenced, section 87B undertakings accepted, infringement notices issued)	Expect to achieve target of 40	40
Number of detailed assessments of emerging product safety hazards	On track to meet target of 40	20
Number of small business Infocentre contacts served	Expect to exceed target of 12,000	12,000
Number of Infocentre contacts served (includes Infocentre contacts served and webforms received)	Expect to meet target of 150,000	150,000
Number of major regulatory decisions	Expect to achieve target of 3	2
Number of annual monitoring reports	Expect to exceed target of 4 with 7 reports	6
Number of reports on monitoring of unleaded petroleum products	Expect to achieve target of 4	4
Purposes	The ACCC and the AER work in close coordination to achieve our common purpose: making markets work for consumers, now and in the future. The ACCC enforces the <i>Competition and Consumer Act 2010</i> and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.	

The above program is linked to the Department of Health (Program 5.1 – Protect the Health and Safety of the Community through Regulation) and the Department of Industry, Innovation and Science (Program 2 – Growing Business Investment and Improving Business Capability).

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.		
Program 1.2 - Australian Energy Regulator		
The AER's priorities and work program are guided by the objectives of national energy legislation and rules. 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 with respect to price, quality, safety, reliability and security of supply.		
Delivery	The AER achieves Outcome 1 by: <ul style="list-style-type: none"> • monitoring electricity and gas markets to ensure energy businesses comply with the legislation and rules, and taking enforcement action where necessary; • setting the prices charged for using energy networks (electricity poles and wires and gas pipelines) to transport energy to customers; • regulating retail energy markets in Queensland, New South Wales, South Australia, Tasmania (electricity only) and the Australian Capital Territory; • operating the Energy Made Easy website, which provides a retail price comparator and other information for energy consumers, and • publishing information on energy markets, including the annual State of the energy market report, to assist stakeholders and the wider community. 	
Performance information		
Performance criteria	2016-17 targets	2017-18 and forward year targets
Number of completed revenue decisions for electricity networks and gas pipelines	Will achieve target of 3	8 in 2017-18 9 in 2018-19 5 in 2019-20 8 in 2020-21
Number of annual benchmarking reports on electricity networks	Achieved target of 1	1
Percentage of disputes resolved within legislated timeframes, including on network access and connections, and regulatory investment tests	Expect to achieve target of 100%	100%
Number of electricity distribution annual pricing (tariff) proposals and annual gas tariff variations approved	Achieved target of 25 (14 for electricity and 11 for gas)	25

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Performance criteria		2016-17 targets	2017-18 and forward year targets
Number of annual reports on compliance in, and performance of, retail energy markets		Achieved target of 2	2
Percentage of authorisation and exemption applications to sell energy assessed within 12 weeks of receiving required information		Unlikely to achieve target of 100%	100%
Percentage of new and amended retailer hardship policies assessed within 12 weeks of receiving required information		Expect to achieve target of 100%	100%
Percentage of offers published on the AER's Energy Made Easy price comparator website within two business days of receipt from retailers		Will achieve target of 100%	100%
Number of targeted reviews of compliance with the national energy rules		Achieved target of 4	4
Number of quarterly reports on compliance in wholesale electricity and gas markets		Expect to achieve target of 4	4
Number of audits completed of systems for energy businesses that are critical to market efficiency and energy security		Expect to achieve target of 2	2
Percentage of reports on wholesale electricity market high price events and significant price variations in spot gas markets activity published within statutory timeframes		Will not achieve target of 100%	100%
Number of reports on effective competition in the wholesale electricity market		Not relevant for 2016-17 as new AER function	1
Purposes	The AER regulates energy markets and networks under national legislation and rules, which aim to promote efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply.		

The above program is linked to the Department of the Environment and Energy (Program 5.1 – Energy).

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted 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 Comprehensive income statement

The ACCC is budgeting to break even for 2017-18 and each of the forward estimates.

Operating revenues

Total appropriation revenue for 2017-18 is estimated to be \$189.3 million. This has increased from \$162.2 million as reported in the *2016-17 Portfolio Additional Estimates Statements*. The increase is due to additional funding received for several new policy proposals. Refer to Table 1.2 for funding details.

Operating expenses

Total expenses in 2017-18 are estimated to be \$198.9 million. This has increased from \$171.8 million as reported in the *2016-17 Portfolio Additional Estimates Statements*. The increase is largely due to expenditure from new policy proposals as summarised in Table 1.2.

Departmental Balance Sheet

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.

Non-financial assets

These items represent future benefits that the ACCC will consume in producing outputs. The reported value represents the purchase price paid less depreciation incurred to date in using the asset.

Departmental liabilities — provisions and payables

Provisions and payables include:

- employee entitlements arising from services rendered by employees. The liability includes unpaid annual leave and long service leave;
- rent straight-line adjustments and lease incentives;
- make good liability for leased accommodation; and
- unpaid expenses as at balance date.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	102,604	108,456	102,182	100,210	97,985
Suppliers	72,752	84,886	70,558	69,534	68,999
Depreciation and amortisation	5,582	5,475	5,292	4,557	4,284
Finance costs	46	46	49	33	35
Other	1,902	-	-	-	-
Total expenses	182,886	198,863	178,081	174,334	171,303
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	3,851	3,953	2,253	2,253	2,253
Total own-source revenue	3,851	3,953	2,253	2,253	2,253
Gains					
Other	94	94	94	94	94
Total gains	94	94	94	94	94
Total own-source income	3,945	4,047	2,347	2,347	2,347
Net (cost of)/contribution by services	(178,941)	(194,816)	(175,734)	(171,987)	(168,956)
Revenue from Government	173,359	189,341	170,442	167,430	164,672
Surplus/(deficit) attributable to the Australian Government	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)
Total comprehensive income/(loss) attributable to the Australian Government	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	5,582	5,475	5,292	4,557	4,284
Total comprehensive income/(loss) - as per the statement of comprehensive income	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Appropriation Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,000	2,000	2,000	2,000	2,000
Trade and other receivables	30,536	27,704	24,919	22,078	20,145
Total financial assets	32,536	29,704	26,919	24,078	22,145
Non-financial assets					
Land and buildings	8,183	12,278	10,084	8,209	6,452
Property, plant and equipment	3,698	3,583	3,353	3,961	4,666
Intangibles	3,346	2,759	2,446	1,714	1,049
Other non-financial assets	1,511	1,511	1,511	1,511	1,511
Total non-financial assets	16,738	20,131	17,394	15,395	13,678
Total assets	49,274	49,835	44,313	39,473	35,823
LIABILITIES					
Payables					
Suppliers	7,785	7,041	7,172	7,169	7,313
Other payables	12,198	19,114	17,125	14,863	12,679
Total payables	19,983	26,155	24,297	22,032	19,992
Provisions					
Employee provisions	30,542	29,141	28,065	27,339	27,296
Other provisions	5,674	3,871	3,520	3,170	2,820
Total provisions	36,216	33,012	31,585	30,509	30,116
Total liabilities	56,199	59,167	55,882	52,541	50,108
Net assets	(6,925)	(9,332)	(11,569)	(13,068)	(14,285)
EQUITY*					
Contributed equity	75,011	78,079	81,134	84,192	87,259
Reserves	3,919	3,919	3,919	3,919	3,919
Retained surplus (accumulated deficit)	(85,855)	(91,330)	(96,622)	(101,179)	(105,463)
Total equity	(6,925)	(9,332)	(11,569)	(13,068)	(14,285)

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	(85,855)	3,919		75,011	(6,925)
Adjusted opening balance	(85,855)	3,919	-	75,011	(6,925)
Comprehensive income					
Surplus/(deficit) for the period	(5,475)	-	-	-	(5,475)
Total comprehensive income	(5,475)	-	-	-	(5,475)
Transactions with owners					
Contributions by owners					
Equity injection - Appropriation				1,100	1,100
Departmental capital budget (DCB)				1,968	1,968
Sub-total transactions with owners	-	-	-	3,068	3,068
Estimated closing balance as at 30 June 2018	(91,330)	3,919	-	78,079	(9,332)
Closing balance attributable to the Australian Government	(91,330)	3,919	-	78,079	(9,332)

Prepared on Australian Accounting Standards basis.

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Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	179,858	196,479	175,665	172,708	169,042
Sale of goods and rendering of services	3,049	4,269	2,442	2,488	2,438
Net GST received	7,017	6,127	6,494	6,408	6,454
Total cash received	189,924	206,875	184,601	181,604	177,934
Cash used					
Employees	105,039	109,868	103,283	100,949	98,030
Suppliers	75,777	91,829	79,376	78,667	77,966
s74 Retained revenue receipts transferred to OPA	3,049	4,269	2,442	2,488	2,438
Other	5,848	-	-	-	-
Total cash used	189,713	205,966	185,101	182,104	178,434
Net cash from/(used by) operating activities	211	909	(500)	(500)	(500)
INVESTING ACTIVITIES					
Cash received					
Other	-	6,300	-	-	-
Total cash received	-	6,300	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	2,887	8,868	2,555	2,558	2,567
Other	-	1,409	-	-	-
Total cash used	2,887	10,277	2,555	2,558	2,567
Net cash from/(used by) investing activities	(2,887)	(3,977)	(2,555)	(2,558)	(2,567)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,387	3,068	3,055	3,058	3,067
Total cash received	3,387	3,068	3,055	3,058	3,067
Net cash from/(used by) financing activities	3,387	3,068	3,055	3,058	3,067
Net increase/(decrease) in cash held	711	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	1,289	2,000	2,000	2,000	2,000
Cash and cash equivalents at the end of the reporting period	2,000	2,000	2,000	2,000	2,000

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,987	1,968	1,955	1,958	1,967
Equity injections - Bill 2	1,400	1,100	1,100	1,100	1,100
Total new capital appropriations	3,387	3,068	3,055	3,058	3,067
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>2,887</i>	<i>2,568</i>	<i>2,555</i>	<i>2,558</i>	<i>2,567</i>
<i>Other Items</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>
Total items	3,387	3,068	3,055	3,058	3,067
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	900	600	600	600	600
Funded by capital appropriation - DCB (b)	1,987	1,968	1,955	1,958	1,967
Funded internally from departmental resources (c)	-	6,300	-	-	-
TOTAL	2,887	8,868	2,555	2,558	2,567
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,887	8,868	2,555	2,558	2,567
Total cash used to acquire assets	2,887	8,868	2,555	2,558	2,567

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(c) Includes assets funded by a lease incentive from a new accommodation lease.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017				
Gross book value	13,304	6,651	13,977	33,932
Accumulated depreciation/ amortisation and impairment	(5,121)	(2,953)	(10,631)	(18,705)
Opening net book balance	8,183	3,698	3,346	15,227
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	-	-	600	600
By purchase - appropriation ordinary annual services (b)	168	1,370	430	1,968
By purchase - other (c)	6,300	-	-	6,300
Total additions	6,468	1,370	1,030	8,868
Other movements				
Depreciation/amortisation expense	(2,373)	(1,485)	(1,617)	(5,475)
As at 30 June 2018				
Gross book value	19,772	8,021	15,007	48,275
Accumulated depreciation/ amortisation and impairment	(7,494)	(4,438)	(12,248)	(24,180)
Closing net book balance	12,278	3,583	2,759	24,095

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2017-18, including CDABs.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

(c) Includes assets funded by a lease incentive from a new accommodation lease.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	40,000	40,000	40,000	40,000	40,000
Total non-taxation revenue	40,000	40,000	40,000	40,000	40,000
Total own-source revenue administered on behalf of Government	40,000	40,000	40,000	40,000	40,000
Total own-sourced income administered on behalf of Government	40,000	40,000	40,000	40,000	40,000
Net (cost of)/contribution by services	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Surplus/(deficit)	40,000	40,000	40,000	40,000	40,000

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1	1	1	1	1
Trade and other receivables	7,682	7,682	7,682	7,682	7,682
Total financial assets	7,683	7,683	7,683	7,683	7,683
Total assets administered on behalf of Government	7,683	7,683	7,683	7,683	7,683
Net assets/(liabilities)	7,683	7,683	7,683	7,683	7,683

Prepared on Australian Accounting Standards basis.

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**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	40,000	40,000	40,000	40,000	40,000
Total cash received	40,000	40,000	40,000	40,000	40,000
Net cash from/(used by) operating activities	40,000	40,000	40,000	40,000	40,000
Net increase/(decrease) in cash held	40,000	40,000	40,000	40,000	40,000
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Transfers to other entities (Finance - Whole of Government)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Total cash to Official Public Account	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

