

NATIONAL COMPETITION COUNCIL

Section 1: Entity overview and resources	227
1.1 Strategic direction statement	227
1.2 Entity resource statement	228
1.3 Budget measures.....	229
Section 2: Outcomes and planned performance.....	230
2.1 Budgeted expenses and performance for Outcome 1.....	231
Section 3: Budgeted financial statements	234
3.1 Budgeted financial statements.....	234

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 provides it with staff and secretariat services as required.

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

The NCC makes recommendations and decisions that reflect the relevant law and economic and policy developments. It also ensures that its websites, guidelines and other information resources remain relevant and available to all stakeholders.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the NCC 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 (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: National Competition Council resource statement — Budget estimates for 2016-17 as at Budget May 2016

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	2,555	2,272
Departmental appropriation	1,740	1,727
<i>Total departmental annual appropriations</i>	<i>4,295</i>	<i>3,999</i>
Total departmental resourcing	4,295	3,999
Total resourcing for the NCC	4,295	3,999
	<i>2015-16</i>	2016-17
Average staffing level (number)	1	1

Third party payments from and on behalf of other entities

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Payments made by the ACCC on behalf of the NCC	1,740	1,727
Payments made to the ACCC for the provision of secretariat services	700	700

Prepared on a resourcing (i.e. 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) 2016-17.

1.3 BUDGET MEASURES

Table 1.2 presents the measures announced subsequent to the 2015-16 MYEFO. No measures have been announced at Budget.

Table 1.2: Measures announced since the 2015-16 MYEFO

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Public Sector Savings - Shared and Common Services Program						
Departmental expenses	1.1	-	(3)	(5)	(5)	-
Total expense measures		-	(3)	(5)	(5)	-

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.

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:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. 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 from October 2016 – to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE 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

Budgeted expenses for Outcome 1

Table 2.1 shows how much the NCC 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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: National Competition Council					
Departmental expenses					
Departmental appropriation (a)	1,740	1,727	1,710	1,720	1,737
Expenses not requiring appropriation in the Budget year (b)	32	32	32	32	32
Departmental total	1,772	1,759	1,742	1,752	1,769
Total expenses for program 1.1	1,772	1,759	1,742	1,752	1,769
Total expenses for Outcome 1	1,772	1,759	1,742	1,752	1,769
	2015-16	2016-17			
Average staffing level (number)	1	1			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the *Public Governance Performance and Accountability Act 2013*.

(b) Expenses not requiring appropriation in the Budget year represent audit services received free of charge from the Australian National Audit Office (ANAO).

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

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1</p> <p>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</p>	
<p>Program 1.1 — National Competition Council</p> <p>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.</p>	
<p>Delivery</p>	<p>Program 1.1 aims to:</p> <ul style="list-style-type: none"> • 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 s290(2) of the CCA.
<p>Performance information</p>	
<p>Performance criteria</p>	<p>2015-16 and forward year targets</p>
<p>Recommendations on declaration applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.</p>	<p>All recommendations are forecast to be made within the statutory time limits.</p>
<p>Recommendations on certification applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.</p>	<p>All recommendations are forecast to be made within the statutory time limits.</p>
<p>Recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet the advice requirements of Ministers.</p>	<p>All recommendations and decisions are forecast to be made within the statutory time limits.</p>
<p>Accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website.</p>	<p>The Council website is forecast to hold all documents relevant to the Council's functions.</p>

Up to date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website.	Guidelines are forecast to be updated within 30 days of relevant decisions or developments in case law.
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.	Case law developments, legislative amendments and developments in Council processes or policies are forecast to be reflected in Council information resources within 30 days.
The NCC's annual report to the Parliament includes a comprehensive report that meets the requirements of s29O(2) of the CCA and is provided within 60 days of the end of the financial year.	The Council annual report provides comprehensive information on the National Access Regime and NGL, addresses all matters required under s29O(2) of the CCA and is forecast to be provided within the required timeframe.
Purposes	<p>The NCC is a Commonwealth statutory agency established by s29A of the <i>Competition and Consumer Act 2010</i> (CCA). It was created in 1995 following agreement by the Council of Australian Governments (COAG) to a National Competition Policy (NCP). NCP places competition at the forefront as a means of promoting productivity and economic growth to enhance the economic welfare of Australians.</p> <p>The NCC makes recommendations under the National Access Regime in Part IIIA of the CCA and recommendations and decisions under the National Gas Law (NGL). The National Access Regime provides for access to the services of infrastructure facilities on appropriate terms, through the declaration of services. The NCC's role is to make recommendations to relevant ministers in relation to applications for declaration of services and also the certification of state or territory access regimes.</p> <p>The NCC has a similar role under the National Gas Law (NGL), contained in the Schedule to the <i>National Gas (South Australia) Act 2008</i>, where it makes recommendations on the coverage of natural gas pipeline systems. Under the NGL, the NCC also has the tasks of deciding the form of regulation of natural gas pipeline systems (light or full regulation), classifying pipeline (as transmission or distribution) and recommending in relation to various exemptions for greenfields gas pipelines.</p> <p>Both the National Access Regime and the NGL seek to promote the efficient operation of, use of, and investment in significant bottleneck infrastructure, and to promote competition, efficiency and productivity in markets that depend on the use of services provided by significant bottleneck infrastructure facilities.</p>

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of the NCC's finances for the 2016-17 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

The NCC is budgeting for a break-even operating result for 2016-17 and the forward years. The financial statements have been prepared on an Australian Accounting Standards basis.

The NCC is estimated to receive own source income of \$8,000 in 2016-17, being fees for applications made to it under the NGL.

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

The NCC's liabilities are mainly supplier payables. There are no employee liabilities as Council members do not receive leave entitlements. Councillor remuneration is established through *Determination 2015/20: Remuneration and Allowances for Holders of Part-time Public Office*, which is set by the Remuneration Tribunal, an independent statutory authority established under the *Remuneration Tribunal Act 1973*.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	143	135	137	139	141
Suppliers	1,629	1,624	1,605	1,613	1,628
Total expenses	1,772	1,759	1,742	1,752	1,769
Gains					
Other	32	32	32	32	32
Total gains	32	32	32	32	32
Total own-source income	32	32	32	32	32
Net (cost of)/contribution by services					
	(1,740)	(1,727)	(1,710)	(1,720)	(1,737)
Revenue from Government	1,740	1,727	1,710	1,720	1,737
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	35	35	35	35	35
Trade and other receivables	2,239	2,239	2,239	2,239	2,239
Total financial assets	2,274	2,274	2,274	2,274	2,274
Non-financial assets					
Other non-financial assets	2	2	2	2	2
Total non-financial assets	2	2	2	2	2
Total assets	2,276	2,276	2,276	2,276	2,276
LIABILITIES					
Payables					
Suppliers	4	4	4	4	4
Other payables	1	1	1	1	1
Total payables	5	5	5	5	5
Total liabilities	5	5	5	5	5
Net assets	2,271	2,271	2,271	2,271	2,271
EQUITY*					
Contributed equity	178	178	178	178	178
Retained surplus (accumulated deficit)	2,093	2,093	2,093	2,093	2,093
Total equity	2,271	2,271	2,271	2,271	2,271

*'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 2016-17)

	Retained earnings \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016			
Balance carried forward from previous period	2,093	178	2,271
Opening balance	2,093	178	2,271
Comprehensive income			
Surplus/(deficit) for the period	-	-	-
Total comprehensive income	-	-	-
Estimated closing balance as at 30 June 2017	2,093	178	2,271
Closing balance attributable to the Australian Government	2,093	178	2,271

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,120	1,727	1,710	1,720	1,737
Net GST received	174	162	160	161	162
Total cash received	2,294	1,889	1,870	1,881	1,899
Cash used					
Employees	398	135	137	139	141
Suppliers	1,896	1,754	1,733	1,742	1,758
Total cash used	2,294	1,889	1,870	1,881	1,899
Net cash from/(used by) operating activities	-	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	35	35	35	35	35
Cash and cash equivalents at the end of the reporting period	35	35	35	35	35

Prepared on Australian Accounting Standards basis.

Table 3.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	8	8	8	8	8
Total non-taxation revenue	8	8	8	8	8
Total own-source revenue administered on behalf of Government	8	8	8	8	8
Total own-sourced income administered on behalf of Government	8	8	8	8	8
Net cost of (contribution by) service	(8)	(8)	(8)	(8)	(8)
Surplus/ (deficit)	8	8	8	8	8

Prepared on Australian Accounting Standards basis.

Table 3.6: Schedule of budgeted administered cash flows (for the period ended 30 June)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	8	8	8	8	8
Total cash received	8	8	8	8	8
Net cash from/(used by) operating activities	8	8	8	8	8
Net increase/(decrease) in cash held	8	8	8	8	8
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Transfers to other entities (Finance - Whole of Government)	(8)	(8)	(8)	(8)	(8)
Total cash to Official Public Account	(8)	(8)	(8)	(8)	(8)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

