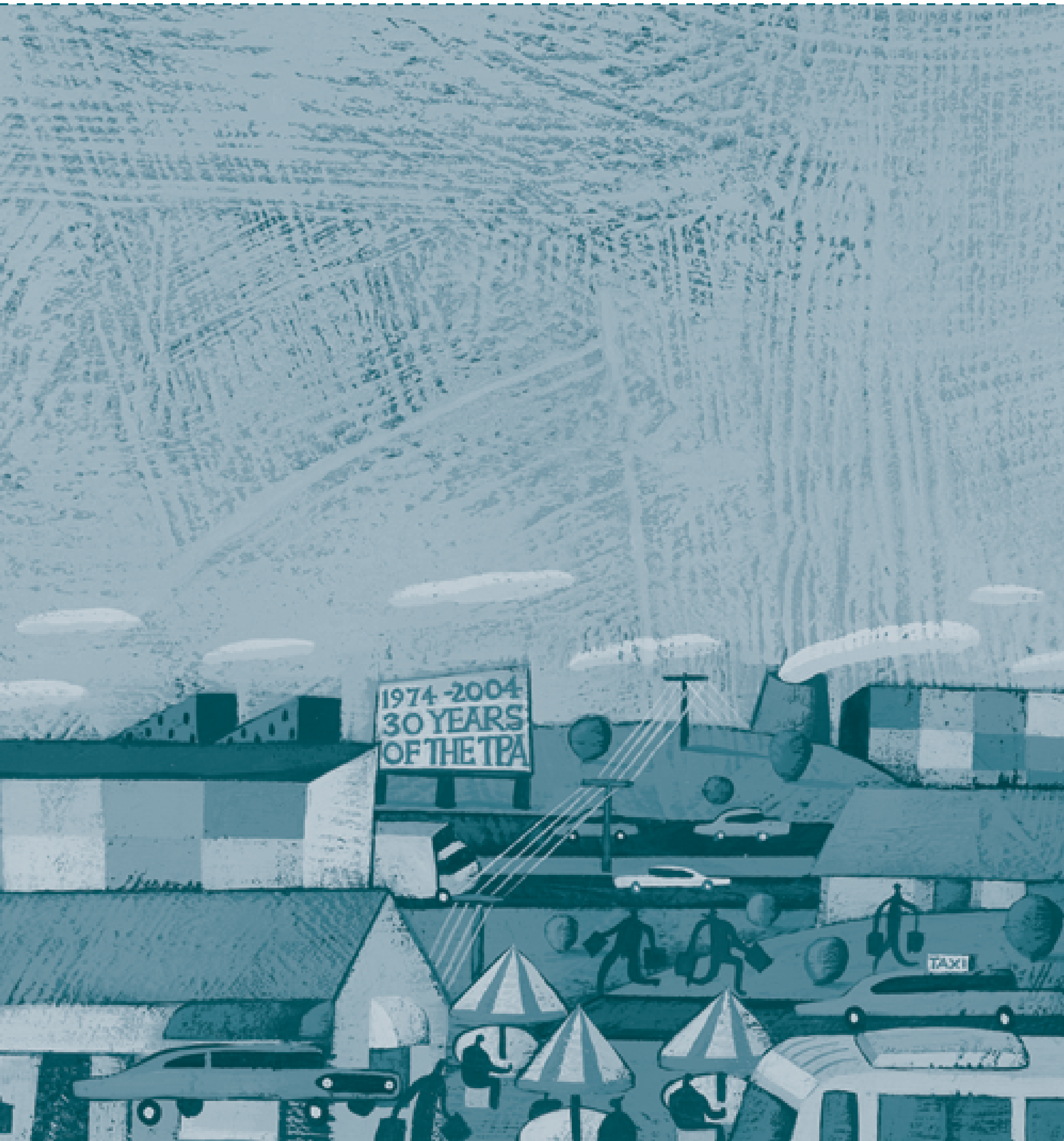
## part four

# financial statements



Australian National
Audit Office

**INDEPENDENT AUDIT REPORT**

**To the Treasurer**

Scope

***The financial statements and Chief Executive Officer's responsibility***

The financial statements comprise:

- Statement by the Chairman, Chief Executive Officer and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Australian Competition and Consumer Commission for the year ended 30 June 2005.

The Australian Competition and Consumer Commission's Chief Executive Officer is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Australian Competition and Consumer Commission, and that comply with accounting standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Commission's Chief Executive Officer is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

***Audit approach***

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Commission's financial position, and of its performance as represented by the statements of financial performance and cash flows.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Chief Executive Officer.

***Independence***

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

**Audit Opinion**

In my opinion, the financial statements of the Australian Competition and Consumer Commission:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and

(b) give a true and fair view of the Australian Competition and Consumer Commission's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:

(i) the matters required by the Finance Minister's Orders; and

(ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

**Other Statutory Matters**

As detailed in Note 26A of the financial statements, the Australian Competition and Consumer Commission has contravened section 83 of the Constitution and has therefore also breached section 48 of the *Financial Management and Accountability Act 1997*, which requires the maintenance of proper accounts and records. This latter breach has not been referred to in the Chairman, Chief Executive Officer and Chief Finance Officer's certification.

Australian National Audit Office

C Jago

Carla Jago
Executive Director

Delegate of the Auditor-General

Canberra
30 August 2005

# statement by the Chairman, Chief Executive Officer and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2005 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Graeme Samuel

Chairman

Date: 30 - 8 - 2005

Brian Cassidy

Chief Executive Officer

Date: 30 8 2005

John Bridge

Chief Finance Officer

Date: 30/8/05

# statement of financial performance

## for the year ended 30 June 2005

| | Notes | 2005<br>$'000 | 2004<br>$'000 |
|---|---|---|---|
| Revenues from ordinary activities | | | |
| Revenues from government | 4(a) | 98 431 | 74 148 |
| Sales of goods and services | 4(b) | 765 | 498 |
| Revenue from sale of assets | 4(c) | 3 | 19 |
| *Revenues from ordinary activities* | | 99 199 | 74 665 |
| Expenses from ordinary activities (excluding borrowing costs expense) | | | |
| Employees | 5(a) | 40 044 | 36 843 |
| Suppliers | 5(b) | 43 762 | 42 741 |
| Depreciation and amortisation | 5(c) | 1 531 | 2 059 |
| Write-down of assets | 5(d) | (5) | 6 |
| Value of assets sold | 4(c) | 3 | 7 |
| *Expenses from ordinary activities (excluding borrowing costs expense)* | | 85 335 | 81 656 |
| *Borrowing costs expense* | 6 | -- | 47 |
| **Net surplus / (deficit)** | | **13 864** | (7 038) |
| Net credit / (debit) to asset revaluation reserve | 12 (a) | (84) | -- |
| **Total revenues, expenses and valuation adjustments recognised directly in equity** | | **(84)** | – |
| **Total changes in equity other than those resulting from transactions with the Australian Government as owner** | | **13 780** | (7 038) |

The above statement should be read in conjunction with the accompanying notes.

# statement of financial position

as at 30 June 2005

| | Notes | 2005 $'000 | 2004 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Financial assets | | | |
| Cash | 7(a) | 1 608 | 189 |
| Receivables | 7(b) | 33 833 | 839 |
| *Total financial assets* | | 35 441 | 1 028 |
| Non-financial assets | | | |
| Land and buildings | 8(a),(c) | 1 166 | 1 525 |
| Infrastructure, plant and equipment | 8(b),(c) | 2 070 | 1 185 |
| Intangibles | 8(d) | 656 | 914 |
| Inventories | 8(e) | 105 | 95 |
| Other | 8(f) | 920 | 735 |
| *Total non-financial assets* | | 4 917 | 4 454 |
| **TOTAL ASSETS** | | **40 358** | 5 482 |
| **LIABILITIES** | | | |
| Interest bearing liabilities | | | |
| Leases | 9 | – | 4 |
| *Total interest bearing liabilities* | | – | 4 |
| Provisions | | | |
| Employees | 10 | 10 486 | 9 809 |
| *Total provisions* | | 10 486 | 9 809 |
| Payables | | | |
| Suppliers | 11(a) | 3 169 | 6 516 |
| Other | 11(b) | 469 | 635 |
| *Total payables* | | 3 638 | 7 151 |
| **TOTAL LIABILITIES** | | **14 124** | 16 964 |
| **NET ASSETS** | | **26 234** | (11 482) |
| **EQUITY** | | | |
| Contributed equity | | 27 092 | 3 156 |
| Reserves | | 968 | 1 052 |
| Retained surpluses (accumulated deficits) | | (1 826) | (15 690) |
| **TOTAL EQUITY** | 12(a) | **26 234** | (11 482) |
| Current assets | | 36 336 | 1 770 |
| Non-current assets | | 4 022 | 3 712 |
| Current liabilities | | 7 303 | 11 012 |
| Non-current liabilities | | 6 821 | 5 952 |

The above statement should be read in conjunction with the accompanying notes.

# statement of cash flows

for the year ended 30 June 2005

| | Notes | 2005 $'000 | 2004 $'000 |
|---|---|---|---|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations | | 98 431 | 74 148 |
| Cash returned from Official Public Account (OPA) | | – | 7 439 |
| Goods and services | | 573 | 680 |
| Interest | | – | – |
| GST received from Australian Taxation Office (ATO) | | 3 540 | 3 643 |
| *Total cash received* | | 102 544 | 85 910 |
| Cash used | | | |
| Cash returned to OPA | | 33 014 | – |
| Employees | | 39 158 | 37 088 |
| Suppliers | | 50 822 | 49 350 |
| Borrowing costs | | – | 37 |
| *Total cash used* | | 122 994 | 86 475 |
| **Net cash from / (used by) operating activities** | 13 | **(20 450)** | (565) |
| INVESTING ACTIVITIES | | | |
| Cash received | | | |
| Proceeds from sales of property, plant and equipment | | 3 | 19 |
| *Total cash received* | | 3 | 19 |
| Cash used | | | |
| Purchase of property, plant and equipment | | 2 066 | 556 |
| Purchase of intangibles | | 121 | 305 |
| *Total cash used* | | 2 187 | 861 |
| **Net cash (used by) investing activities** | | **(2 184)** | (842) |
| FINANCING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations—contributed equity | | 24 053 | 56 |
| *Total cash received* | | 24 053 | 56 |
| Cash used | | | |
| Lease payments | | – | 646 |
| Other | | – | – |
| *Total cash used* | | – | 646 |
| **Net cash (used by) financing activities** | | **24 053** | (590) |
| *Net increase / (decrease) in cash held* | | 1 419 | (1 997) |
| Cash at the beginning of the reporting period | | 189 | 2 186 |
| *Cash at the end of the reporting period* | 7(a) | **1 608** | 189 |

The above statement should be read in conjunction with the accompanying notes.

# schedule of commitments

as at 30 June 2005

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| **BY TYPE** | | |
| Other commitments | | |
| Operating leases[1] | 14 625 | 11 115 |
| Contract for IT services[2] | 2 052 | 2 852 |
| Contract for legal services[3] | 775 | – |
| Other commitments[4] | 1 983 | 1 839 |
| *Total other commitments* | 19 435 | 15 806 |
| Commitments receivable | (1 767) | (1 435) |
| **Net commitments** | **17 668** | 14 371 |
| **BY MATURITY** | | |
| Operating lease commitments | | |
| One year or less | 4 400 | 3 711 |
| From one to five years | 9 767 | 6 259 |
| Over five years | 458 | 1 145 |
| *Total operating lease commitments by maturity* | 14 625 | 11 115 |
| Non-operating lease commitments | | |
| One year or less | 3 400 | 2 569 |
| From one to five years | 1 410 | 2 122 |
| *Total non-operating lease commitments by maturity* | 4 810 | 4 691 |
| Commitments receivable | (1 767) | (1 435) |
| **Net commitments by maturity** | **17 668** | 14 371 |

NB: All commitments are GST inclusive where relevant.

1 Operating leases included are effectively non-cancellable and comprise:
- leases for office accommodation
- motor vehicle leases

2 A contract for services and future finance lease commitments for IT equipment.

3 A contract for provision of legal services.

4 Other commitments included are for contracts entered into for various services to be performed.

The above schedule should be read in conjunction with the accompanying notes.

# schedule of contingencies

as at 30 June 2005

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Contingent liabilities | | |
| Claims for damages/costs | 9 683 | 10 770 |
| Contingent assets | | |
| Claims for damages/costs | – | – |
| **Net contingent liabilities** | **9 683** | 10 770 |

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in note 14: Contingent liabilities and assets.

The above schedule should be read in conjunction with the accompanying notes.

# schedule of administered items

| | Notes | 2005 $'000 | 2004 $'000 |
|---|---|---|---|
| **Revenues administered on behalf of government** for the year ended 30 June 2005 | | | |
| Taxation revenue | | | |
| Other taxes, fees and fines | 19 | 12 674 | 26 654 |
| **Total revenues administered on behalf of government** | | **12 674** | 26 654 |
| **Expenses administered on behalf of government** for the year ended 30 June 2005 | | | |
| Write-down of assets | 20 | 1 103 | 843 |
| **Total expenses administered on behalf of government** | | **1 103** | 843 |

| | Notes | 2005 $'000 | 2004 $'000 |
|---|---|---|---|
| **Assets administered on behalf of government** as at 30 June 2005 | | | |
| Financial assets | | | |
| Cash | 21(a) | 1 | 573 |
| Receivables | 21(b) | 8 030 | 6 183 |
| **Total assets administered on behalf of government** | | **8 031** | 6 756 |
| **Liabilities administered on behalf of government** as at 30 June 2005 | | | |
| Payables | | | |
| Suppliers | 22 | 3 | 17 |
| **Total liabilities administered on behalf of government** | | **3** | 17 |
| **Net assets administered on behalf of government** | | **8 028** | 6 739 |
| Current liabilities | | 3 | 17 |
| Non-current liabilities | | – | – |
| Current assets | | 8 031 | 4 913 |
| Non-current assets | | – | 1 843 |

The above schedule should be read in conjunction with the accompanying notes.

# schedule of administered items

continued

| | Notes | 2005 $'000 | 2004 $'000 |
|---|---|---|---|
| **Administered cash flows** | | | |
| for the year ended 30 June 2005 | | | |
| Operating activities | | | |
| Cash received | | | |
| Other taxes, fees and revenue | | | |
| - Fines and costs | | 9 220 | 23 283 |
| - Authorisation fees | | 487 | 333 |
| - Other | | 3 | 10 |
| *Total cash received* | | 9 710 | 23 626 |
| **Net cash from operating activities** | | **9 710** | 23 626 |
| *Net increase in cash held* | | 9 710 | 23 626 |
| Cash at the beginning of the reporting period | | 573 | 10 |
| Cash to Official Public Account for: | | | |
| —Appropriations | | (10 282) | (23 063) |
| **Cash at the end of the reporting period** | 21(a) | **1** | 573 |

| | Notes | 2005 $'000 | 2004 $'000 |
|---|---|---|---|
| **Administered contingencies** | 24 | | |
| as at 30 June 2005 | | | |
| Administered contingent liabilities | | – | – |
| Administered contingent assets | | | |
| Fines and costs | | 3 495 | 5 666 |
| *Total contingent assets* | | 3 495 | 5 666 |
| **Net contingent assets** | | **3 495** | 5 666 |

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in **note 24: administered contingent liabilities and assets**.

**Statement of activities administered on behalf of Government**

The major administered activities of the Commission are directed towards achieving the outcome described in Note 1 to the Financial Statements. The major financial activities are the recognition of fines and costs which have been applied by the courts or by agreement between the Commission and the Defendant. These fines and costs are recognised when awarded by the courts, or when agreement has been executed. Authorisation and Notification Fees and other revenue are also applied when required under the relevant legislation, and are recognised upon payment.

Details of planned activities for the year can be found in Treasury's Portfolio Budget and Portfolio Additional Estimates Statements for 2004–05 which have been tabled in Parliament.

The above schedule should be read in conjunction with the accompanying notes.

# notes to and forming part of the financial statements for the year ended at 30 June 2005

| Note | |
|---|---|
| 1 | Summary of significant accounting policies |
| 2 | Adoption of AASB equivalents to international financial reporting standards from 2005–06 |
| 3 | Restructuring |
| 4 | Operating revenues |
| 5 | Operating expenses |
| 6 | Borrowing costs expense |
| 7 | Financial assets |
| 8 | Non-financial assets |
| 9 | Interest bearing liabilities |
| 10 | Provisions |
| 11 | Payables |
| 12 | Equity |
| 13 | Cash flow reconciliation |
| 14 | Contingent liabilities and assets |
| 15 | Executive remuneration |
| 16 | Remuneration of auditors |
| 17 | Average staffing levels |
| 18 | Financial instruments |
| 19 | Revenues administered on behalf of government |
| 20 | Expenses administered on behalf of government |
| 21 | Assets administered on behalf of government |
| 22 | Liabilities administered on behalf of government |
| 23 | Administered reconciliation table |
| 24 | Administered contingent liabilities and assets |
| 25 | Administered financial instruments |
| 26 | Appropriations |
| 27 | Specific payment disclosures |
| 28 | Reporting of outcomes |

## Note 1 Summary of significant accounting policies

### 1.1 Objectives of the Australian Competition and Consumer Commission (Commission)

The objectives of the Commission are to:

- promote effective competition and informed markets
- encourage fair trading and protect consumers
- regulate infrastructure services market and other markets where competition is restricted.

The Commission's outcome is to enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets.

Commission activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Commission in its own right. Administered activities involve the management or oversight by the Commission on behalf of the government of items controlled or incurred by the government.

The Commission's outcome is separated into two outputs as follows:

| | |
|---|---|
| Output 1 | Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed. |
| Output 2 | Competitive market structures and informed behaviour. |

financial statements

## 1.2 Basis of accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005*))
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board
- Consensus Views of the Urgent Issues Group.

The Commission's **statements of financial performance** and **financial position** have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the **statement of financial position** when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the **schedule of commitments** and the **schedule of contingencies** (other than unquantifiable or remote contingencies, which are reported at note 14).

Revenues and expenses are recognised in the **statement of financial performance** when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the **schedule of administered items** and related notes are accounted for on the same basis and using the same policies as for agency items, except where otherwise stated at note 1.17.

## 1.3 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2003–04 except as noted below.

Property plant and equipment assets have been revalued as explained in note 1.12. These revaluations have been done on a 'fair value' basis. Future revaluations are to be undertaken at fair value. Revaluation increments have been taken to the asset revaluation reserve and decrements have been taken to the asset revaluation reserve to the extent that they reverse a prior increment, otherwise they are accounted for as an expense.

In 2004–05 there was a change in threshold for recognition of assets, for all non-current assets other than desktop computers the new threshold is $2 000 and for desktop computers there is no threshold, they are all to be capitalised and depreciated over the relevant period. At the introduction of this change an adjustment was made to de-recognise any assets under this threshold.

## 1.4 Revenue

### Revenues from government

Amounts appropriated for departmental output appropriations for the year (less any savings and reductions) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No. 3 of 2004–05.

### Resources received free of charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements.

### Other revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

## 1.5 Transactions with the government as owner

### Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in contributed equity in that year.

### Restructuring of administrative arrangements

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

## 1.6 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Commission is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Commission's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The non-current portion of the provision for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees as at 30 June 2005. The estimate of present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Superannuation

Staff of the Commission are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

The Commission makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the government of the superannuation entitlements of the Commission's employees.

## 1.7 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

## 1.8 Borrowing costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amount of costs incurred in that period.

The Commission did not have any qualifying assets for which funds were borrowed during the 2004–05 financial year.

## 1.9 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

## 1.10 Other financial instruments

Accounting policies for financial instruments are stated at note 18.

### Contingent liabilities and contingent assets

Contingent liabilities (assets) are not recognised in the **statement of financial position** but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

## 1.11 Acquisition of assets

Assets are recorded at cost of acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

## 1.12 Property, infrastructure, plant and equipment (PP&E)

### Asset recognition threshold

Purchases of property, infrastructure, plant and equipment are recognised initially at cost in the **statement of financial position**, except for purchases costing less than $2 000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

### Revaluations

#### Basis

Property, infrastructure, plant and equipment are carried at valuation. The Commission has revalued all of its assets at 1 July 2004 and any changes in valuation to 30 June 2005 have been reviewed by the valuers to be nil.

Future revaluations by the Commission are to be undertaken at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of non-current assets*, and the replacement standards (AASB 116 & 136).

Under fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2005, the Commission had no assets in this situation.

#### Frequency

The Commission intends to have formal valuations every three years. Formal valuations may be required more frequently to ensure carrying values do not materially differ from fair value.

#### Conduct

All valuations are conducted by an independent qualified valuer (refer to note 8(b)).

#### Depreciation and amortisation

Depreciable infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the useful lives in the table below. These rates apply to each item in that class except where the useful life of the item has been reassessed following revaluation.

| Asset class | 2005<br>Total useful life | 2004<br>Total useful life |
|---|---|---|
| Fitout | Lesser of the term of the lease or 10 years | Lesser of the term of the lease or 10 years |
| Furniture and fittings | 10 years | 10 years |
| Office equipment | 5 years | 5 years |
| Computer hardware | 3 years | 3 years |
| Computer software | 3 to 7 years | 3 to 7 years |

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in note 5(c).

## 1.13 Impairment of non-current assets

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost and held to generate net cash inflows are required to have their recoverable amounts tested at the reporting date. The test compares the carrying amounts against the net present value of future net cash inflows. The Commission has no assets within this category.

The non-current assets carried at cost which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to that value if greater. No assets were identified as impaired as at 30 June 2005.

## 1.14 Intangibles

Intangibles comprise software that has been externally acquired for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Commission's software is 3 to 7 years (2003–04: 3 to 7 years).

All software assets were assessed for impairment as at 30 June 2005.

## 1.15 Inventories

Inventories (publications) held for resale are valued at the lower of cost or net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

## 1.16 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

## 1.17 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the **schedule of administered items** and related notes. There are no administered commitments in 2005, nor were there any in 2004.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

### Administered cash transfers to and from official public account

Revenue collected by the Commission for use by the government rather than the Commission is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under parliamentary appropriation on behalf of government. These transfers to and from the OPA are adjustments to the administered cash held by the agency on behalf of the government and reported as such in the **statement of cash flows** in the **schedule of administered items** and in the **administered reconciliation table** in note 23. Thus the **schedule of administered items** largely reflects the government's transactions, through the Commission, with parties outside the government.

### Revenue

All administered revenues are revenues relating to the core operating activities performed by the Commission on behalf of the Commonwealth.

Fines and costs are applied by the courts or by agreement between the Commission and the defendant, and are recognised when awarded by the courts, or when agreement has been executed.

Court costs awarded against the Commission are recorded as a departmental expense.

Authorisation and notification fees and other revenue are applied when required under the relevant legislation, and are recognised upon payment.

## Note 2 Adoption of AASB Equivalents to international financial reporting standards from 2005–06

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005–06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005–06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AASB Equivalents to IFRSs is to enable Australian entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying fully with the AASB Equivalents will be able to make an explicit and unreserved statement of compliance with IFRSs as well as a statement that the financial report has been prepared in accordance with the Australian Accounting Standards.

AEIFRS contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the Commission will only be able to assert compliance that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 *Financial Reporting by Government Departments* will continue to apply under AEIFRS.

Accounting Standard AASB 1047 *Disclosing the impact of Adopting Australian Equivalents to IFRSs* requires that the financial statements for 2004–05 disclose:

- explanation of how the transition to the AEIFRS is being managed
- narrative of the key differences in accounting policies arising from the transition
- any known or reliably estimable information about the impacts onthe financial report had it been prepared using AEIFRS
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this note is to make these disclosures.

### Management of transition to the AASB Equivalents to IFRSs

The Commission has taken the following steps for the preparation towards the implementation of the AEIFRS:

- The Commission's Audit Committee will oversee the transition to and implementation of the AASB Equivalents to IFRSs. The Chief Finance Officer is formally responsible for the project and is required to regularly report its progress against a formal plan approved by the committee.
- The plan requires the following steps to be undertaken and sets deadlines for their achievement:
  - All major accounting policy differences between current AASB standards and AEIFRS were identified by 30 June 2004.
  - No system changes were identified as being required for the implementation of AEIFRS.
  - A transitional balance sheet as at 1 July 2004 under AEIFRS was completed and presented to the Audit Committee on 22 Feb 2005.
  - An AEIFRS compliant balance sheet as at 30 June 2005 was also prepared during the preparation of the 2004–05 statutory financial reports.
  - The 2004–05 balance sheet under AEIFRS will be reported to the Department of Finance and Administration in line with their reporting deadlines.
- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.

### Major changes in accounting policy

The Commission believes that the first financial report prepared under AEIFRS ie at 30 June 2006, will be prepared on the basis that the Commission will be a first time adopter under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Changes in accounting policies under AEIFRS are applied retrospectively i.e. as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005–06 financial statements to report comparatives under AEIFRS.

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied by the Commission.

Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimates of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- continuing review of the impacts of AEIFRS on the Commissions operations
- potential amendments to the AEIFRS and AEIFRS Interpretations
- emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.

### Impairment of intangibles and property, plant and equipment

The Commission's policy on impairment of non-current assets is at note 1.13.

Under AEIFRS these assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in use' is the net present value of net cash inflows for cash generating units of the Commission (of which there are none) and depreciated replacement cost for other assets which would be replaced if the Commission were deprived of them.

However, an impairment assessment of the Commissions's assets indicated that no adjustments will be required.

### Decommissioning, restoration and make-good

When assessing the accommodation leases for the preparation of the opening balance sheet, a number of obligations under the leases for make-good were determined. These make good provisions have been valued at $175 000.

The impact of the changes would have the effect of increasing Land and Buildings by $175 000 and increasing Provisions by $175 000. Amortisation of Leasehold Improvements is expected to increase by $45 000 per annum.

### Employee benefits

AEIFRS require that annual leave that is not expected to be taken within 12 months of balance date is to be discounted. After assessing the staff leave profile, the Commission may have a material amount of the annual leave balance which will not be taken in the next 12 months (including on-costs). Discounting this amount by the government bond rate is estimated to result in an $86 000 reduction in the leave liability in 2005 ($69 000 as at 1/7/04) and resulting reduction of $17 000 in the leave expenditure.

### Financial instruments

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that Finance Minister's Orders will require entities to use this option. Therefore, the amounts for financial instruments presented in the Commission's 2004–05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The Commission will be required by AEIFRS to review the carrying amounts of financial instruments at 1 July 2005 to ensure they align with the accounting policies required by AEIFRS. It is expected that the carrying amounts of financial instruments held by the Commission will not materially change as a result of this process.

### Administered items

Assessment of the administered assets and liabilities of the Commission indicate that there are no adjustments due to the transition to AEIFRS.

## Reconciliation of impacts—AGAAP to AEIFRS

| | 30 June 2005* $'000 | 30 June 2004 $'000 |
|---|---|---|
| Reconciliation of departmental equity | | |
| Total departmental equity under AGAAP | 26 234 | (11 482) |
| Adjustments to accumulated results | 41 | 69 |
| Adjustments to other reserves | – | – |
| *Total equity under AEIFRS* | 26 275 | (11 413) |
| Reconciliation of departmental accumulated results | | |
| Total departmental accumulated results under AGAAP | (1 826) | (15 690) |
| Adjustments: | | |
| Leave liability discounting | 86 | 69 |
| Amortisation | (45) | 0 |
| *Total accumulated results under AEIFRS* | (1 785) | (15 621) |
| Reconciliation of departmental reserves | | |
| Total departmental reserves under AGAAP | 968 | 1 052 |
| Adjustment: | – | – |
| *Total departmental reserves under AEIFRS* | 968 | 1 052 |
| Reconciliation of departmental contributed equity | | |
| Total departmental contributed equity under AGAAP | 27 092 | 3 156 |
| Adjustments | – | – |
| *Total contributed equity under AEIFRS* | 27 092 | 3 156 |
| Reconciliation of net surplus / (deficit) from ordinary activities for year ending 30 June 2005 | | |
| Net surplus / (deficit) from ordinary activities under AGAAP | 13 864 | |
| Adjustments: | | |
| Depreciation and amortisation | (45) | |
| Discounting of non-current recreation leave | 17 | |
| *Net surplus / deficit from ordinary activities under AEIFRS* | 13 836 | |

* 30 June 2005 total represents the accumulated impacts of AEIFRS from the date of transition.

## Note 3 Restructuring

In the context of a review of administrative arrangements, the ACCC assumed responsibility for the administration of product safety and consumer information on 26 October 2004 from the Department of Treasury.

In respect of functions assumed, the net book values of departmental assets and liabilities transferred to the ACCC recognised as at the date of transfer were:

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Total assets recognised | 97 | – |
| Total liabilities recognised | (120) | – |
| **Net assets / (liabilities) assumed** | (23) | – |

Departmental revenues and expenses for the full year for the functions assumed by ACCC are as follows:

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Product safety and consumer information | | |
| Revenues | | |
| Recognised by the Department of Treasury | 495 | – |
| Recognised by ACCC | 664 | – |
| **Total revenues** | **1 159** | – |
| Expenses | | |
| Recognised by the Department of Treasury | 495 | – |
| Recognised by ACCC | 664 | – |
| **Total expenses** | **1 159** | – |

## Note 4 Operating revenues

### 4(a) Revenues from government

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Appropriations for outputs | 98 431 | 74 148 |
| **Total revenues from government** | **98 431** | 74 148 |

### 4(b) Goods and services

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Goods | 19 | 19 |
| Services | 746 | 479 |
| **Total sales of goods and services** | **765** | 498 |
| Provision of goods to: | | |
| Related entities | 1 | – |
| External entities | 18 | 19 |
| *Total sales of goods* | 19 | 19 |
| Rendering of services to: | | |
| Related entities | 446 | 285 |
| External entities | 301 | 194 |
| *Total rendering of services* | 747 | 479 |

### 4(c) Net Loss from sale of assets

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Infrastructure, plant and equipment: | | |
| Proceeds from disposal | 3 | 19 |
| Net book value of assets disposed | (3) | (7) |
| *Net loss on disposal of infrastructure, plant and equipment* | – | 12 |
| TOTAL proceeds from disposals | 3 | 19 |
| TOTAL value of assets disposed | (3) | (7) |
| **TOTAL net loss from disposal of assets** | **–** | 12 |

financial statements

## Note 5 Operating expenses

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| **5(a) Employee expenses** | | |
| Wages and salary | 29 466 | 27 439 |
| Superannuation | 5 958 | 5 265 |
| Leave and other entitlements | 3 484 | 3 168 |
| Separation and redundancies | 79 | 23 |
| Other employee expenses | 770 | 714 |
| *Total employee benefits expense* | 39 757 | 36 609 |
| Workers compensation premiums | 287 | 234 |
| **Total employee expenses** | **40 044** | 36 843 |

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| **5(b) Suppliers expenses** | | |
| Goods from related entities | 39 | 4 |
| Goods from external entities | 1 857 | 851 |
| Services from related entities | 10 662 | 11 556 |
| Services from external entities | 27 605 | 27 142 |
| | 40 163 | 39 553 |
| Operating lease rentals* | 3 599 | 3 188 |
| **Total supplier expenses** | **43 762** | 42 741 |

* These comprise minimum lease payments only.

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| **5(c) Depreciation and amortisation** | | |
| (i) Depreciation | | |
| Infrastructure, plant and equipment | 778 | 487 |
| *Total Depreciation* | 778 | 487 |
| (ii) Amortisation | | |
| Leasehold improvements | 346 | 525 |
| Leased assets | – | 767 |
| Intangibles—computer software | 407 | 280 |
| *Total amortisation* | 753 | 1 572 |
| **Total depreciation and amortisation** | **1 531** | 2 059 |

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Leasehold improvements | 346 | 525 |
| Plant and equipment | 778 | 1 254 |
| Intangibles—computer software | 407 | 280 |
| **Total depreciation and amortisation** | **1 531** | 2 059 |

No depreciation or amortisation was allocated to the carrying amounts of other assets.

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| **5(d) Write down of assets** | | |
| Financial assets | | |
| Bad and doubtful debts | (7) | 6 |
| Non-financial assets | | |
| Property, plant and equipment | 2 | – |
| **Total write-down of assets** | **(5)** | 6 |

## Note 6 Borrowing costs expense

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Borrowing costs expense | | |
| Leases—finance charge | – | 47 |
| **Total borrowing costs expense** | – | 47 |

## Note 7 Financial assets

### 7(a) Cash

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Cash at bank and on hand | 1 608 | 189 |
| **Total** | 1 608 | 189 |

### 7(b) Receivables

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Funds returned to OPA[1] | 33 014 | – |
| Goods and services | 150 | 123 |
| *Less*: Provision for doubtful debts | – | (7) |
| | 33 164 | 116 |
| GST receivable from the ATO | 669 | 723 |
| **Total receivables (net)** | **33 833** | 839 |

All receivables are current assets.

[1] Funds returned to OPA represents the return of cash balances above the agreed level of working cash capital, effective on or before 30 June 2003, as a result of the Budget Estimates and Framework Review (BEFR) implementation.

Receivables (gross) are aged as follows:

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Not overdue | 33 827 | 823 |
| Overdue by: | | |
| Less than 30 days | 4 | – |
| 30 to 60 days | – | 1 |
| 60 to 90 days | – | 21 |
| More than 90 days | 2 | 1 |
| | 6 | 23 |
| **Total receivables (gross)** | **33 833** | 846 |

The provision for doubtful debts is aged as follows:

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Not overdue | – | – |
| Overdue by: | | |
| Less than 30 days | – | – |
| 30 to 60 days | – | – |
| 60 to 90 days | – | (6) |
| More than 90 days | – | (1) |
| | – | (7) |
| **Total provision for doubtful debts** | – | (7) |

## Note 8 Non-financial assets

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| **8(a) Land and buildings** | | |
| Leasehold improvements | | |
| At cost | 20 | 119 |
| *Less*: Accumulated amortisation | (9) | (27) |
| | 11 | 92 |
| At 2002–04 valuation (deprival) | – | 3 891 |
| *Less*: Accumulated amortisation | – | (2 458) |
| | – | 1 433 |
| At 1/7/04 valuation (fair value) | 1 492 | |
| *Less*: Accumulated amortisation | (337) | |
| | 1 155 | |
| **Total leasehold improvements** | **1 166** | 1 525 |
| **Total land and buildings (non-current)** | **1 166** | 1 525 |
| **8(b) Infrastructure, plant and equipment** | | |
| Infrastructure, plant and equipment (not under finance lease) | | |
| At cost | 1 059 | 1 389 |
| *Less*: Accumulated depreciation | (62) | (576) |
| Work in progress | – | – |
| | 997 | 813 |
| At 2002–04 valuation (deprival) | – | 1 015 |
| *Less*: Accumulated depreciation | – | (661) |
| | – | 354 |
| At 1/7/04 valuation (fair value) | 1 782 | |
| *Less*: Accumulated depreciation | (709) | |
| | 1 073 | |
| **Total infrastructure, plant and equipment (not under finance lease)** | **2 070** | 1 167 |
| Plant and equipment under finance lease | | |
| At cost | – | 3 338 |
| *Less*: Accumulated amortisation | – | (3 338) |
| | – | – |
| At 2002–04 valuation (deprival) | – | 153 |
| *Less*: Accumulated amortisation | – | (135) |
| | – | 18 |
| **Total plant and equipment under finance lease** | – | 18 |
| **Total Infrastructure, plant and equipment (non-current)** | **2 070** | 1 185 |

All revaluations are independent and in accordance with the revaluation policy stated at Note 1.12. In 2004–05, the the revaluations were completed by independent valuers Benjamin Player and Gregory Rowe (PrestonRowePatterson). No revaluations were undertaken in 2003–04.

financial statements

## 8(c) Analysis of property, plant and equipment

Table A—Reconciliation of the opening and closing balances of property, plant and equipment

| Item | Leasehold improvements $'000 | Infrastructure plant and equipment $'000 | TOTAL $'000 |
|---|---|---|---|
| As at 1 July 2004 | | | |
| Gross book value | 4,010 | 5 895 | 9 905 |
| Accumulated depreciation/amortisation | (2 485) | (4 710) | (7 195) |
| Net book value | 1 525 | 1 185 | 2 710 |
| Additions | | | |
| by purchase from acquisition of operations (including restructuring) | 197 | 1,837 | 2 034 |
| Net revaluation increment/(decrement) | (210) | 126 | (84) |
| Depreciation/amortisation expense | (346) | (778) | (1 124) |
| Change in threshold (asset & acc dep) | | (296) | (296) |
| Disposals | – | (4) | (4) |
| As at 30 June 2005 | | | |
| Gross book value | 1 512 | 2 841 | 4 353 |
| Accumulated depreciation/amortisation | (346) | (771) | (1 117) |
| **Net book value** | **1 166** | **2 070** | **3 236** |

Table B—Assets at valuation

| Item | Leasehold improvements $'000 | Infrastructure plant and equipment $'000 | TOTAL $'000 |
|---|---|---|---|
| As at 30 June 2005 | | | |
| Gross value | 1 492 | 1 782 | 3 274 |
| Accumulated depreciation/amortisation | (337) | (709) | (1 046) |
| **Net book value** | **1 155** | **1 073** | **2 228** |
| As at 30 June 2004 | | | |
| Gross book value | 3 891 | 1 168 | 5 059 |
| Accumulated depreciation/amortisation | (2 458) | (796) | (3 254) |
| Net book value | 1 433 | 372 | 1 805 |

Table C—Assets held under finance lease

| Item | Infrastructure plant and equipment $'000 | TOTAL $'000 |
|---|---|---|
| As at 30 June 2005 | | |
| Gross value | – | – |
| Accumulated depreciation/amortisation | – | – |
| **Net book value** | – | – |
| As at 30 June 2004 | | |
| Gross book value | 3 491 | 3 491 |
| Accumulated depreciation/amortisation | (3 473) | (3 473) |
| Net book value | 18 | 18 |

Table D—Assets under construction (work in progress)

| Item | Infrastructure plant and equipment $'000 | TOTAL $'000 |
|---|---|---|
| **Gross value at 30 June 2005** | **–** | **–** |
| Gross value at 30 June 2004 | – | – |

## 8(d) Intangibles

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Computer software at cost | 1 980 | 2 075 |
| *Less*: Impairment write-down | – | – |
| *Less*: Accumulated amortisation | (1 445) | (1 161) |
| | 535 | 914 |
| Work in progress | 121 | – |
| **Total intangibles (non-current)** | **656** | 914 |

Table A—Reconciliation of the opening and closing balances of intangibles

| Item | Computer software $'000 |
|---|---|
| As at 1 July 2004 | |
| Gross book value | 2 075 |
| Accumulated amortisation | (1 161) |
| Net book value | 914 |
| Additions | 154 |
| Amortisation expense | (407) |
| Change in threshold | (5) |
| Disposals | – |
| As at 30 June 2005 | |
| Gross book value | 2 101 |
| Accumulated amortisation | (1 445) |
| **Net book value** | **656** |

## 8(e) Inventories

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Publications held for sale | 105 | 95 |
| **Total inventories** | **105** | 95 |

All inventories are current assets.

### 8(f) Other non-financial assets

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Leasehold rights | 191 | 119 |
| Prepayments | 729 | 616 |
| **Total other non-financial assets** | **920** | 735 |
| Other non-financial assets are represented by: | | |
| Current | 790 | 647 |
| Non-current | 130 | 88 |
| **Total other non-financial assets** | **920** | 735 |

## Note 9 Interest bearing liabilities

### 9(a) Leases

| | | |
|---|---|---|
| Finance lease commitments: | | |
| Payable: | | |
| Within one year | – | 4 |
| In one to five years | – | – |
| In more than five years | – | – |
| *Minimum lease payments* | – | 4 |
| Deduct: future finance charges | – | – |
| **Net lease liability** | **–** | 4 |
| Lease liability is represented by: | | |
| Current | – | 4 |
| Non-current | – | – |
| **Net lease liability** | **–** | 4 |

Finance leases were in existence in relation to certain major computer, communication and office equipment assets. The leases were non-cancellable and for fixed terms averaging three years, with a maximum of five years. Most existing leases entered into by the Commission expired on or before 30 June 2004.

## Note 10 Provisions

### 10(a) Employee provisions

| | | |
|---|---|---|
| Salaries and wages | 150 | – |
| Leave | 10 336 | 9 809 |
| **Aggregate employee benefit liability and related on-costs** | **10 486** | 9 809 |
| Employee benefit liability and related on-costs are represented by: | | |
| Current | 3 922 | 4 076 |
| Non-current | 6 564 | 5 733 |
| **Aggregate employee benefit liability and related on-costs** | **10 486** | 9 809 |

## Note 11 Payables

### 11(a) Supplier payables

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Trade creditors and accruals | 3 169 | 6 516 |
| **Total supplier payables** | **3 169** | **6 516** |
| Supplier payables are represented by: | | |
| Current | 3 169 | 6 516 |
| Non-current | – | – |
| **Total supplier payables** | **3 169** | **6 516** |

### 11(b) Other payables

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Lease incentives | 346 | 308 |
| Prepayments received | 123 | 327 |
| **Total other payables** | **469** | **635** |
| Other debt is represented by: | | |
| Current | 212 | 416 |
| Non-current | 257 | 219 |
| **Total other payables** | **469** | **635** |

## Note 12 Equity

### 12(a) Analysis of equity

| Item | Accumulated results | | Asset revaluation reserve | | Contributed equity | | TOTAL EQUITY | |
|---|---|---|---|---|---|---|---|---|
| | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 |
| Opening balance as at 1 July | (15 690) | (8 652) | 1 052 | 1 052 | 3 156 | 3 100 | (11 482) | (4 500) |
| Net surplus/(deficit) | 13 864 | (7 038) | – | – | – | – | 13 864 | (7 038) |
| Net revaluation increment / (decrement) | – | – | (84) | – | – | – | (84) | – |
| Transactions with owner: | | | | | | | | |
| Contribution by owner: | | | | | | | | |
| Appropriations (equity injections) | – | – | – | – | 23 936 | 56 | 23 936 | 56 |
| **Closing balance as at 30 June** | **(1 826)** | (15 690) | **968** | 1 052 | **27 092** | 3 156 | **26 234** | (11 482) |

financial statements

## Note 13 Cash flow reconciliation

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Reconciliation of net surplus (deficit) to net cash from operating activities: | | |
| Net surplus (deficit) | 13 864 | (7 038) |
| Depreciation / amortisation | 1 531 | 2 059 |
| Net write down of non-financial assets | 298 | – |
| (Gain) / loss on disposal of assets | – | (12) |
| (Increase) / decrease in net receivables | (32 994) | 7 395 |
| (Increase) / decrease in inventories | (10) | (8) |
| (Increase) / decrease in prepayments | (113) | 47 |
| (Increase) / decrease in other assets | (72) | (14) |
| Increase / (decrease) in employee provisions | 558 | (577) |
| Increase / (decrease) in supplier payables | (3 346) | (2 584) |
| Increase / (decrease) in prepayments received | (204) | 186 |
| Increase / (decrease) in other liabilities | 38 | (19) |
| **Net cash from / (used by) operating activities** | **(20 450)** | (565) |

## Note 14 Contingent liabilities and assets

### Quantifiable contingencies

The **schedule of contingencies** reports contingent liabilities in respect of claims for damages/costs of $9 683 000 (2004: $10 770 000). The Commission is expecting to be unsuccessful in 7 matters (2004: 6 matters) before the courts alleging breaches of the Trade Practices Act, although the cases are continuing. The amount represents an estimate of the Commission's liability based on legal advice and the precedents in such cases. The Commission is defending the claims.

### Unquantifiable contingencies

As at 30 June 2005, the Commission has 3 matters (2004: 5 matters) before the courts alleging breaches of the Trade Practices Act. In the event of unfavourable judgment by the court, the Commission stands to lose by way of penalties or costs awarded. It is not possible to determine the amount in relation to these matters. The Commission is defending the claims.

### Remote contingencies

As at 30 June 2005, the Commission has 1 matter (2004: 0 matters) before the courts alleging breaches of the Trade Practices Act in respect of which it has received legal advice that there is a remote chance of unfavourable judgments by the court. The Commission stands to lose by way of costs awarded. It is not possible to determine the amounts in relation to these matters. The Commission is defending the claims.

## Note 15 Executive remuneration

The number of executives who received or were due to receive total remuneration[1] of $100 000 or more:

| | 2005 number | 2004 number |
|---|---|---|
| $100 000 to $109 999 | – | – |
| $110 000 to $119 999 | 1 | – |
| $130 000 to $139 999 | 1 | 1 |
| $140 000 to $149 999 | – | 5 |
| $150 000 to $159 999 | 5 | 4 |
| $160 000 to $169 999 | 5 | 4 |
| $170 000 to $179 999 | 3 | 2 |
| $180 000 to $189 999 | 1 | – |
| $190 000 to $199 999 | 2 | – |
| $200 000 to $209 999 | – | 1 |
| $210 000 to $219 999 | 1 | – |
| $220 000 to $229 999 | 1 | – |
| $230 000 to $239 999 | – | 2 |
| $240 000 to $249 999 | 1 | 1 |
| $250 000 to $259 999 | 1 | – |
| $260 000 to $269 999 | 1 | 1 |
| $270 000 to $279 999 | – | 2 |
| $300 000 to $309 999 | 2 | – |
| $310 000 to $319 999 | 1 | – |
| $370 000 to $379 999 | – | 1 |
| $420 000 to $429 999 | 1 | – |
| **The aggregate amount of total remuneration of executives shown above.** | **$5 523 321** | $4 592 036 |
| **The aggregate amount of separation payments during the year to executives shown above.** | **–** | – |

1 Total remuneration includes salary and wages, accrued leave, performance pay, superannuation entitlements, motor vehicles and other fringe benefits and fringe benefits tax.

## Note 16 Remuneration of auditors

| | 2005 $ | 2004 $ |
|---|---|---|
| Financial statement audit services are provided free of charge to the Commission by the Australian National Audit Office (ANAO) | | |
| The fair value of the services provided was: | **78 520** | 68 775 |

No other services were provided by the Auditor-General.

## Note 17 Average staffing levels

| | 2005 number | 2004 number |
|---|---|---|
| The average staffing levels for the Commission during the year were: | **457.5** | 449.1 |

## Note 18 Financial instruments

### 18(a) Terms, conditions and accounting policies

| Financial Instrument | Notes | Accounting policies and methods (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows) |
|---|---|---|---|
| FINANCIAL ASSETS | | Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured. | |
| Cash at bank | 7(a) | Deposits are recognised at their nominal amounts. | Operational banking arrangements are managed by the Westpac Bank. Interest revenue is no longer received by the Commission on its bank accounts following the Government's decision to abolish the Agency Banking Incentive Scheme (ABIS) from 1 July 2003. |
| Receivables for goods and services (net) | 7(b) | These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely. | All receivables on 30 day terms (2003-04: 30 days). |
| FINANCIAL LIABILITIES | | Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured. | |
| Finance lease liabilities | 9 | Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases. | At reporting date, the Commission had no finance leases. All previous existing leases entered into by the Commission expired on or before 30 June 2004. The interest rate implicit in the leases averaged (2003–04: 2.46%). The leased assets secured the lease liabilities. |
| Trade creditors and accruals | 11(a) | Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). | Trade creditors are normally settled on 30 day terms. |
| Lease incentives | 11(b) | The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight line basis over the life of the lease by allocating lease payments between rental expense and reduction of the liability. | The Commission has received rent free period incentives on entering property operating leases. Lease payments are made monthly. |

## 18(b) Interest rate risk

| Financial instrument | Notes | Fixed interest rate maturing in 1 year or less | | Non-interest bearing rate | | Total | | Weighted average effective interest rate | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 | 2005 | 2004 |
| Financial assets | | | | | | | | | |
| Cash at bank | 7(a) | – | – | 1 608 | 189 | 1 608 | 189 | n/a | n/a |
| Receivables for goods and services (net) | 7(b) | – | – | 33 833 | 839 | 33 833 | 839 | n/a | n/a |
| *Total financial assets* | | – | – | 35 441 | 1 028 | 35 441 | 1 028 | | |
| **Total assets** | | | | | | **40 358** | 5 482 | | |
| Financial liabilities | | | | | | | | | |
| Finance lease liabilities | 9 | – | 4 | – | – | – | 4 | 2.46% | 2.46% |
| Trade creditors and accruals | 11(a) | – | – | 3 169 | 6 516 | 3 169 | 6 516 | n/a | n/a |
| Lease incentive | 11(b) | – | – | 346 | 308 | 346 | 308 | n/a | n/a |
| *Total financial liabilities* | | – | 4 | 3 515 | 6 824 | 3 515 | 6 828 | | |
| **Total liabilities** | | | | | | **14 124** | 16 964 | | |

### Financial assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

### Financial liabilities

The net fair values of finance leases are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

## 18(d) Credit risk exposures

The Commission's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the **statement of financial position**.

The Commission has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

## Note 19 Revenues administered on behalf of government

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Other taxes, fees and fines | | |
| Fines and costs | 12 167 | 26 311 |
| Authorisation fees | 504 | 333 |
| Other | 3 | 10 |
| **Total revenues administered on behalf of government** | **12 674** | **26 654** |

## Note 20 Expenses administered on behalf of government

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Write-down of assets | | |
| Financial assets—receivables | 1 103 | 843 |
| **Total expenses administered on behalf of government** | **1 103** | 843 |

## Note 21 Assets administered on behalf of government

### Financial assets

### 21(a) Cash

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Cash at bank | 1 | 573 |
| **Total cash** | **1** | 573 |

### 21(b) Receivables

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Fines and costs | 8 030 | 7 103 |
| *Less*: Provision for doubtful debts | – | (920) |
| **Total receivables (net)** | **8 030** | 6 183 |
| Receivables (net) are represented by: | | |
| Current | 8 030 | 4 340 |
| Non-current | 0 | 1 843 |
| **Total receivables (net)** | **8 030** | 6 183 |
| Receivables (gross) are aged as follows: | | |
| Not overdue | 2 368 | 5 923 |
| Overdue by: | | |
| Less than 30 days | 3 613 | 120 |
| 30 to 60 days | – | – |
| 60 to 90 days | 79 | – |
| More than 90 days | 1 970 | 1 060 |
| | 5 662 | 1 180 |
| **Total receivables (gross)** | **8 030** | 7 103 |
| The provision for doubtful debts is aged as follows: | | |
| Not overdue | – | – |
| Overdue by: | | |
| Less than 30 days | – | – |
| 30 to 60 days | – | – |
| 60 to 90 days | – | – |
| More than 90 days | – | (920) |
| | – | (920) |
| **Total provision for doubtful debts** | – | (920) |
| **Total assets administered on behalf of government** | **8 031** | 6 756 |

financial statements

## Note 22 Liabilities administered on behalf of government

### Payables

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Suppliers | | |
| Trade creditors and accruals | 3 | 17 |
| **Total Liabilities administered on behalf of government** | **3** | 17 |

All liabilities are expected to be settled within 12 months of balance date.

## Note 23 Administered reconciliation table

| | 2005 $'000 | 2004 $'000 |
|---|---|---|
| Administered assets less administered liabilities as at 1 July | 6 739 | 3 991 |
| Add: Administered revenues | 12 674 | 26 654 |
| Less: Administered expenses | (1 103) | (843) |
| Administered transfers to Australian Government—transfers to OPA | (10 282) | (23 063) |
| **Administered assets less administered liabilities as at 30 June** | **8 028** | 6 739 |

## Note 24 Contingent liabilities and assets

### Quantifiable administered contingencies

The **schedule of administered items** reports contingent assets in respect of claims for damages/costs of $3 495 100 (2004: $5 666 000). The Commission is expecting to succeed in 7 alleged breaches (2004: 7 alleged breaches) of the Trade Practices Act, although the cases are continuing. The estimate is based on legal advice and the precedents in such cases.

### Unquantifiable administered contingencies

As at 30 June 2005, the Commission has 23 matters (2004: 27 matters) before the courts alleging breaches of the Trade Practices Act. In the event of favourable judgment by the court, the Commission stands to gain by way of penalties or costs awarded. It is not possible to determine the amounts in relation to these matters.

### Remote administered contingencies

As at 30 June 2005, the Commission has 1 matter (2004: 3 matters) before the courts alleging breaches of the Trade Practices Act in respect of which it has received legal advice that there is a remote chance of favourable judgment by the court. The Commission stands to gain by way of penalties or costs awarded. It is not possible to determine the amounts in relation to these matters.

## Note 25 Administered financial instruments

### 25(a) Terms, conditions and accounting policies

| Financial Instrument | Notes | Accounting policies and methods (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows) |
|---|---|---|---|
| FINANCIAL ASSETS | | Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured. | |
| Cash at bank | 21(a) | Deposits are recognised at their nominal amounts. | Monies in the Commission's Administered Receipts bank account are swept into the OPA. |
| Receivables for fines and costs (net) | 21(b) | These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely. | Fines and costs are payable as per judgment orders. Authorisation fees are payable on receipt of application. |
| FINANCIAL LIABILITIES | | Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured. | |
| Trade creditors and accruals | 22 | Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). | Trade creditors are normally settled on 30 day terms. |

### 25(b) Interest rate risk

| Financial instrument | Notes | Non-interest bearing rate | | Total | | Weighted average effective interest rate | |
|---|---|---|---|---|---|---|---|
| | | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 |
| Administered financial assets | | | | | | | |
| Cash at bank | 21(a) | 1 | 573 | 1 | 573 | n/a | n/a |
| Receivables for fines and costs (net) | 21(b) | 8 030 | 6 183 | 8 030 | 6 183 | n/a | n/a |
| *Total financial assets* | | 8 031 | 6 756 | 8 031 | 6 756 | | |
| **Total assets** | | | | **8 031** | 6 756 | | |
| Administered financial liabilities | | | | | | | |
| Trade creditors and accruals | 22 | 3 | 17 | 3 | 17 | n/a | n/a |
| *Total financial liabilities* | | 3 | 17 | 3 | 17 | | |
| **Total liabilities** | | | | **3** | 17 | | |

financial statements

### 25(c) Net fair values of financial assets and liabilities

| | Notes | 2005 | | 2004 | |
|---|---|---|---|---|---|
| | | Total carrying amounts $'000 | Aggregate net fair value $'000 | Total carrying amounts $'000 | Aggregate net fair value $'000 |
| Administered financial assets | | | | | |
| Cash at bank | 21(a) | 1 | 1 | 573 | 573 |
| Receivables for fines and costs (net) | 21(b) | 8 030 | 8 030 | 6 183 | 6 183 |
| **Total financial assets** | | **8 031** | **8 031** | **6 756** | **6 756** |
| Administered financial liabilities | | | | | |
| Trade creditors and accruals | 22 | 3 | 3 | 17 | 17 |
| **Total financial liabilities** | | **3** | **3** | **17** | **17** |

#### Financial assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

### 25(d) Credit risk exposures

The government's maximum exposure to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the **schedule of administered items**.

The government has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

financial statements

# Note 26 Appropriations

## 26(a) Acquittal of authority to draw cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

| | 2005 Departmental outputs $ | Total $ | 2004 Departmental outputs $ | Total $ |
|---|---|---|---|---|
| Balance carried from previous year | 911 454 | 911 454 | 10 369 363 | 10 369 363 |
| Reductions of appropriations (prior years) | – | – | – | – |
| Unspent prior year appropriations—invalid s. 31[1] | (911 454) | (911 454) | | |
| *Adjusted balance carried from previous period* | – | – | 10 369 363 | 10 369 363 |
| Appropriation Act (No. 1) | 97 807 000 | 97 807 000 | 66 567 000 | 66 567 000 |
| Appropriation Act (No. 3) | – | – | 7 581 000 | 7 581 000 |
| Departmental adjustments by the Finance Minister (Appropriation Acts) | – | – | – | – |
| Comcover receipts (Appropriation Act s. 13) | – | – | – | – |
| Advance to the Finance Minister | – | – | – | – |
| Adjustments of appropriations on change of entity function (FMA s. 32) | 663 786 | 663 786 | – | – |
| Refunds credited (net) (FMA s. 30) | 372 443 | 372 443 | – | – |
| Appropriation reduced by section 9 determinations (current year) | | – | – | – |
| *Sub-total annual appropriation* | 98 843 229 | 98 843 229 | 74 148 000 | 74 148 000 |
| Appropriations to take account of recoverable GST (FMAA s. 30A) | 3 485 922 | 3 485 922 | 3 621 458 | 3 621 458 |
| Annotations to 'net appropriations' (FMAA s. 31) | 202 206 | 202 206 | 699 125 | 699 125 |
| 30 June 2005 variation—s. 31[2] | 1 285 454 | 1 285 454 | | |
| *Total appropriations available for payments* | 103 816 811 | 103 816 811 | 88 837 946 | 88 837 946 |
| Cash payments made during the year (GST inclusive) | (91 750 139) | (91 750 139) | (87 926 492) | (87 926 492) |
| Appropriations credited to special accounts (excluding GST) | – | – | – | – |
| *Balance of authority to draw cash from the CRF for Ordinary Annual Services Appropriations* | 12 066 672 | 12 066 672 | 911 454 | 911 454 |
| Represented by: | | | | |
| Cash | 1 607 799 | 1 607 799 | 188 621 | 188 621 |
| Departmental appropriations receivable | 9 749 903 | 9 749 903 | – | – |
| GST receivable from ATO | 668 970 | 668 970 | 722 833 | 722 833 |
| Formal reductions of appropriation | 40 000 | 40 000 | | |
| **Total** | **12 066 672** | **12 066 672** | 911 454 | 911 454 |

1 Under Section 31 of the *Financial Management and Accountability Act 1997* (the FMA Act), the Minister for Finance may enter into a net appropriation agreement with an agency minister. Appropriation Acts nos. 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with its section 31 agreement eg, receipts from charging for goods and services.

One of the conditions that must be satisfied under section 31 of the FMA Act in order for an annual net appropriation to be increased lawfully in this way is that the agreement is made between the Finance Minister and the agency minister or by officials expressly delegated (where permitted) or authorised by them. An agency's Chief Executive is taken to be so authorised.

The delegate of the Minister for Finance and Administration and the Chief Executive Officer of the ACCC executed our section 31 agreement(s) covering the period 1 July 1998 to 14 March 2005. Whilst we have operated and recorded section 31 monies as though an effective agreement existed, we did not have an express delegation or authority for signing the agreement, with the result that our agreement was ineffective and we did not have control over section 31 monies.

Our current Section 31 Agreement was made on 15 March 2005 between our Chief Executive and the Delegate of the Minister for Finance and Administration. Acknowledging the ineffectiveness of the prior agreement, this agreement was varied on 24 June 2005, with effect from 30 June 2005, to capture retrospectively all monies that were subject to an ineffective prior agreement. This variation does not validate past breaches of section 83 of the Constitution.

Accordingly:

- amounts disclosed in previous financial years as available for spending under our departmental outputs appropriations up to 30 June 2004 were overstated by $5 564 000. Of this amount, $911 000 was unspent as at 30 June 2004 and was incorrectly reflected in the balance brought forward to 1 July 2004
- the 30 June 2005 Variation to our agreement increased our appropriation by the amount of affected receipts ($5 564 000). Of this amount, $4,653,000 is not available to be spent, being $531 000 related to receipts from 1998–99 which lapsed if unspent and $4 122 000 from 1999 to 2005 which has already been spent
- in addition, spending up to and including 30 June 2004 totalling $4 653 000 was made without the authority of the Parliament, in contravention of section 83 of the Constitution
- therefore also resulting in a breach of section 48 of the FMA Act.

A year-by-year analysis of overstatement of the departmental output appropriations is given below.

| | 98–99 | Total pre-accural budgeting | 99–00 | 00–01 | 01–02 | 02–03 | 03–04 | Sub-total | 04–05 | Total 1/7/99 to 14/3/05 |
|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Receipts affected | 531 | 531 | 835 | 1 009 | 1 712 | 778 | 699 | 5 033 | 374 | 5 407 |
| Unspent | – | – | 835 | 673 | 1 712 | 778 | (3 087) | 911 | 374 | 1 285 |
| Amount spent without appropriation | 531 | 531 | – | 336 | – | – | 3 786 | 4 122 | – | 4 122 |

2 This amount represents receipts of $5 564 000 appropriated by the variation of 30 June 2005, less the amount spent prior to 2004–05 of $4 653 000.

financial statements

## 26(b) Acquittal of authority to draw cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

| | 2005 | | 2004 | |
|---|---|---|---|---|
| | Non-operating equity | Total | Non-operating equity | Total |
| Balance carried from previous period | – | – | – | – |
| Reduction of appropriation (prior years) | – | – | – | – |
| *Adjusted balance carried from previous period* | – | – | – | – |
| Appropriation Act (No. 2) | 23 959 000 | 23 959 000 | – | – |
| Appropriation Act (No. 4) | – | – | 56 000 | 56 000 |
| Departmental adjustments and borrowings | – | – | – | – |
| Advance to the Finance Minister | – | – | – | – |
| Adjustment of appropriations on changes of enity functions (FMA s. 32) | 93 618 | 93 618 | – | – |
| Refunds credited (net) (FMA s. 30) | – | – | – | – |
| Appropriation reduced by a section 11 determination (current year) | – | – | – | – |
| *Sub-total annual appropriation* | 24 052 618 | 24 052 618 | 56 000 | 56 000 |
| Appropriations to take account of recoverable GST (FMA s. 30A) | – | – | – | – |
| Total appropriations available for payments | | – | 56 000 | 56 000 |
| Cash payments made during the year (GST inclusive) | (789 000) | (789 000) | (56 000) | (56 000) |
| Appropriations credited to special accounts (GST exclusive) | | – | – | – |
| *Balance of authority to draw cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations* | 23 263 618 | 23 263 618 | – | – |
| Represented by: | | | | |
| Cash at bank and on hand | | – | – | – |
| Departmental appropriation receivable | 23 263 618 | 23 263 618 | – | – |
| GST receivable from the ATO | | – | – | – |
| Departmental appropriation receivable—drawing rights withheld by the Finance Minister (FMA s. 27(4)) | | – | – | – |
| Formal reductions of appropriation revenue | | – | – | – |
| Departmental appropriation receivable (appropriation for additional outputs) | | – | – | – |
| Undrawn, unlapsed administered appropriations | | – | – | – |
| **Total** | **23 263 618** | **23 263 618** | – | – |

financial statements

## 26(c) Special accounts

### Other trust monies special account

Legal authority: *Financial Management and Accountability Act, 1997*, s. 20

Purpose: for the receipt of monies temporarily held on trust or otherwise for the benefit of a person other than the Australian Government.

| | 2005 $ | 2004 $ |
|---|---|---|
| Balance carried forward from previous year | 123 701 | 381 412 |
| Appropriation for reporting period | – | – |
| Costs recovered | 3 381 | – |
| GST credits (FMA s. 30A) | – | – |
| Realised investments | – | – |
| Other receipts | 8 000 000 | 18 091 |
| *Available for payments* | 8 127 082 | 399 503 |
| Payments made | (75 078) | (245 102) |
| Repayments debited from the special account (s. 28) | – | – |
| Investments debited from the special account (s. 39) | – | – |
| Adjustment[1] | – | (30 700) |
| **Balance carried to the next period** | **8 052 004** | 123 701 |
| Represented by: | | |
| Cash—transferred to the OPA | – | 118 768 |
| Cash—held by the entity | 8 052 004 | 4 933 |
| **Total balance carried to the next period** | **8 052 004** | 123 701 |

[1] This adjustment identifies the amount of accrued interest earnt in this account during the period October 2001 to June 2004. Under current arrangements, the account was not entitled to earn interest during this period, and the Commission has negotiated with the Department of Finance and Administration for the return of the balance of accrued interest to the Official Public Account in 2004–05.

### Services for other governments and non-agency bodies account

Legal authority: *Financial Management and Accountability Act, 1997*, s. 20

Purpose: for expenditure in connection with services performed on behalf of other governments and bodies that are not agencies under the *Financial Management and Accountability Act 1997*.

| | 2005 $ | 2004 $ |
|---|---|---|
| Balance carried forward from previous year | – | – |
| Appropriation for reporting period | – | – |
| Costs recovered | – | – |
| GST credits (FMA s. 30A) | – | – |
| Realised investments | – | – |
| Other receipts | 201 827 | 108 739 |
| *Available for payments* | 201 827 | 108 739 |
| Payments made | (193 165) | (108 739) |
| Repayments debited from the special account (s. 28) | – | – |
| Investments debited from the special account (s. 39) | – | – |
| **Balance carried to the next period** | **8 662** | – |
| Represented by: | | |
| Cash—held by the entity | 8 662 | – |
| **Total balance carried to the next period** | **8 662** | – |

## Note 27 Specific payment disclosures

No Acts of Grace payments were made during the reporting period (2004: No payments made).

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management Accountability Act 1997* (2004: No waivers made).

No ex-gratia payments were made during the reporting period (2004: No payments made).

No payments were made under the 'Defective Administration Scheme' during the reporting period (2004: No payments made).

No payments were made under s. 73 of the *Public Service Act 1999* during the reporting period (2004: No payments made).

## Note 28 Reporting of outcomes

The Commission attributes its outcome between its two output groups on the basis of identifiable actual costs. Shared costs incurred with respect to these output groups are apportioned according to these resulting actual costs. This basis of attribution is consistent with that used in the 2004–05 budget.

### 28(a) Net cost of outcome delivery

| | Outcome 1 | | Total | |
|---|---|---|---|---|
| | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 |
| Administered expenses | 1 103 | 843 | 1 103 | 843 |
| Departmental expenses | 85 335 | 81 703 | 85 335 | 81 703 |
| **Total expenses** | **86 438** | 82 546 | **86 438** | 82 546 |
| Costs recovered from provision of goods and services to the non-government sector | | | | |
| Administered | – | – | – | – |
| Departmental | 319 | 213 | 319 | 213 |
| **Total costs recovered** | **319** | 213 | **319** | 213 |
| Other external revenues | | | | |
| Administered | 12 674 | 26 654 | 12 674 | 26 654 |
| *Total administered* | 12 674 | 26 654 | 12 674 | 26 654 |
| Departmental | | | | |
| Revenue from disposal of assets | 3 | 19 | 3 | 19 |
| Other | – | – | – | – |
| Goods and services revenue from related entities | 447 | 285 | 447 | 285 |
| *Total departmental* | 450 | 304 | 450 | 304 |
| **Total other external revenues** | **13 124** | 26 958 | **13 124** | 26 958 |
| **Net cost/(contribution) of outcome** | **72 995** | 55 375 | **72 995** | 55 375 |

Outcome 1 is described in note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.

financial statements

## Note 28(b) Major classes of departmental revenues and expenses by output groups and outputs

| Outcome 1 | Output 1 | | Output 2 | | Total | |
|---|---|---|---|---|---|---|
| | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 |
| Departmental expenses | | | | | | |
| Employees | 24 096 | 21 517 | 15 948 | 15 326 | 40 044 | 36 843 |
| Suppliers | 31 200 | 29 300 | 12 562 | 13 441 | 43 762 | 42 741 |
| Depreciation and amortisation | 1 071 | 1 458 | 460 | 601 | 1 531 | 2 059 |
| Other | – | 42 | (2) | 18 | (2) | 60 |
| **Total departmental expenses** | **56 367** | 52 317 | **28 968** | 29 386 | **85 335** | 81 703 |
| Funded by: | | | | | | |
| Revenue from government | 65 220 | 47 615 | 33 211 | 26 533 | 98 431 | 74 148 |
| Sale of goods and services | 324 | 172 | 441 | 326 | 765 | 498 |
| Other non-taxation revenues | 3 | 15 | – | 4 | 3 | 19 |
| **Total departmental revenues** | **65 547** | 47 802 | **33 652** | 26 863 | **99 199** | 74 665 |

Outcome 1 is described in note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.

## Note 28(c) Major classes of administered revenues and expenses by outcomes

| | Outcome 1 | | Total | |
|---|---|---|---|---|
| | 2005 $'000 | 2004 $'000 | 2005 $'000 | 2004 $'000 |
| Administered revenues | | | | |
| Fines and costs | 12 167 | 26 311 | 12 167 | 26 311 |
| Authorisation fees | 504 | 333 | 504 | 333 |
| Other | 3 | 10 | 3 | 10 |
| **Total administered revenues** | **12 674** | **26 654** | **12 674** | **26 654** |
| Administered expenses | | | | |
| Write-down of assets | 1 103 | 843 | 1 103 | 843 |
| **Total administered expenses** | **1 103** | **843** | **1 103** | **843** |

Outcome 1 is described in note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual budget outcome.