

NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources	275
1.1 Strategic direction statement	275
1.2 Agency resource statement	276
1.3 Budget measures.....	276
Section 2: Outcomes and performance information	277
2.1 Outcomes and performance information	277
Section 3: Explanatory tables and budgeted financial statements	281
3.1 Explanatory tables	281
3.2 Budgeted financial statements	281

NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The National Competition Council (NCC) makes recommendations under the National Access Regime in Part IIIA of the *Competition and Consumer Act 2010* (CCA) and recommendations and decisions under the National Gas Law (NGL).

The National Access Regime promotes competition, efficiency and productivity in markets that depend on the use of services provided by monopoly infrastructure facilities. Within this regime the NCC may recommend the declaration of a service provided by a monopoly facility but only if all of the 'declaration criteria' specified in the CCA are met. Where a service is declared, the Australian Competition and Consumer Commission (ACCC) is empowered to arbitrate access disputes if the parties seeking access and the facility owner are unable to agree on access arrangements and prices.

As an alternative to the National Access Regime, state and territory governments may implement access regimes specific to their circumstances or implement (cooperatively) parallel regulation in each jurisdiction (as has occurred for the gas and electricity industries). The NCC is responsible for recommending whether a state or territory access regime should be certified as effective, with the result that services covered by that access regime are exempt from declaration under the CCA.

Under the NGL, the NCC recommends on whether particular natural gas pipeline systems should be subject to access regulation (covered). The NCC also recommends in relation to the price regulation and greenfields exemptions available under the NGL. As well as these recommendatory roles, the NCC is responsible for determining whether covered pipelines should be subject to full regulation or light regulation and for classifying pipelines as transmission or distribution pipelines.

Access regulation is a complex and evolving area of law involving significant private and public interests. In almost all cases the NCC must balance competing claims and interests with a view to ensuring an outcome that serves Australia's national interest. The NCC will continue to develop its capabilities to ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In particular it will continue to ensure that its recommendations are provided within commercially meaningful time frames and in accordance with the CCA and the NGL and will continue to ensure its websites and other information resources remain relevant.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the NCC.

Table 1.1: National Competition Council resource statement — Budget estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 \$'000	+	Proposed at Budget 2012-13 \$'000	=	Total estimate 2012-13 \$'000		Actual available appropriation 2011-12 \$'000
Ordinary annual services							
Departmental							
Prior year departmental appropriation	4,650	¹	-		4,650		-
Departmental appropriation ²	-		2,787	³	2,787		2,850
Total net resourcing for the NCC	4,650		2,787		7,437		2,850

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

2. Includes \$0.033 million in 2012-13 for the departmental capital budget (also refer to Table 3.2.5).

3. Appropriation Bill (No. 1) 2012-13.

Third party payments from and on behalf of other agencies

	2012-13 \$'000	2011-12 \$'000
Payments made on behalf of the NCC	2,787	2,850

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

1.3 BUDGET MEASURES

The NCC does not have any budget measures for 2012-13.

Section 2: Outcomes and performance information

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

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

Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure

Outcome 1 strategy

To achieve Outcome 1 the NCC will provide comprehensive, objective, timely and transparent recommendations and decisions that accord with the relevant law (including time limits) and good regulatory practice.

Pursuant to the CCA, the NCC provides recommendations to Ministers on applications for the declaration of services provided by monopoly infrastructure facilities and on the certification of state and territory access regimes.

Pursuant to the NGL, the NCC provides recommendations to Ministers on the coverage of natural gas pipeline systems and on price regulation and greenfields incentives, and makes determinations on the form of regulation and on the classification of natural gas pipeline systems.

Governments through the Council of Australian Governments agreed under the *Competition and Infrastructure Reform Agreement 2006* to submit applications for the certification of their existing access regimes and for the certification of energy access regimes by the end of 2010. They also undertook to achieve certification of any new access regimes as soon as practicable.

Governments submitted applications for the certification of all existing operational access regimes except one by the end of 2010. Western Australia's electricity network services access regime was certified in 2006. Applications for the certification of other energy access regimes have not been submitted.

The NCC will continue to improve its processes and the structure of its recommendation reports and decisions. It will also continue to develop its published guidelines and other information in relation to access regulation to ensure these remain up-to-date.

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: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: National Competition Council		
Departmental expenses		
Departmental appropriation	2,809	2,754
Expenses not requiring appropriation in the budget year	65	65
Total expenses for Outcome 1	2,874	2,819
	2011-12	2012-13
Average staffing level (number)	12	11

Contributions to Outcome 1

Program 1.1: National Competition Council

Program objective

The NCC's objective is to provide advice to governments and make decisions on infrastructure access issues that accord with statutory requirements (including time limits) and good regulatory practice, and ensuring that advice meets requirements of decision making Ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.

Program expenses

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

Table 2.2: Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,874	2,819	2,842	2,863	2,889
Total program expenses	2,874	2,819	2,842	2,863	2,889

Program deliverables

The NCC has the following deliverables:

- makes recommendations to Ministers pursuant to Part IIIA of the CCA in relation to applications for the declaration of services provided by monopoly infrastructure and the certification of state and territory access regimes;
- makes recommendations to Ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives;
- makes decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and
- advises the Parliament on the operation of the National Access Regime in accordance with section 290(2) of the CCA.

Program key performance indicators

The NCC has the following key performance indicators:

- recommendations on declaration applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations on certification applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet advice requirements of Ministers;
- accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website;
- up-to-date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website;

National Competition Council Budget Statements

- case law developments, legislative amendments and developments in the NCC's processes or policies are reflected in the NCC's information resources within 30 days; and
- the NCC's Annual Report to the Parliament includes a comprehensive report that meets the requirements of section 290(2) of the CCA and is provided within 60 days of the end of the financial year.

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 2012-13 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The NCC does not have any administered funds.

3.1.2 Special accounts

The NCC does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The NCC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The NCC is budgeting for a break even result for 2012-13 and the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses under the net cash appropriation arrangements which were initiated in the 2010-11 Budget.

The financial statements have been prepared on an Australian accounting standards basis.

Operating revenues

Total NCC revenue in 2012-13 is estimated to be \$2.8 million.

Operating expenses

Total expenses in 2012-13 are estimated to be \$2.8 million.

National Competition Council Budget Statements

Budgeted departmental balance sheet

In 2012-13 the NCC's equity position will be positive \$4.3 million.

Assets

The NCC's assets are predominantly financial assets consisting of other receivables and cash. The non-financial assets include leasehold improvements and plant and equipment assets.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2011-12.

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 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES					
Employee benefits	1,400	1,455	1,514	1,576	1,578
Supplier	1,433	1,323	1,288	1,247	1,271
Depreciation and amortisation	41	41	40	40	40
Total expenses	2,874	2,819	2,842	2,863	2,889
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	24	24	24	24	24
Net cost of (contribution by) services	2,850	2,795	2,818	2,839	2,865
Appropriation revenue	2,809	2,754	2,778	2,799	2,825
Surplus (deficit) attributable to the Australian Government	(41)	(41)	(40)	(40)	(40)
Note: Impact of Net Cash Appropriation Arrangements					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations ¹	(41)	(41)	(40)	(40)	(40)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(41)	(41)	(40)	(40)	(40)

Prepared on Australian accounting standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS					
Financial assets					
Cash and equivalents	23	23	23	23	23
Trade and other receivables	4,686	4,686	4,686	4,686	4,686
Total financial assets	4,709	4,709	4,709	4,709	4,709
Non-financial assets					
Land and buildings	51	50	50	28	21
Infrastructure, plant and equipment	18	11	3	17	17
Intangibles	2	2	2	2	2
Other	9	9	9	9	9
Total non-financial assets	80	72	64	56	49
Total assets	4,789	4,781	4,773	4,765	4,758
LIABILITIES					
Provisions					
Employees	315	315	315	315	315
Other	111	111	111	111	111
Total provisions	426	426	426	426	426
Payables					
Suppliers	32	32	32	32	32
Total payables	32	32	32	32	32
Total liabilities	458	458	458	458	458
Net assets	4,331	4,323	4,315	4,307	4,300
EQUITY					
Contributed equity	81	114	146	178	211
Reserves	223	223	223	223	223
Retained surpluses or accumulated deficits	4,027	3,986	3,946	3,906	3,866
Total equity	4,331	4,323	4,315	4,307	4,300
Current assets	4,718	4,718	4,718	4,718	4,718
Non-current assets	71	63	55	47	40
Current liabilities	32	32	32	32	32
Non-current liabilities	426	426	426	426	426

Prepared on Australian accounting standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,850	2,787	2,810	2,831	2,858
Total cash received	2,850	2,787	2,810	2,831	2,858
Cash used					
Employees	1,400	1,455	1,514	1,576	1,578
Suppliers	1,409	1,299	1,264	1,223	1,247
Total cash used	2,809	2,754	2,778	2,799	2,825
Net cash from or (used by) operating activities	41	33	32	32	33
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	41	33	32	32	33
Total cash used	41	33	32	32	33
Net cash from or (used by) investing activities	(41)	(33)	(32)	(32)	(33)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	23	23	23	23	23
Cash at the end of the reporting period	23	23	23	23	23

Prepared on Australian accounting standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (Budget year 2012-13)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	4,027	223	-	81	4,331
Adjusted opening balance	4,027	223	-	81	4,331
Comprehensive income					
Surplus (deficit) for the period	(41)	-	-	-	(41)
Total comprehensive income recognised directly in equity	(41)	-	-	-	(41)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	33	33
Total transactions with owners	-	-	-	33	33
Estimated closing balance as at 30 June 2013	3,986	223	-	114	4,323

Prepared on Australian accounting standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	41	33	32	32	33
Total new capital appropriations	41	33	32	32	33
Provided for:					
Purchase of non-financial assets	41	33	32	32	33
Total Items	41	33	32	32	33
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	41	33	32	32	33
TOTAL	41	33	32	32	33
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE	41	33	32	32	33
Total purchases					
Total cash used to acquire assets	41	33	32	32	33

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 2012				
Gross book value	80	47	7	134
Accumulated depreciation/amortisation and impairment	(29)	(29)	(5)	(63)
Opening net book balance	51	18	2	71
Capital asset additions				
By purchase - appropriation ordinary annual services	25	8	-	33
Total asset additions	25	8	-	33
Other movements				
Depreciation/amortisation expense	(26)	(15)	-	(41)
Total other movements	(26)	(15)	-	(41)
As at 30 June 2013				
Gross book value	105	55	7	167
Accumulated depreciation/amortisation and impairment	(55)	(44)	(5)	(104)
Closing net book balance	50	11	2	63

Prepared on Australian accounting standards basis.