

NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources	289
1.1 Strategic direction statement	289
1.2 Agency resource statement	290
1.3 Budget measures.....	290
Section 2: Outcomes and performance information	291
2.1 Outcomes and performance information	291
Section 3: Explanatory tables and budgeted financial statements	295
3.1 Explanatory tables	295
3.2 Budgeted financial statements.....	295

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 in accord with the CCA and the NGL and that 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 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	+	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	4,642	¹	-		4,642	-
Departmental appropriation ²	-		2,777	³	2,777	2,774
Total net resourcing for the NCC	4,642		2,777		7,419	2,774

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

2. Includes \$0.03 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

3. Appropriation Bill (No. 1) 2013-14.

Third party payments from and on behalf of other agencies

	2012-13 \$'000	2013-14 \$'000
Payments made on behalf of the NCC	2,798	2,801

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 relating to the NCC are summarised below.

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Targeted Savings - public service efficiencies ¹	1.1	(13)	(19)	(17)	(16)	(14)
Total expense measures		(13)	(19)	(17)	(16)	(14)

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

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 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.

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 and the Northern Territory's electricity network access regime

National Competition Council Budget Statements

are both currently certified. 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	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: National Competition Council		
Departmental expenses		
Departmental appropriation	2,741	2,745
Expenses not requiring appropriation in the budget year	43	50
Total expenses for Outcome 1	2,784	2,795
	2012-13	2013-14
Average staffing level (number)	11	12

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

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,784	2,795	2,822	2,854	2,890
Total program expenses	2,784	2,795	2,822	2,854	2,890

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 2013-14 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 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 result for 2013-14 and the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses.

The financial statements have been prepared on an Australian Accounting Standards basis.

Operating revenues

Total NCC revenue in 2013-14 is estimated to be \$2.8 million.

Operating expenses

Total expenses in 2013-14 are estimated to be \$2.8 million.

Budgeted departmental balance sheet

In 2013-14 the NCC's equity position will be positive \$4.9 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 2012-13.

Administered income

The NCC is estimated to receive own source income of \$8,000 in 2013-14 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)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	1,427	1,484	1,543	1,605	1,669
Supplier	1,338	1,285	1,244	1,206	1,171
Depreciation and amortisation	19	26	35	43	50
Total expenses	2,784	2,795	2,822	2,854	2,890
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	2,760	2,771	2,798	2,830	2,866
Appropriation revenue	2,741	2,745	2,763	2,787	2,816
Surplus (deficit) attributable to the Australian Government	(19)	(26)	(35)	(43)	(50)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(19)	(26)	(35)	(43)	(50)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(19)	(26)	(35)	(43)	(50)

Prepared on Australian accounting standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	40	40	40	40	40
Trade and other receivables	5,130	5,130	5,130	5,130	5,130
Total financial assets	5,170	5,170	5,170	5,170	5,170
Non-financial assets					
Land and buildings	49	51	28	30	24
Infrastructure, plant and equipment	12	16	25	19	13
Intangibles	-	-	11	5	-
Other	51	51	51	51	51
Total non-financial assets	112	118	115	105	88
Total assets	5,282	5,288	5,285	5,275	5,258
LIABILITIES					
Provisions					
Employees	352	352	352	352	352
Other	10	10	10	10	10
Total provisions	362	362	362	362	362
Payables					
Suppliers	25	25	25	25	25
Other	35	35	35	35	35
Total payables	60	60	60	60	60
Total liabilities	422	422	422	422	422
Net assets	4,860	4,866	4,863	4,853	4,836
EQUITY					
Contributed equity	114	146	178	211	244
Reserves	228	228	228	228	228
Retained surpluses or accumulated deficits	4,518	4,492	4,457	4,414	4,364
Total equity	4,860	4,866	4,863	4,853	4,836
Current assets	5,221	5,221	5,221	5,221	5,221
Non-current assets	61	67	64	54	37
Current liabilities	60	60	60	60	60
Non-current liabilities	362	362	362	362	362

Prepared on Australian accounting standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	2,741	2,745	2,763	2,787	2,816
Total cash received	2,741	2,745	2,763	2,787	2,816
Cash used					
Employees	1,427	1,484	1,543	1,605	1,669
Suppliers	1,314	1,261	1,220	1,182	1,147
Total cash used	2,741	2,745	2,763	2,787	2,816
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	33	32	32	33	33
Total cash used	33	32	32	33	33
Net cash from or (used by) investing activities	(33)	(32)	(32)	(33)	(33)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	33	32	32	33	33
Total cash received	33	32	32	33	33
Net cash from or (used by) financing activities	33	32	32	33	33
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	40	40	40	40	40
Cash at the end of the reporting period	40	40	40	40	40

Prepared on Australian accounting standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	4,518	228	-	114	4,860
Adjusted opening balance	4,518	228	-	114	4,860
Comprehensive income					
Surplus (deficit) for the period	(26)	-	-	-	(26)
Total comprehensive income recognised directly in equity	(26)	-	-	-	(26)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	32	32
Total transactions with owners	-	-	-	32	32
Estimated closing balance as at 30 June 2014	4,492	228	-	146	4,866

Prepared on Australian accounting standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	33	32	32	33	33
Total new capital appropriations	33	32	32	33	33
Provided for:					
Purchase of non-financial assets	33	32	32	33	33
Total Items	33	32	32	33	33
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	33	32	32	33	33
TOTAL	33	32	32	33	33
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	33	32	32	33	33
Total cash used to acquire assets	33	32	32	33	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 2013				
Gross book value	66	14	7	87
Accumulated depreciation/amortisation and impairment	(17)	(2)	(7)	(26)
Opening net book balance	49	12	-	61
Capital asset additions				
By purchase - appropriation ordinary annual services	25	7	-	32
Total asset additions	25	7	-	32
Other movements				
Depreciation/amortisation expense	(23)	(3)	-	(26)
Total other movements	(23)	(3)	-	(26)
As at 30 June 2014				
Gross book value	91	21	7	119
Accumulated depreciation/amortisation and impairment	(40)	(5)	(7)	(52)
Closing net book balance	51	16	-	67

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)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	15	8	8	8	8
Total non-taxation revenue	15	8	8	8	8
Total own-source revenues administered on behalf of Government	15	8	8	8	8
Total own-sourced income administered on behalf of Government	15	8	8	8	8

Prepared on Australian accounting standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	15	8	8	8	8
Total cash received	15	8	8	8	8
Net cash from or (used by) operating activities	15	8	8	8	8
Net increase or (decrease) in cash held	15	8	8	8	8
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for: - Transfers to other entities (Finance - Whole of Government)	15	8	8	8	8
	15	8	8	8	8
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian accounting standards basis.