

# 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) 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.

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

- truth in advertising, particularly where misleading claims are made by large businesses with the potential to result in significant consumer detriment, or where the conduct is likely to become widespread if the ACCC does not intervene;
- competition and consumer issues in the health and medical sectors;
- cartel conduct impacting on government procurement;
- ensuring compliance with new or amended industry codes of conduct, including the Franchising Code and the proposed Food and Grocery Code;

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- working with industry to improve product safety through minimising the supply of unsafe goods, by focusing on good practice in the manufacture, sourcing and quality assurance of consumer products;
- emerging systemic consumer issues in the online marketplace;
- competition and consumer issues in highly concentrated sectors, including issues identified through the ACCC's monitoring of the fuel industry;
- in conjunction with other agencies, disruption of scams that rely on building deceptive relationships and which cause severe and widespread consumer or small business detriment;
- finalising its role in ensuring that carbon tax cost savings are being passed through to consumers;
- consumer protection issues impacting on Indigenous consumers; and
- consumer protection issues impacting on vulnerable and disadvantaged consumers with a particular focus on older consumers and consumers who are newly arrived in Australia.

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 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 2015-16 are:

- finalising determinations of terms and conditions, including prices, for fixed telecommunications services (Fixed Services Review);

- implementation of structural separation of Telstra and associated structural reform of fixed line telecommunications;
- assessing Part IIIA access undertakings (such as the replacement Hunter Valley Coal Network Access Undertaking prior to expiry in 2016) and Part VIIA price notifications (such as Australia Post);
- consideration of applications for exemptions from the Wheat Code from wheat port terminal operators;
- undertaking market studies, including under revised directions on petrol monitoring from the Minister; and
- increasing confidence in the operation of emerging water markets, including through the timely conduct of the review of Water Charges.

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 2015-16, the AER's focus will include:

- Delivering regulatory outcomes to promote efficient investment in energy network services that customers value including preparing for the application of the National Electricity Law in the Northern Territory; and
- Building consumer confidence in retail energy markets including by applying the National Energy Customer Framework in Queensland for the first time.

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

## **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: Australian Competition and Consumer Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015**

	Actual available appropriation 2014-15 \$'000	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 (a)</b>				
<b>Departmental appropriation</b>				
Prior year appropriations (b)	12,833	12,833	-	12,833
Departmental appropriation (c)	169,459	-	164,815	164,815
s74 Retained revenue receipts (d)	2,046	-	2,764	2,764
<b>Total</b>	<b>184,338</b>	<b>12,833</b>	<b>167,579</b>	<b>180,412</b>
<b>Total ordinary annual services [A]</b>	<b>184,338</b>	<b>12,833</b>	<b>167,579</b>	<b>180,412</b>
<b>Other services (e)</b>				
<b>Departmental non-operating</b>				
Prior year appropriations (b)	12,592	12,592	-	12,592
Equity injections	2,700	-	1,300	1,300
<b>Total</b>	<b>15,292</b>	<b>12,592</b>	<b>1,300</b>	<b>13,892</b>
<b>Total other services [B]</b>	<b>15,292</b>	<b>12,592</b>	<b>1,300</b>	<b>13,892</b>
<b>Total available annual appropriations [A+B]</b>	<b>199,630</b>	<b>25,425</b>	<b>168,879</b>	<b>194,304</b>
<b>Special appropriations</b>				
<b>Special appropriations limited by criteria/entitlement</b>				
<i>Public Governance, Performance and Accountability Act 2013 - s 77 (f)</i>	20	-	20	20
<b>Total special appropriations [C]</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>20</b>
<b>Total appropriations excluding special accounts</b>	<b>199,650</b>	<b>25,425</b>	<b>168,899</b>	<b>194,324</b>
<b>Total resourcing [A+B+C]</b>	<b>199,650</b>	<b>25,425</b>	<b>168,899</b>	<b>194,324</b>
<b>Total net resourcing for ACCC</b>	<b>199,650</b>	<b>25,425</b>	<b>168,899</b>	<b>194,324</b>

- (a) Appropriation Bill (No. 1) 2015-16.  
 (b) Estimated adjusted balance carried forward from previous year.  
 (c) Includes an amount of \$1.993m in 2015-16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.  
 (d) Estimated Retained revenue receipts under section 74 of the PGPA Act.  
 (e) Appropriation Bill (No. 2) 2015-16.  
 (f) Repayments not provided for under other appropriations. Amounts received on or before 30 June 2014 were repaid under section 28 of the *Financial Management and Accountability Act 1997*.

Reader note: All figures are GST exclusive.

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

	2014-15 \$'000	2015-16 \$'000
Payments made on behalf of the National Competition Council (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

Budget measures in Part 1 relating to ACCC are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Entity 2015-16 Budget measures**

**Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)**

		2014-15	2015-16	2016-17	2017-18	2018-19
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Measures</b>						
Communications and Public Affairs						
Functions – targeted savings (a)						
	1.1	(19)	(37)	(37)	(37)	-
	1.2	(5)	(10)	(10)	(10)	-
<b>Total measures</b>		<b>(24)</b>	<b>(47)</b>	<b>(47)</b>	<b>(47)</b>	<b>-</b>

(a) A cross-portfolio measure previously announced in 2014-15 Budget Paper No. 2. Prepared on a Government Finance Statistics (fiscal) basis.

## Section 2: Outcomes and 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;
- protect the interests and safety of consumers, and support fair trading in markets affecting consumers and small business;
- promote the economically efficient operation of, use of, and investment in infrastructure; and identify market failure; and
- promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers with respect to price, quality, safety, reliability and security.

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, by programme.

**Table 2.1: Budgeted expenses for Outcome 1**

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
<b>Outcome 1:</b> 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.		
<b>Programme 1.1: Australian Competition and Consumer Commission</b>		
Departmental expenses		
Departmental appropriation (a)	135,271	132,008
Expenses not requiring appropriation in the Budget year (b)	6,100	6,637
<b>Total for programme 1.1</b>	<b>141,371</b>	<b>138,645</b>
<b>Programme 1.2: Australian Energy Regulator</b>		
Departmental expenses		
Departmental appropriation (a)	34,221	33,578
<b>Total for programme 1.2</b>	<b>34,221</b>	<b>33,578</b>
<b>Outcome 1 Totals by appropriation type</b>		
Departmental expenses		
Departmental appropriation (a)	169,492	165,586
<b>Total expenses for Outcome 1</b>	<b>175,592</b>	<b>172,223</b>
<b>Average staffing level (number)</b>	715	725

(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, make good 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.

## 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**

	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	135,271	132,008	130,594	130,044	130,923
Programme support					
Expenses not requiring appropriation in the Budget year (a)	6,100	6,637	6,790	7,719	5,841
<b>Total programme expenses</b>	<b>141,371</b>	<b>138,645</b>	<b>137,384</b>	<b>137,763</b>	<b>136,764</b>

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

### Programme 1.1 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

- Deliver outcomes to address harm to consumers and businesses resulting from anti-competitive conduct;
- assess mergers to prevent structural changes that substantially lessen competition;
- make decisions on authorisation, notification and certification trademark applications in the public interest; and
- assist the Australian Competition Tribunal, as required.

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

- Deliver outcomes to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law;
- enhance the effectiveness of the ACCC's compliance and enforcement initiatives through partnerships;
- identify and address the risk of serious injury and death from safety hazards in consumer products;
- support a vibrant small business sector; and
- empower consumers by increasing their awareness of their rights under the Australian Consumer Law.

Promote the economically efficient operation of, use of, and investment in infrastructure; and identify market failure

- Deliver network regulation that promotes competition in the long-term interests of end-users;
- provide industry monitoring reports to government in relation highly concentrated, newly deregulated or emerging markets; and
- improve the efficient operation of markets by enforcing industry-specific competition and market rules.

**Programme 1.1 key performance indicators**

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

Deliver outcomes to address harm to consumers and businesses resulting from anti-competitive conduct

- Number of in-depth competition investigations completed;
- percentage of initial competition investigations completed within 3 months;
- percentage of in-depth competition investigations completed within 12 months;
- number of competition enforcement interventions;
- percentage of competition enforcement interventions in the priority areas outlined in the Compliance and Enforcement Policy; and
- percentage of competition enforcement interventions in the priority areas, or demonstrate the priority factors, outlined in the Compliance and Enforcement Policy.

Assess mergers to prevent structural changes that substantially lessen competition

- Number of merger matters considered;
- percentage of merger matters considered that were finalised by pre-assessment;
- number of merger matters involving Phase 1 only of public review;
- number of merger matters involving Phase 1 and Phase 2 of public review;
- percentage of merger matters subject to Phase 1 only of public review that were finalised within 8 weeks; and
- percentage of merger matters subject to Phase 2 of public review that were finalised within 20 weeks.

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Make decisions on authorisation, notification and certification trademark applications in the public interest

- Number of authorisation applications assessed;
- number of exclusive dealing notifications assessed;
- number of collective bargaining notifications assessed;
- number of Certification Trade Marks assessed;
- percentage of authorisation applications assessed within statutory timeframe(s); and
- percentage of notifications assessed within statutory timeframe.

Assist the Australian Competition Tribunal, as required

- Number of matters where assistance was provided to Australian Competition Tribunal.

Deliver outcomes to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law

- Number of in-depth ACL investigations completed;
- percentage of in-depth ACL investigation that are in the priority areas outlined in the Compliance and Enforcement Policy;
- percentage of initial ACL investigations completed within 3 months;
- percentage of in-depth ACL investigations completed within 12 months;
- number of ACL enforcement interventions;
- percentage of ACL enforcement interventions in the priority areas outlined in the Compliance and Enforcement Policy;
- percentage of ACL enforcement interventions in the priority areas, or demonstrate the priority factors, outlined in the Compliance and Enforcement Policy;
- number of emerging CCA market issues affecting consumers and small business that are identified, considered and advice developed;
- number of new or revised business compliance resources;
- number of times online business education resources have been accessed;

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- number of surveys and audits for CCA compliance, including in relation to product safety regulations;
- percentage of business compliance projects that are in priority areas identified in the Compliance & Enforcement Policy; and
- percentage of business compliance resources developed or updated in consultation with business, stakeholder groups and peak bodies.

Enhance the effectiveness of the ACCC's compliance and enforcement initiatives through partnerships

- Percentage of business compliance resources developed or updated in consultation with business, stakeholder groups and peak bodies;
- number of business compliance projects that are delivered jointly with ACL regulators; and
- number of business compliance and consumer education projects that involve partnership or joint delivery with businesses, peak bodies, industry or consumer groups.

Identify and address the risk of serious injury and death from safety hazards in consumer products

- Percentage of product safety mandatory reports made by businesses of serious injury or death preliminarily assessed by the ACCC within seven days;
- percentage of recall notifications by businesses to the ACCC that, after assessment and engagement, can be published within 48 hours of receipt;
- number of detailed assessments of emerging product safety hazards;
- number of reviews of mandatory product safety standards completed; and
- number of new or updated published business compliance resources about responsible sourcing of consumer products.

Support a vibrant small business sector

- Number of small business Infocentre contacts served;
- number of new or revised business compliance resources (published guidance) to empower small business; and
- number of CCA and ACL enforcement interventions with substantial benefits to small business sector.

Empower consumers by increasing their awareness of their rights under the Australian Consumer Law

- Number of new or revised consumer education resources;
- number of times online consumer education resources have been accessed;
- number of Infocentre contacts served; and
- number of unique visits to the SCAMwatch website.

Deliver network regulation that promotes competition in the long-term interests of end-users

- Number of major regulatory decisions; and
- percentage of regulatory decisions completed within statutory timeframes.

Provide industry monitoring reports to government in relation highly concentrated, newly deregulated or emerging markets

- Number of monitoring reports.

Improve the efficient operation of markets by enforcing industry-specific competition and market rules

- Number of investigations into potential breaches of rules.

In addition to the above performance indicators, the ACCC will collect evidence and report against the six key performance indicators as set out in the Australian Government's Regulator Performance Framework.

## **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 with respect to price, quality, safety, reliability and security.

### **Programme expenses**

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

**Table 2.3: Programme 1.2 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	34,221	33,578	33,020	33,247	33,474
Programme support					
<b>Total programme expenses</b>	<b>34,221</b>	<b>33,578</b>	<b>33,020</b>	<b>33,247</b>	<b>33,474</b>

### Programme 1.2 deliverables

To promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers with respect to price, quality, safety, reliability and security, the AER will:

- provide effective network regulation that requires consumers to pay no more than necessary for the safe and reliable delivery of electricity and gas network services;
- build consumer confidence in retail energy markets through enhanced industry compliance and improved awareness; and
- support efficient wholesale energy markets through monitoring and enforcing compliance with the rules.

### Programme 1.2 key performance indicators

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

Provide effective network regulation that requires consumers to pay no more than necessary for the safe and reliable delivery of electricity and gas network services

- Number of revenue reset determinations for electricity networks and gas pipelines and distribution networks completed;
- percentage of revenue reset determinations for electricity networks and gas pipelines and distribution networks completed within statutory timeframes;
- number of annual benchmarking and performance reports for electricity networks; and
- Number of annual tariff approval applications assessed.

Build consumer confidence in retail energy markets through enhanced industry compliance and improved awareness

- Number of annual reports on compliance in, and performance of, retail energy markets;

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- number of retailers' hardship policies and proposed amendments assessed;
- percentage of retailers' hardship policies and proposed amendments assessed within 12 weeks of receiving all relevant information;
- number of retail authorisations/exemptions assessed;
- percentage of retail authorisations/exemptions applications assessed within 12 weeks of receiving all relevant information;
- support the timely transfer of affected customers in the event of a retailer failure;
- number of formal energy retail enforcement interventions; and
- percentage of new/replacement offers published on Energy Made Easy website within 48 hours of receipt from retailers.

Support efficient wholesale energy markets through monitoring and enforcing compliance with the rules

- Number of quarterly compliance reports on wholesale markets and networks;
- percentage of quarterly compliance reports published within 6 weeks of the end of the quarter;
- audit the compliance systems of selected energy businesses, and report on outcomes;
- number of weekly electricity and gas monitoring reports;
- percentage of weekly reports published within 12 business days of the end of the relevant week;
- number of reports on extreme price events in wholesale electricity and gas markets;
- percentage of reports on extreme price events in wholesale electricity and gas markets published within statutory timeframes;
- number of targeted reviews of compliance with the national energy rules; and
- publish the State of the Energy Market report.



## 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 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 section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by ACCC.

**Table 3.1.2: Estimates of special account flows and balances**

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Services for Other Entities and Trust Moneys Account 2015-16 (D)	1	54	-	-	-	54
2014-15		54	-	-	-	54
<b>Total special accounts 2015-16 Budget estimate</b>		<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>
<i>Total special accounts 2014-15 estimated actual</i>		54	-	-	-	54

(D) = Departmental

#### 3.1.3 Australian Government Indigenous expenditure

The ACCC 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

#### Departmental

##### Comprehensive income statement

The ACCC is budgeting to break even for 2015-16 and each of the forward estimates.

##### Operating revenues

Total appropriation revenue for 2015-16 is estimated to be \$162.8 million.

##### Operating expenses

Total expenses in 2015-16 are estimated to be \$172.2 million. This is a decrease of \$3.4 million from the 2014-15 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**

	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	96,959	98,165	95,688	95,800	96,792
Suppliers	72,608	67,496	68,001	67,566	67,680
Depreciation and amortisation	6,025	6,562	6,715	7,644	5,766
<b>Total expenses</b>	<b>175,592</b>	<b>172,223</b>	<b>170,404</b>	<b>171,010</b>	<b>170,238</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	2,046	2,764	1,250	1,250	1,250
<b>Total own-source revenue</b>	<b>2,046</b>	<b>2,764</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>
<b>Gains</b>					
Other	75	75	75	75	75
<b>Total gains</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>
<b>Total own-source income</b>	<b>2,121</b>	<b>2,839</b>	<b>1,325</b>	<b>1,325</b>	<b>1,325</b>
<b>Net cost of/(contribution by) services</b>	<b>173,471</b>	<b>169,384</b>	<b>169,079</b>	<b>169,685</b>	<b>168,913</b>
Revenue from Government	167,446	162,822	162,364	162,041	163,147
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(6,025)</b>	<b>(6,562)</b>	<b>(6,715)</b>	<b>(7,644)</b>	<b>(5,766)</b>

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

**Note: Impact of net cash appropriation arrangements**

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	(6,025)	(6,562)	(6,715)	(7,644)	(5,766)
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(6,025)</b>	<b>(6,562)</b>	<b>(6,715)</b>	<b>(7,644)</b>	<b>(5,766)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where 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 3.2.5 Departmental Capital Budget Statement.

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	2,000	2,000	2,000	2,000	2,000
Trade and other receivables	29,376	24,763	24,632	18,426	18,830
<b>Total financial assets</b>	<b>31,376</b>	<b>26,763</b>	<b>26,632</b>	<b>20,426</b>	<b>20,830</b>
<b>Non-financial assets</b>					
Land and buildings	11,898	9,604	7,288	10,566	7,894
Property, plant and equipment	5,653	4,574	3,989	3,284	1,814
Intangibles	3,570	3,174	1,951	644	1,644
Inventories	10	10	10	10	10
Other non-financial assets	1,539	1,539	1,539	1,539	1,539
<b>Total non-financial assets</b>	<b>22,670</b>	<b>18,901</b>	<b>14,777</b>	<b>16,043</b>	<b>12,901</b>
<b>Total assets</b>	<b>54,046</b>	<b>45,664</b>	<b>41,409</b>	<b>36,469</b>	<b>33,731</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	6,730	6,268	6,397	6,460	6,592
Other payables	14,662	11,138	11,468	11,468	11,468
<b>Total payables</b>	<b>21,392</b>	<b>17,406</b>	<b>17,865</b>	<b>17,928</b>	<b>18,060</b>
<b>Provisions</b>					
Employee provisions	22,058	22,107	21,489	21,483	21,705
Other provisions	7,412	6,236	5,764	5,301	4,851
<b>Total provisions</b>	<b>29,470</b>	<b>28,343</b>	<b>27,253</b>	<b>26,784</b>	<b>26,556</b>
<b>Total liabilities</b>	<b>50,862</b>	<b>45,749</b>	<b>45,118</b>	<b>44,712</b>	<b>44,616</b>
<b>Net assets</b>	<b>3,184</b>	<b>(85)</b>	<b>(3,709)</b>	<b>(8,243)</b>	<b>(10,885)</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	68,331	71,624	74,715	77,825	80,949
Reserves	3,719	3,719	3,719	3,719	3,719
Retained surplus (accumulated deficit)	(68,866)	(75,428)	(82,143)	(89,787)	(95,553)
<b>Total parent entity interest</b>	<b>3,184</b>	<b>(85)</b>	<b>(3,709)</b>	<b>(8,243)</b>	<b>(10,885)</b>

\*Equity is the residual interest in assets after the 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	(68,866)	3,719		68,331	3,184
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>(68,866)</b>	<b>3,719</b>	<b>-</b>	<b>68,331</b>	<b>3,184</b>
<b>Comprehensive income</b>					
Other comprehensive income					-
Surplus/(deficit) for the period	(6,562)	-	-	-	(6,562)
<b>Total comprehensive income</b>	<b>(6,562)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,562)</b>
of which:					
Attributable to the Australian Government	(6,562)	-	-	-	(6,562)
<b>Transactions with owners</b>					
<b>Contributions by owners</b>					
Equity Injection - Appropriation				1,300	1,300
Departmental Capital Budget (DCB)				1,993	1,993
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,293</b>	<b>3,293</b>
<b>Estimated closing balance as at 30 June 2016</b>	<b>(75,428)</b>	<b>3,719</b>	<b>-</b>	<b>71,624</b>	<b>(85)</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	164,732	167,435	162,496	167,433	162,743
Sale of goods and rendering of services	3,586	1,375	1,375	1,375	1,375
Net GST received	7,037	7,088	6,987	7,595	7,037
<b>Total cash received</b>	<b>175,355</b>	<b>175,898</b>	<b>170,858</b>	<b>176,403</b>	<b>171,155</b>
<b>Cash used</b>					
Employees	99,379	100,126	95,977	95,806	96,571
Suppliers	76,917	76,272	75,381	74,797	75,084
<b>Total cash used</b>	<b>176,296</b>	<b>176,398</b>	<b>171,358</b>	<b>170,603</b>	<b>171,655</b>
<b>Net cash from/(used by) operating activities</b>	<b>(941)</b>	<b>(500)</b>	<b>(500)</b>	<b>5,800</b>	<b>(500)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	3,713	2,793	2,591	8,910	2,624
<b>Total cash used</b>	<b>3,713</b>	<b>2,793</b>	<b>2,591</b>	<b>8,910</b>	<b>2,624</b>
<b>Net cash from/(used by) investing activities</b>	<b>(3,713)</b>	<b>(2,793)</b>	<b>(2,591)</b>	<b>(8,910)</b>	<b>(2,624)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	4,713	3,293	3,091	3,110	3,124
<b>Total cash received</b>	<b>4,713</b>	<b>3,293</b>	<b>3,091</b>	<b>3,110</b>	<b>3,124</b>
<b>Net cash from/(used by) financing activities</b>	<b>4,713</b>	<b>3,293</b>	<b>3,091</b>	<b>3,110</b>	<b>3,124</b>
<b>Net increase/(decrease) in cash held</b>	<b>4,713</b>	<b>3,293</b>	<b>3,091</b>	<b>3,110</b>	<b>3,124</b>
Cash and cash equivalents at the beginning of the reporting period	1,941	2,000	2,000	2,000	2,000
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement (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>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	2,013	1,993	1,991	2,010	2,024
Equity injections - Bill 2	2,700	1,300	1,100	1,100	1,100
<b>Total new capital appropriations</b>	<b>4,713</b>	<b>3,293</b>	<b>3,091</b>	<b>3,110</b>	<b>3,124</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	3,713	2,793	2,591	2,610	2,624
<i>Other Items</i>	1,000	500	500	500	500
<b>Total Items</b>	<b>4,713</b>	<b>3,293</b>	<b>3,091</b>	<b>3,110</b>	<b>3,124</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	1,700	800	600	600	600
Funded by capital appropriation - DCB (b)	2,013	1,993	1,991	2,010	2,024
Funded internally from departmental resources (c)	-	-	-	6,300	-
<b>TOTAL</b>	<b>3,713</b>	<b>2,793</b>	<b>2,591</b>	<b>8,910</b>	<b>2,624</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	3,713	2,793	2,591	8,910	2,624
<b>Total cash used to acquire assets</b>	<b>3,713</b>	<b>2,793</b>	<b>2,591</b>	<b>8,910</b>	<b>2,624</b>

(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. Include purchases from current and previous years' Departmental Capital Budgets (DCBs).

(c) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);

Prepared on Australian Accounting Standards basis.

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

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2015</b>				
Gross book value	18,636	11,336	12,356	42,328
Accumulated depreciation/amortisation and impairment	(6,738)	(5,683)	(8,786)	(21,207)
<b>Opening net book balance</b>	<b>11,898</b>	<b>5,653</b>	<b>3,570</b>	<b>21,121</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services (a)	100	1,082	1,611	2,793
<b>Total additions</b>	<b>100</b>	<b>1,082</b>	<b>1,611</b>	<b>2,793</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(2,394)	(2,161)	(2,007)	(6,562)
<b>Total other movements</b>	<b>(2,394)</b>	<b>(2,161)</b>	<b>(2,007)</b>	<b>(6,562)</b>
<b>As at 30 June 2016</b>				
Gross book value	18,736	12,418	13,967	45,121
Accumulated depreciation/amortisation and impairment	(9,132)	(7,844)	(10,793)	(27,769)
<b>Closing net book balance</b>	<b>9,604</b>	<b>4,574</b>	<b>3,174</b>	<b>17,352</b>

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2015-16 for depreciation / amortisation.

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	39,980	39,980	39,980	39,980	39,980
<b>Total non-taxation revenue</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>

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)**

	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	9	9	9	9	9
Trade and other receivables	4,315	4,315	4,315	4,315	4,315
<b>Total financial assets</b>	<b>4,324</b>	<b>4,324</b>	<b>4,324</b>	<b>4,324</b>	<b>4,324</b>
<b>Total assets administered on behalf of Government</b>	<b>4,324</b>	<b>4,324</b>	<b>4,324</b>	<b>4,324</b>	<b>4,324</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: 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	39,980	39,980	39,980	39,980	39,980
<b>Total cash received</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>
<b>Cash used</b>					
Other	39,980	39,980	39,980	39,980	39,980
<b>Total cash used</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>	<b>39,980</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of reporting period	9	9	9	9	9
<b>Cash and cash equivalents at end of reporting period</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

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**

Entity 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 entity 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;
- onerous lease for the Nishi building in New Acton, Canberra; and
- unpaid expenses as at balance date.

