

part four
financial statements





INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Scope

I have audited the accompanying financial statements of the Australian Competition and Consumer Commission for the year ended 30 June 2007, which comprise: a statement by the Chairman, Chief Executive Officer and Chief Finance Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments, Contingencies and Administered Items; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Chief Executive for the Financial Statements

The Australian Competition and Consumer Commission's Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Competition and Consumer Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Competition and Consumer Commission's internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Australian Competition and Consumer Commission's Chief Executive, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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.

Auditor's 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 the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Competition and Consumer Commission's financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Executive Director

Delegate of the Auditor-General

Canberra

29 August 2007

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

In our opinion, the attached Financial Statements for the year ended 30 June 2007 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

29 August 2007



Brian Cassidy
Chief Executive Officer

29 August 2007



Adrian Brocklehurst
Chief Finance Officer

29 August 2007

income statement

for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
INCOME			
Revenues			
Revenue from Government	3A	107 518	89 794
Sale of goods and rendering of services	3B	499	1 396
Total Revenues		108 017	91 190
Gains			
Gains from sale of assets	3C	13	22
Other Gains	3D	75	72
Total gains		88	94
TOTAL INCOME		108 105	91 284
EXPENSES			
Employee benefits	4A	53 336	47 042
Suppliers	4B	47 961	35 379
Depreciation and amortisation	4C	1 663	1 701
Write-down and impairment of assets	4D	24	25
Losses from asset sales	4E	86	-
Finance Costs	4F	-	21
TOTAL EXPENSES		103 070	84 168
Surplus (Deficit)		5 035	7 116

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

balance sheet

as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	5A	1 008	1 599
Trade and other receivables	5B	55 626	45 061
Total financial assets		56 634	46 660
Non-financial assets			
Leasehold improvements	6A C	4 626	1 286
Infrastructure plant and equipment	6B C	3 559	2 184
Intangibles	6D	534	208
Inventories	6E	75	118
Other non-financial assets	6F	749	663
Total non-financial assets		9 543	4 459
TOTAL ASSETS		66 177	51 119
LIABILITIES			
Payables			
Suppliers	7A	4 883	2 516
Other payables	7B	1 597	524
Total payables		6 480	3 040
Provisions			
Employees	8A	13 778	12 414
Other provisions	8B	1 857	596
Total provisions		15 635	13 010
TOTAL LIABILITIES		22 115	16 050
NET ASSETS		44 062	35 069
EQUITY			
Contributed equity		33 025	29 067
Reserves		968	968
Retained Surplus (Accumulated deficit)		10 069	5 034
TOTAL EQUITY		44 062	35 069
Current assets		57 421	47 358
Non-current assets		8 756	3 761
Current liabilities		17 724	13 378
Non-current liabilities		4 391	2 672

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

statement of changes in equity

for the year ended 30 June 2007

	Accumulated Results		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening Balance								
Balance carried forward from previous period	5 034	(2 082)	968	968	29 067	27 092	35 069	28 391
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policy	-	-	-	-	-	-	-	-
Adjusted Opening Balance	5 034	(2 082)	968	968	29 067	27 092	35 069	25 978
Income and Expense								
Surplus (Deficit) for the period	5 035	7 116	-	-	-	-	5 035	7 116
Total income and expenses								
of which:								
attributable to the Australian Government	5 035	7 116	-	-	-	-	5 035	7 116
Transactions with Owners								
<i>Distributions to owners</i>								
<i>Contributions by Owners</i>								
Appropriation (equity injection)	-	-	-	-	3 958	1 975	3 958	1 975
Sub-total	-	-	-	-	3 958	1 975	3 958	1 975
Transactions with Owners								
Closing Balance at 30 June	10 069	5 034	968	968	33 025	29 067	44 062	35 069

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

cash flow statement

for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		100 344	78 525
Goods and services		629	9 715
Net GST received		4 036	4 311
Total cash received		105 009	92 551
Cash used			
Employees		(51 974)	(44 977)
Suppliers		(50 977)	(48 303)
Total cash used		(102 951)	(93 280)
Net cash from or (used by) operating activities	9	2 058	(729)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		38	63
Total cash received		38	63
Cash used			
Purchase of property, plant and equipment		(3 165)	(1 235)
Purchase of intangibles		(562)	(83)
Total cash used		(3 727)	(1 318)
Net cash from or (used by) investing activities		(3 689)	(1 255)
FINANCING ACTIVITIES			
Cash received			
Appropriations—contributed equity		1 040	1 975
Total cash received		1 040	1 975
Net cash (used by) financing activities		1 040	1 975
Net increase / (decrease) in cash held		(591)	(9)
Cash at the beginning of the reporting period		1 599	1 608
Cash at the end of the reporting period	5A	1 008	1 599

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

schedule of commitments

as at 30 June 2007

	2007 \$'000	2006 \$'000
BY TYPE		
Capital Commitments		
Leasehold improvements	1 975	5 099
Total Capital Commitments	1 975	5 099
Other Commitments		
Operating leases ¹	89 712	66 498
Contract for IT services ²	1 886	1 284
Contract for Legal Services ³	79	298
Other commitments ⁴	4 335	4 274
Total other commitments	96 012	72 354
Commitments receivable - GST recoverable	(8 908)	(6 578)
Net commitments	89 079	70 875

Net commitments by type

BY MATURITY

Capital Commitments		
One year or less	1 796	5 099
Total capital commitments	1 796	5 099
Operating lease commitments		
One year or less	5 725	3 963
From one to five years	29 319	21 931
Over five years	46 512	34 559
Total Operating lease commitments by maturity	81 556	60 453
Non-operating lease commitments		
One year or less	4 936	4 438
From one to five years	791	885
Total non-operating lease commitments by maturity	5 727	5 323
Net commitments by maturity	89 079	70 875

NB: All commitments are GST inclusive where relevant.

¹ Operating leases included are effectively non-cancellable and comprise:

Leases for office accommodation

Lease payments are subject to annual increases of between 3% and 4.15% per annum. Lease terms are between two and fifteen years with the majority of leases containing an option to renew for a further term of up to five years.

Agreement for the provision of motor vehicles to senior executive officers

No contingent rentals exist. There are no renewal or purchase options available to the Agency.

² A contract for services.

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 2007

Contingent liabilities	Claims for damages/costs	
	2007	2006
	\$'000	\$'000
Balance from previous period	5 882	9 683
New	19	1 462
Re-measured	(3 000)	(263)
Liabilities crystallised	(650)	–
Obligations expired	(1 255)	(5 000)
Total Contingent Liabilities	996	5 882
Contingent assets	–	–
Net contingent liabilities	996	5 882

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 10: Contingent Liabilities and Assets**.

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

schedule of administered items

	Notes	2007 \$'000	2006 \$'000
Income administered on behalf of government			
<i>for the period ended 30 June 2007</i>			
Revenue			
Non-taxation revenue			
Fees and fines	15	23 433	21 053
Total non-taxation revenue		23 433	21 053
Total revenues administered on behalf of government		23 433	21 053
Expenses administered on behalf of government			
<i>for the period ended 30 June 2007</i>			
Write-down of assets	16	5 414	4 121
Total expenses administered on behalf of government		5 414	4 121
Assets administered on behalf of government			
<i>as at 30 June 2007</i>			
Financial Assets			
Cash and cash equivalents	17A	5	1
Receivables	17B	2 497	4 334
Total assets administered on behalf of government		2 502	4 335
Liabilities administered on behalf of government			
<i>as at 30 June 2007</i>			
Payables			
Suppliers	18	–	–
Total liabilities administered on behalf of government		–	–
This schedule should be read in conjunction with the accompanying notes.			

schedule of administered items (continued)

	Notes	2007 \$'000	2006 \$'000
Administered cash flows			
<i>for the year ended 30 June 2007</i>			
Operating Activities			
Cash received			
Fines and costs		19 444	20 209
Authorisation fees		396	401
Other		16	15
Total cash received		19 865	20 625
Net cash from or (used by) operating activities		19 856	20 625
Net increase (decrease) in cash held		19 856	20 625
Cash at the beginning of the reporting period		1	1
Cash to Official Public Account for:			
—Appropriations		(19 852)	(20 625)
Cash at the end of the reporting period	17A	5	1
Administered contingencies			
<i>as at 30 June 2007</i>			
		Claims for Damages or costs	
		2007 \$'000	2006 \$'000
Administered contingent liabilities		–	–
Administered contingent assets			
Balance from previous period		5 078	3 495
New		2 790	1 723
Re-measured		–	25
Assets crystallised		(3 606)	(60)
Obligations expired		(590)	(105)
Total administered contingent assets		3 672	5 078
Net contingent assets		3 672	5 078
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 20: Administered Contingent Liabilities and Assets .			
This schedule should be read in conjunction with the accompanying notes.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note

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for the year ended 30 June 2007

Note 1 Summary of significant accounting policies

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

The objectives of the Commission are to:

- promote effective competition and informed markets;
- encourage fair trading and protect consumers; and
- regulate the 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.

The Commission's activities contributing towards 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 sub-outputs as follows:

Output 1.1 | Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed.

Output 1.2 | Competitive market structures and informed behaviour.

The continued existence of the Commission in its present form and with its present programs is dependent on Government Policy and on continuing appropriations by Parliament for the Commission's administration and programs.

1.2 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by section 49 of the *Financial Management and Accountability Act 1999* and are a General Purpose Financial Report.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs), for reporting periods ending on or after 1 July 2006; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Australian Accounting Standard or the FMO's, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Commission 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 unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 10).

Unless an alternative treatment is specifically required by an accounting Standard, revenues and expenses are recognised in the Income Statement when and only when the flow, 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 1.20.

1.3 Application of Accounting Standards

In the process of applying the accounting policies listed in this note, the Commission has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of leasehold improvements has been taken to be the market value of similar properties as determined by an independent valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Commission is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period.

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Commission.

Amendments:

- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-4 Amendments to Australian Accounting Standards [AASBs 139, 132, 1, 1023 1038]
- 2005-5 Amendments to Australian Accounting Standards [AASB 1 & AASB 139]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations:

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

UIG 4 and UIG 9 might have impacts in future periods, subject to existing contracts being renegotiated.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

Other

The following standards and interpretations have been issued but are not applicable to the operations of The Commission.

- AASB 1049 Financial Reporting of General Government Sectors by Governments
- UIG 10 Interim Financial Reporting and Impairment

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions 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.

Appropriations receivable are recognised at their nominal amounts.

Other types of Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Commission.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the Entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, 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 no longer probable.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains 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 gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements. (Refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature i.e. Whether they have been generated in the course of the ordinary activities of the Commission.

Sale of assets

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

1.7 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.8 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 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are 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 Liability for Long Service Leave has been calculated using the Australian Government short hand method. 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 (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the Financial Statements of the Australian Government and is settled by the Australian Government in due course.

The Commission makes employer contributions to the Employee Superannuation Scheme 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.

The Commission accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap Scheme.

The liability for superannuation recognised as at 30 June 2007 represents outstanding contributions for the final fortnight of the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.9 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. An operating lease is a lease that is not a finance lease. 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 either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract 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. 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. There are currently no finance leases within the Commission.

1.10 Borrowing costs

All borrowing costs are expensed as incurred.

1.11 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.

No interest is earned on the Commission's bank balances.

1.12 Financial Risk Management

The Commission's activities expose it to normal commercial financial risk. As a result of the nature of the Commission's business and internal and Australian Government policies, dealing with the management of financial risk, the Commission's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another Entity. In the case of a transfer to another Entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

1.14 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is assessed as the difference between the asset's carrying amount and the present value of estimated future cash flows of the asset discounted at the current market rate for similar assets.

1.15 Interest bearing loans and borrowings

Government loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.

1.16 Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.17 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote. Refer Note 10 and 20.

1.18 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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.

1.19 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Commission where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Commission's leasehold improvements with a corresponding provision for the 'makegood' taken up.

Revaluations

Fair value of each class of assets are determined as follows: leasehold improvements by depreciated replacement cost, and plant and equipment by market selling price.

Following initial recognition at cost, property plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through the operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Depreciation and Amortisation

Depreciable property 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.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the useful lives in the table below.

Asset class	2007 Total useful life	2006 Total useful life
Leasehold Improvements	Lesser of the term of the lease or 15 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 4C.

Impairment

All assets carried at up to date fair value at the reporting date and are reviewed for impairment. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Commission were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.20 Intangibles

Intangibles comprise software that has been externally acquired for internal use. These assets are carried at cost above the capitalisation threshold of \$10,000, below this amount they are expensed in the year of purchase.

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 (2005-06: 3 to 7 years).

All software assets were assessed for impairment as at 30 June 2007. There were no indicators of impairment.

1.21 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.

1.22 Taxation/ Competitive Neutrality

The Commission is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

Competitive Neutrality

The Commission provides services on a not-for-profit basis which are not subject to Competitive Neutrality arrangements.

1.23 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 2007, nor were there any in 2006.

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 Australian Accounting Standards.

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 and Administration. 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 Administered Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 19. 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 Australian Government.

The 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.

The 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.

Administered fee revenue is recognised at its nominal amount due less any allowance for bad or doubtful debts. Collectability of debts is reviewed at balance date. Allowances are made when collection of the debt is judged to be less rather than more likely.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2 Events after the balance sheet date

No events have occurred after the balance date that would have an impact the financial position of the Commission.

Note 3 Income

	2007 \$'000	2006 \$'000
Revenues		
3A Revenues from Government		
Appropriations for outputs	107 518	89 794
Total revenues from government	107 518	89 794
3B Sale of goods and rendering of services		
Goods	7	15
Services	492	1 381
Total sales of goods and services	499	1 396
Provision of goods to:		
Related entities	2	3
External entities	5	12
Total sales of goods	7	15
Rendering of services to:		
Related entities	180	163
External entities	312	1 218
Total rendering of services	492	1 381
Gains		
3C Net Gains from Sale of Assets		
Infrastructure, plant and equipment:		
Proceeds from disposal	13	68
Net book value of assets disposed	-	(46)
Net gain from sale of assets	13	22
3D Other Gains		
Resources received free of charge	75	72
	75	72

Note 4 Expenses

	2007	2006
	\$'000	\$'000
4A Employee Benefits		
Wages and Salary	40 827	34 523
Superannuation	7 469	6 579
Leave and other entitlements	4 759	4 600
Separation and redundancies	-	143
Other employee expenses	281	256
Total employee expenses*	53 336	46 101

* The comparative for 2006 has been adjusted to reflect the change in the definition of 'employee benefits' as per AASB 119. This also impacts on supplier expenses below.

4B Suppliers

Provision of goods - related entities	24	14
Provision of Goods - external entities	2 204	1 591
Rendering of Services - related entities	9 431	8 717
Rendering of services - external entities	31 583	21 732
	43 242	32 054
Operating lease rentals - minimum lease payments	4 320	3 869
Workers' compensation premiums	399	418
Total supplier expenses	47 961	36 341

4C Depreciation and Amortisation

(i) Depreciation

Infrastructure, plant and equipment	919	873
Total Depreciation	919	873

(ii) Amortisation

Leasehold improvements	508	436
Intangibles – computer software	236	392
Total Amortisation	744	828
Total depreciation and amortisation	1 663	1 701

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2007
\$'000

2006
\$'000

4D Write down and impairment of assets

Non-financial assets

Property, Plant & Equipment	10	6
Intangibles	–	19
Inventory	14	–
Total write-down and impairment of assets	24	25

4E Losses from asset sales

Infrastructure, plant and equipment:		
Proceeds from disposal	25	–
Net book value of assets disposed	111	–
Net Loss on disposal of infrastructure, plant and equipment	86	–

4F Finance Costs

Unwinding of discount on makegood provision	–	21
Total finance costs expense	–	21

Note 5 Financial assets

	2007	2006
	\$'000	\$'000
5A Cash and cash equivalents		
Cash at bank and on hand	1 008	1 599
Total cash and cash equivalents	1 008	1 559

5B Trade and other receivables		
Appropriations receivables - undrawn for existing outputs	54,374	44,283
Goods and services	98	113
Less: Provision for doubtful debts	-	-
Total trade and other receivables (gross)	54,472	44,396
GST receivable from the Australian Taxation Office	1,154	665
Total trade and other receivables (gross)	55,626	45,061

All receivables are current assets.

All receivables are with entities external to the Commission. Credit terms are net 30 days (2006: 30 days)

Receivables (gross) are aged as follows:

Current	55,611	45,016
Overdue by:		
Less than 30 days	4	43
31 to 60 days	11	-
61 to 90 days	-	2
More than 90 days	-	-
Total receivables (gross)	55,626	45,061

Receivables are represented by:

Current	55,626	45,061
Non-current	-	-
Total trade and other receivables (gross)	55,626	45,061

Note 6 Non-financial assets

	2007	2006
	\$'000	\$'000
6A Buildings		
<i>Leasehold improvements</i>		
Fair Value	2 513	2 247
Work in progress	3 582	–
Less: Accumulated amortisation	(1 469)	(961)
Total Leasehold Improvements (non-current)	4 626	1 286
6B Infrastructure, Plant and Equipment		
<i>Infrastructure, plant and equipment</i>		
Fair Value	5 525	3 607
Less: Accumulated depreciation	(1 966)	(1 423)
Total infrastructure, plant and equipment (non-current)	3 559	2 184

All revaluations are independent and in accordance with the revaluation policy stated at Note 1.20.

In 2004-05, the revaluations were completed by independent valuers Benjamin Player and Gregory Rowe (PrestonRowePatterson).

6C Analysis of property, plant, and equipment

Table A – Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

Item	Buildings -Leasehold improvements \$'000	Infrastructure plant and equipment \$'000	Total \$'000
As at 1 July 2006			
Gross book value	2 247	3 607	5 854
Accumulated depreciation/amortisation	(961)	(1 423)	(2 384)
Net book value 1 July 2006	1 286	2 184	3 470
Additions			
by purchase	3 848	2 414	6 262
Depreciation/amortisation expense	(508)	(919)	(1 427)
Disposals:			
Other disposals (gross book value)	–	(497)	(497)
Other disposals (accumulated depreciation)	–	377	377
Net book value 30 June 2007	4 626	3 559	8 185
Net book value as of 30 June 2007 represented by:			
Gross book value	6 095	5 525	11 620
Accumulated depreciation/amortisation	(1 469)	(1 966)	(3 435)
Net book value	4 626	3 559	8 185

Table A – Reconciliation of the opening and closing balances of property, plant and equipment (2005-06)

Item	Buildings -Leasehold improvements \$'000	Infrastructure plant and equipment \$'000	Total \$'000
As at 1 July 2005			
Gross book value	1 923	2 842	4 765
Accumulated depreciation/amortisation	(555)	(771)	(1 326)
Opening net book value	1 368	2 071	3 439
Additions			
by purchase	355	1,038	1,393
Depreciation/amortisation expense	(436)	(873)	(1 309)
Disposals:			
Other disposals (net book value)	–	(52)	(52)
Net book value 30 June 2006	1 286	2 184	3 471
Net book value as of 30 June 2006 represented by:			
Gross book value	2 247	3 607	5 854
Accumulated depreciation/amortisation	(961)	(1 423)	(2 384)
Net book value	1 286	2 184	3 470

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
	\$'000	\$'000
6D Intangibles		
Purchased software at cost	2 058	1 496
Less: Accumulated amortisation	(1 524)	(1 288)
Total intangibles (non-current)	534	208

Table A – Reconciliation of the opening and closing balances of intangibles (2006-07)

Item	Computer Software \$'000
As at 1 July 2006	
Gross book value	1 496
Accumulated amortisation	(1 288)
Net book value 1 July 2006	208
Additions by purchase	562
Adjustments	–
Amortisation expense	(236)
Disposals	–
Net book value 30 June 2007	534
Net book value as of 30 June 2007 represented by:	
Gross book value	2 058
Accumulated amortisation	(1 524)
Net book value	534

Table A – Reconciliation of the opening and closing balances of intangibles (2005-06)

Item	Computer Software \$'000
As at 1 July 2005	
Gross book value	2,101
Accumulated amortisation	(1 445)
Net book value 1 July 2005	656
Additions by purchase	84
Adjustments	(121)
Amortisation expense	(392)
Disposals	(19)
Net book value 30 June 2006	208
Net book value as of 30 June 2006 represented by:	
Gross book value	1 496
Accumulated amortisation	(1 288)
Net book value	208

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2007	2006
	\$'000	\$'000
6E Inventories		
Publications held for sale	75	118
Total inventories	75	118

All inventories are current assets.

6F Other Non-Financial

Leasehold rights	83	129
Prepayments	666	534
Total other non-financial assets	749	663

Other non-financial assets are represented by:

Current	712	580
Non-current	37	83
Total other non-financial assets	749	663

Note 7 Payables

	2007	2006
	\$'000	\$'000
7A Supplier Payables		
Trade creditors and accruals	4 883	2 516
Total supplier payables	4 883	2 516

Supplier payables are represented by:

Current	4 883	2 516
Non-current	-	-
Total supplier payables	4 883	2 516

7B Other Payables

Lease incentives	1 274	257
Unearned revenue	323	267
Other	-	-
Total other payables	1 597	524

Other debt is represented by:

Current	460	340
Non-current	1 137	184
Total other payables	1 597	524

Note 8 Provisions

	2007	2006
	\$'000	\$'000
8A Employee Provisions		
Salaries and wages	352	302
Leave	13 365	12 058
Superannuation	61	54
Separation and redundancies	-	-
Other	-	-
Total employee provisions	13 778	12 414

Employee benefit liability and related on-costs are represented by:

Current	11 481	10 522
Non-current	2 297	1 892
Total employee provisions	13 778	12 414

The classification of current includes amounts for which there is an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date \$4,372,000 (2006: \$3,864,000), in excess of one year \$9,406,000 (2006: \$8,550,000).

	2007	2006
	\$'000	\$'000
8B Other Provisions		
Provision for 'Makegood' on leasehold improvements	1 857	596
	1 857	596

Employee benefit liability and related on-costs are represented by:

Current	900	-
Non-current	957	596
Total Other Provisions	1 857	596

	Provision for restoration \$'000
Carrying amount 1 July 2006	596
Additional provisions made	1261
Amounts used	-
Amounts reversed	-
Unwinding of discount or change in discount rate	-
Closing balance 30 June 2007	1 857

The Commission has 11 agreements for the leasing of premises which have provisions requiring it to reinstate the premises to their original condition at the conclusion of the lease. The Commission has made a provision to reflect the present value of this obligation.

Note 9 Cash flow reconciliation

	2007	2006
	\$'000	\$'000
Reconciliation of net surplus (deficit) to net cash from operating activities:		
Net surplus (deficit)	5 035	7 116
Depreciation / amortisation	1 663	1 701
Net write down of non-financial assets	10	25
Loss on disposal of assets	86	(22)
Gain on disposal of assets	(13)	-
(Increase) / decrease in appropriation receivable	(7 174)	(11 269)
(Increase) / decrease in GST receivable	(488)	11
(Increase) / decrease in other receivables	14	8 030
(Increase) / decrease in inventories	42	(13)
(Increase) / decrease in prepayments	(132)	195
(Increase) / decrease in other assets	46	62
Increase / (decrease) in employee provisions	1 364	2 014
Increase / (decrease) in supplier payables	1 111	(653)
Increase / (decrease) in prepayments received	57	144
Increase / (decrease) in other provisions	510	-
Increase / (decrease) in other liabilities	(73)	(8 070)
Net cash from / (used by) operating activities	2 058	(729)

Note 10 Contingent liabilities and assets

Quantifiable Contingencies

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$966,000 (2006: \$5,882,000). The Commission is expecting to be unsuccessful in 6 matters (2006: 14 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 2006, the Commission has 2 matters (2006: 2 matters) before the Courts alleging breaches of the Trade Practices Act. In one case the Court has awarded costs against the Commission; however the amount is unquantifiable as at 30 June 2007. In the event of an unfavourable judgment by the court in the other matter, 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.

Remote Contingencies

As at 30 June 2006, the Commission has no matters (2006: 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 11 Executive remuneration

The number of executives who received or were due to receive total remuneration¹ of \$130 000 or more:

2006 - 2007 Band	2007	2006
	Number	Number
\$130,000 to \$144,999	1	–
\$145,000 to \$159,999	2	3
\$160,000 to \$174,999	2	7
\$175,000 to \$189,999	6	3
\$190,000 to \$204,999	7	2
\$205,000 to \$219,999	1	4
\$220,000 to \$234,999	1	2
\$235,000 to \$249,999	6	2
\$250,000 to \$264,999	1	2
\$265,000 to \$279,999	–	2
\$295,000 to \$309,999	3	2
\$310,000 to \$324,999	1	2
\$325,000 to \$339,999	1	1
\$340,000 to \$354,999	1	–
\$355,000 to \$369,999	1	–
\$370,000 to \$384,999	1	–
\$415,000 to \$429,999	–	1
\$535,000 to \$549,999	1	–
	36	33
The aggregate amount of total remuneration of executives shown above.	\$8 544 154	\$7 395 963
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	–	\$218 726

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

Note 12 Remuneration of auditors

	2007	2006
	\$	\$
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:	75 200	72 000

No other services were provided by the Auditor-General.

Note 13 Average staffing levels

	2007	2006
	Number	Number
The average staffing levels for the Commission during the year were:	576	507

Note 14A Interest rate risk (departmental)

Financial Instrument	Notes	Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
Financial Assets							
Cash and cash equivalents	5A	1 008	1 599	1 008	1 599	n/a	n/a
Receivables for goods and services	5B	98	113	98	113	n/a	n/a
Total		1 106	1 712	1 106	1 712		
Total Assets				66 177	51 119		
Financial Liabilities							
Trade creditors	7A	4 883	2 516	4 883	2 516	n/a	n/a
Total		4 883	2 516	4 883	2 516	n/a	n/a
Total Liabilities				22 115	16 050		

Note 14B Fair values of financial assets and liabilities

Notes	2007		2006		
	Total Carrying amount \$'000	Aggregate Fair Value \$'000	Total Carrying amount \$'000	Aggregate Fair Value \$'000	
Departmental					
Financial Assets					
Cash and cash equivalents	5A	1 008	1 008	1 599	1 599
Receivables	5B	98	98	113	113
Total Financial Assets		1 106	1 106	1 712	1 712
Financial Liabilities (Recognised)					
Suppliers	7A	4 883	4 883	2 516	2 516
Total Financial Liabilities (Recognised)		4 883	4 883	2 516	2 516

14C 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 Balance Sheet.

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 15 Income administered on behalf of government

	2007 \$'000	2006 \$'000
Non-taxation revenue		
Other taxes, fees and fines		
Fines and costs	22 939	20 628
Authorisation fees	157	410
Other	337	15
Total Revenues Administered on Behalf of Government	23 433	21 053

Note 16 Expenses administered on behalf of government

	2007 \$'000	2006 \$'000
Write-down of assets		
Financial assets - Receivables	5 141	4 121
Total Expenses Administered on Behalf of Government	5 414	4 121

Note 17 Assets administered on behalf of government

	2007 \$'000	2006 \$'000
Financial Assets		
17A Cash		
Cash at bank	5	1
Total Cash	5	1
17B Receivables		
Fines and costs	8 687	8 387
Less: Provision for doubtful debts	(6 190)	(4 053)
Total receivables (net)	2 497	4 334
Receivables (net) are represented by:		
Current	2 497	4 334
Non-current	-	-
Total receivables (net)	2 497	4 334
Receivables (gross) are aged as follows:		
Current	186	4 190
Overdue by:		
Less than 30 days	3 301	59
31 to 60 days	-	7
61 to 90 days	-	8
More than 90 days	5 200	4 123
	8 501	4 197
Total receivables (gross)	8 687	8 387
The provision for doubtful debts is aged as follows:		
Current	-	-
Overdue by:		
Less than 30 days	(3 281)	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(2 909)	(4 053)
Total provision for doubtful debts	(6 190)	(4 053)
Total Assets Administered on Behalf of Government	2 502	4 335

Note 18 Liabilities administered on behalf of government

	2007 \$'000	2006 \$'000
Payables		
Suppliers		
Trade creditors and accruals	-	-
Total Liabilities Administered on Behalf of Government	-	-
All liabilities are expected to be settled within 12 months of balance date.		

Note 19 Administered reconciliation table

	2007 \$'000	2006 \$'000
Administered assets less administered liabilities as at 1 July	4 335	8 028
<i>Add:</i> Administered revenues	23 433	21 053
<i>Less:</i> Administered expenses	(5 414)	(4 121)
Administered transfers to Australian Government		
Transfers to OPA	(19 852)	(20 625)
Administered assets less administered liabilities as at 30 June	2 502	4 335

Note 20 Administered contingent liabilities and assets

Quantifiable Administered Contingencies

The Schedule of Administered Items reports contingent assets in respect of claims for damages/costs of \$3,672,000 (2005: \$5,078,000). The Commission is expecting to succeed in 15 alleged breaches (2006: 19 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 2007, the Commission has 43 matters (2006: 18 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 2007, the Commission has no matters (2006: 1 matter) before the Courts alleging breaches of the Trade Practices Act for 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 21 Administered financial Instruments

Note 21A Interest Rate risk		Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
Financial Instrument	Notes	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
Financial Assets							
Cash and cash equivalents	17A	5	1	5	1	n/a	n/a
Receivables for goods and services	17B	2 497	4 334	2 497	4 334	n/a	n/a
Total		2 502	4 335	2 502	4 335		
Total Assets				2 502	4 335		
Financial Liabilities							
Trade creditors	18	-	-	-	-	n/a	n/a
Total		-	-	-	-	n/a	n/a
Total Liabilities				-	-		

Note 21B Fair values of financial assets and liabilities		2007		2006	
Financial Instrument	Notes	Total Carrying amount \$'000	Aggregate Fair Value \$'000	Total Carrying amount \$'000	Aggregate Fair Value \$'000
Administered					
Financial Assets					
Cash and cash equivalents	17A	5	5	1	1
Receivables	17B	2 497	2 497	4 334	4 334
Total Financial Assets	17	2 502	2 502	4 335	4 335
Financial Liabilities (Recognised)					
Suppliers		-	-	-	-
Total Financial Liabilities (Recognised)	18	-	-	-	-

Note 21C 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.

Note 22 Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and borrowings

	2007 Departmental Outputs \$	2006 Departmental Outputs \$
Balance carried from previous year	21 308 258	20 066 672
Adjustment to opening balance*	93 618	–
Adjusted balance carried from previous period	21 401 876	20 066 672
Appropriation Act		
Appropriation Act (No.1)	104 984 000	85 481 000
Appropriation Act (No.3)	2 534 000	4 130 000
Departmental adjustments by the Finance Minister (Appropriation Acts)	–	–
Comcover Receipts (Appropriation Act s13)	–	–
Advance to the Finance Minister	–	–
Reductions	–	–
prior years	–	(40 000)
current year	–	–
FMA Act:		
Refunds credited (FMA s30)	1 026 551	262 359
Appropriations to take account of recoverable GST (FMA s30A)	4 524 700	4 307 960
Annotations to 'net appropriations' (FMAA s31)	667 698	2 158 298
Adjustments of appropriations on change of entity function (FMA s32)	–	183 000
Total appropriations available for payments	135 138 825	116 549 289
Cash payments made during the year (GST inclusive)	(106 664 944)	(95 241 031)
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	28 473 881	21 308 258
<i>Represented by:</i>		
Cash at bank and on hand	1 007 936	1 599 079
Departmental appropriations receivable	26 311 933	19 043 903
GST receivable from ATO	1 154 012	665 276
Total	28 473 881	21 308 258

*Opening balance adjustment to align balances with Department of Finance and Administration records.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

	2007 Non-operating Equity	2006 Non-operating Equity
Balance carried from previous period	25 238 618	23 263 618
Balance carried from previous period	(93 618)	–
Adjusted balance carried from previous period	25 145 000	23 263 618
Appropriation Act (No. 2)	3 958 000	1 000 000
Appropriation Act (No. 4)	–	975 000
FMA Act:		
Appropriations to take account of recoverable GST (FMA s30A)	104 050	–
Total appropriations available for payments	29 207 050	25 238 618
Cash payments made during the year (GST inclusive)	(1 144 549)	–
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	28 062 501	25 238 618
<i>Represented by:</i>		
Appropriations receivable	28 062 501	25 238 618
Total	28 062 501	25 238 618

Note 23 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.

This account in non-interest bearing.

	2007	2006
	\$	\$
Balance carried forward from previous year	55 775	52 004
Other receipts	123 124	3 971
Available for payments	178 899	55 975
Payments made	(126 356)	(200)
Balance carried to the next period	52 543	55 775
<i>Represented by:</i>		
Cash - held at bank	52 543	55 775
Total balance carried to the next period	52 543	55 775

Services for other Governments & 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*.

This account in non-interest bearing.

	2007	2006
	\$	\$
Balance carried forward from previous year	-	8 662
Other receipts	-	181 708
Available for payments	-	190 370
Payments made	-	(190 370)
Balance carried to the next period	-	-
<i>Represented by:</i>		
Cash - held by the entity	-	-
Total balance carried to the next period	-	-

Note 24 Compensation and debt relief

Administered

No Acts of Grace payments were made during the reporting period (2006: No payments made).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management Accountability Act 1997* (2006: No waivers made).

No ex-gratia payments were made during the reporting period (2006: No payments made).

Departmental

No Acts of Grace payments were made during the reporting period (2006: No payments made).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management Accountability Act 1997* (2006: No waivers made).

No payments were made under the 'Compensation for Detriment caused by Defective Administration (CDDA) Scheme' during the reporting period (2006: No payments made).

No payments were made under s73 of the *Public Service Act 1999* during the reporting period (2006: No payments made).

Note 25 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 for the 2006-07 budget.

25A Net Cost of Outcome Delivery

	Outcome 1		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Administered expenses	5 414	4 121	5 414	4 121
Departmental expenses	103 070	84 168	103 070	84 168
Total expenses	108 484	88 289	108 484	88 289
<i>Costs recovered from provision of goods and services to the non-government sector</i>				
Administered	–	–	–	–
Departmental	317	1 230	317	1 230
Total costs recovered	317	1 230	317	1 230
<i>Other external revenues</i>				
Administered	23 433	21 053	23 433	21 053
Total Administered	23 433	21 053	23 433	21 053
Departmental				
Gains from disposal of assets	13	22	13	22
Other	–	–	–	–
Goods and Services Revenue from Related Entities	180	166	180	166
Total Departmental	193	188	193	188
Total other external Income	23 626	21 241	23 626	21 241
Net cost/(contribution) of outcome	84 541	65 818	84 541	65 818

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

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Note 25B - Major Classes of Departmental Income and Expenses by Output Groups and Outputs

Outcome 1	Output 1.1		Output 1.2		Total	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Departmental expenses

Employees	29 509	27 255	23 827	19 787	53 336	47 042
Suppliers	34 081	24 568	13 880	10 811	47 961	35 379
Depreciation & amortisation	1 085	1 107	578	594	1 663	1 701
Losses from asset sales	54	–	32	–	86	–
Write-down and impairment of assets	18	25	6	21	24	46
Total departmental expenses	64 747	52 955	38 323	31 213	103 070	84 168

Funded by:

Revenue from government	67 598	56 627	39 920	33 167	107 518	89 794
Sale of goods and services	224	760	275	636	499	1 396
Other non-taxation revenues	8	–	(8)	–	–	–
Gains	62	56	26	38	88	94
Total departmental income	67 892	57 443	40 213	33 841	108 105	91 284

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 25C - Major Classes of Administered Income and Expenses by Outcomes

	Outcome 1		Total	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Administered Income				
Fines and costs	22 939	20 628	22 939	20 628
Authorisation fees	157	410	157	410
Other	337	15	337	15
Total Administered Income	23 433	21 053	23 433	21 053
Administered Expenses				
Write-down of assets	5 414	4 121	5 414	4 121
Total Administered Expenses	5 414	4 121	5 414	4 121

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