

# NATIONAL COMPETITION COUNCIL

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# NATIONAL COMPETITION COUNCIL

## Section 1: Entity 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.

In order to maintain the sustainability and efficiency of its operations, from 1 July 2014, the NCC replaced its secretariat staff with an arrangement whereby the ACCC will provide it with staff and secretariat services as required.

The NCC remains as an independent entity with its current responsibilities and membership, but rather than directly engaging staff (and other resources) to provide secretariat services, it will draw on ACCC resources as required. The new arrangements will maintain the NCC's independence and its ability to respond to access issues and provide high quality and timely recommendations.

The NCC will ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In

particular it will ensure that its recommendations are in accordance with the CCA and the NGL and that its websites and other information resources remain relevant.

## 1.2 ENTITY RESOURCE STATEMENT

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

**Table 1.1: National Competition Council resource statement — Budget estimates for 2015-16 as at Budget May 2015**

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
<b>Ordinary annual services</b>				
<b>Departmental appropriation</b>				
Prior year appropriations (b)	2,173	2,173	-	2,173
Departmental appropriation (a)	1,913	-	1,740	1,740
<b>Total</b>	<b>4,086</b>	<b>2,173</b>	<b>1,740</b>	<b>3,913</b>
<b>Total net resourcing for the NCC</b>	<b>4,086</b>	<b>2,173</b>	<b>1,740</b>	<b>3,913</b>

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

Reader note: All figures are GST exclusive.

### Third party payments from and on behalf of other entities

	<i>2014-15 \$'000</i>	2015-16 \$'000
Payments made on behalf of NCC	1,913	1,740

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 2015-16.

## 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 entities achieve the intended results of their outcome statements. Entities are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the National Competition Council in achieving government outcomes.

**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**

#### 2.1.1 Outcome 1 strategy

To achieve its outcome 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.

The NCC will continue to revise its approach to obtaining secretariat services to increase the efficiency and sustainability of its operations. The NCC will also continue to review its processes and the structure of its recommendation reports and decisions. It will also ensure 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, by programme.

**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.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
<b>Programme 1.1: National Competition Council</b>		
Departmental expenses		
Departmental appropriation (a)	1,913	1,740
Expenses not requiring appropriation in the budget year (b)	27	27
<b>Total expenses for Outcome 1</b>	<b>1,940</b>	<b>1,767</b>
	2014-15	2015-16
<b>Average staffing level (number)</b>	<b>2</b>	<b>1</b>

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.  
(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, makegood expenses, 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.

## 2.1.2 Contributions to Outcome 1

### Programme 1.1: National Competition Council

#### Programme 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.

#### Programme expenses

The NCC's program expenses in 2015-16 are lower than in 2014-15, representing savings arising from the NCC obtaining its secretariat services from the ACCC.

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

**Table 2.2: Programme expenses**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental items	1,940	1,767	1,760	1,746	1,757
<b>Total programme expenses</b>	<b>1,940</b>	<b>1,767</b>	<b>1,760</b>	<b>1,746</b>	<b>1,757</b>

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**Programme 1.1 deliverables**

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The NCC has the following deliverables:

- make 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;
- make recommendations to ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives;
- make decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and
- advise the Parliament on the operation of the National Access Regime in accordance with section 290(2) of the CCA.

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**Programme 1.1 key performance indicators**

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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;
- 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 entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 appropriation 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 entity resourcing and financial statements**

There are no material 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 operating result for 2015-16 and the forward years. The financial statements have been prepared on an Australian Accounting Standards basis.

##### **Operating revenues**

Total NCC revenue in 2015-16 is estimated to be \$1.767 million.

##### **Operating expenses**

Total expenses in 2015-16 are estimated to be \$1.767 million.

##### **Budgeted departmental balance sheet**

In 2015-16 the NCC's equity position will be positive \$2.647 million.



**Assets**

The NCC's assets are mainly financial assets consisting of other receivables and cash.

**Liabilities**

The NCC's liabilities are mainly supplier payables.

**Administered income**

The NCC is estimated to receive own source income of \$8,000 in 2015-16 being fees for applications made to it under the NGL.

**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**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	762	189	182	182	182
Suppliers	1,178	1,578	1,578	1,564	1,575
<b>Total expenses</b>	<b>1,940</b>	<b>1,767</b>	<b>1,760</b>	<b>1,746</b>	<b>1,757</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Gains</b>					
Other	27	27	27	27	27
<b>Total gains</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Total own-source income</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Net cost of/(contribution by) services</b>	<b>1,913</b>	<b>1,740</b>	<b>1,733</b>	<b>1,719</b>	<b>1,730</b>
Revenue from Government	1,913	1,740	1,733	1,719	1,730
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	50	50	50	50	50
Trade and other receivables	2,902	2,616	2,616	2,616	2,616
<b>Total financial assets</b>	<b>2,952</b>	<b>2,666</b>	<b>2,666</b>	<b>2,666</b>	<b>2,666</b>
<b>Non-financial assets</b>					
Other non-financial assets	2	2	2	2	2
<b>Total non-financial assets</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Assets held for sale					
<b>Total assets</b>	<b>2,954</b>	<b>2,668</b>	<b>2,668</b>	<b>2,668</b>	<b>2,668</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	20	20	20	20	20
Other payables	18	1	1	1	1
<b>Total payables</b>	<b>38</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Provisions</b>					
Employee provisions	269	-	-	-	-
<b>Total provisions</b>	<b>269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>307</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Net assets</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	146	146	146	146	146
Retained surplus (accumulated deficit)	2,501	2,501	2,501	2,501	2,501
<b>Total parent entity interest</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>
<b>Total Equity</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>	<b>2,647</b>

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

**Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2015</b>					
Balance carried forward from previous period	2,501	-	-	146	2,647
<b>Adjusted opening balance</b>	<b>2,501</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>2,647</b>
<b>Comprehensive income</b>					
Surplus/(deficit) for the period	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated closing balance as at 30 June 2016</b>	<b>2,501</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>2,647</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	2,061	2,026	1,733	1,719	1,730
Net GST received	115	155	155	154	156
<b>Total cash received</b>	<b>2,176</b>	<b>2,181</b>	<b>1,888</b>	<b>1,873</b>	<b>1,886</b>
<b>Cash used</b>					
Employees	928	475	182	182	182
Suppliers	1,262	1,706	1,706	1,691	1,704
<b>Total cash used</b>	<b>2,190</b>	<b>2,181</b>	<b>1,888</b>	<b>1,873</b>	<b>1,886</b>
<b>Net cash from/(used by) operating activities</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	64	50	50	50	50
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements (Budget year 2015-16)**

	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2015</b>		
Gross book value	7	7
Accumulated depreciation/amortisation and impairment	(7)	(7)
<b>Opening net book balance</b>	<b>-</b>	<b>-</b>
<b>As at 30 June 2016</b>		
Gross book value	7	7
Accumulated depreciation/amortisation and impairment	(7)	(7)
<b>Closing net book balance</b>	<b>-</b>	<b>-</b>

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)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Fees and fines	8	8	8	8	8
<b>Total non-taxation revenue</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.8: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Fees	8	8	8	8	8
<b>Total cash received</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Net cash from/(used by) operating activities</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Net increase/(decrease) in cash held</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Transfers from other entities (Finance - Whole of Government)	8	8	8	8	8
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.