

PORTFOLIO BUDGET STATEMENTS

1998-99

TREASURY PORTFOLIO

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TREASURER

PARLIAMENT HOUSE
CANBERRA 2600

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Madam President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 1998-99 Budget for the Treasury Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the objectives for the Portfolio. They also cover the purpose of, and performance information on, budget measures and the relationship of these to programme element objectives.

I present these statements by virtue of my Ministerial responsibility for accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink that reads 'P Costello'. The signature is written in a cursive style with a large, stylized 'P'.

Peter Costello

TREASURY PORTFOLIO

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SECTION 1 — USER GUIDE

INTRODUCTION

The Portfolio Budget Statements (PBS) are one means by which the executive government is accountable to the Parliament. As part of the budget documentation their purpose is to inform the Parliament about the activities of agencies by supplying key links between programme objectives, programme performance and resource use. To this end the PBS provide information, explanation and justification to assist Senators and Members in understanding the purpose of each item of proposed expenditure and the objectives and strategies of the programmes for which the appropriations are sought.

In previous years the PBS used outlays as the measure of Portfolio outlays. This year the PBS is using underlying outlays (see definition in glossary) to be consistent with other Budget documentation.

STRUCTURE OF THE PORTFOLIO BUDGET STATEMENTS

The PBS are presented in five sections.

Section 1: User Guide — provides an introduction explaining the purpose of the PBS as well as information in relation to the styles and conventions used.

Section 2: Portfolio Overview — provides an overview of the Portfolio. It outlines the Portfolio's responsibilities and programmes, the services it provides and the legislation it administers.

Section 3: Resource Summaries — provides summary tables to give an overview of the Portfolio's appropriations, underlying outlays and Budget Measures.

Section 4: Programme Resources — deals sequentially with each of the Portfolio's Programmes. The tables in this section contain specific information on the appropriations and underlying outlays, as well as variations of more than 5 per cent in underlying outlays, related to the programmes.

Section 5: Budget Measures — provides detail of Budget measures and the impact of these measures on Portfolio objectives and outcomes.

A glossary is provided at the end of the document to explain technical terms.

STYLES AND CONVENTIONS USED

- (a) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding.
- (b) The following notations are used:

-	Nil
na	Not applicable

SECTION 2 — PORTFOLIO OVERVIEW

PORTFOLIO BUDGET STATEMENTS

PROGRAMMES AND AGENCIES

The Treasury Portfolio comprises nine programmes. The Department of the Treasury pursues the achievement of the Portfolio programme objectives in association with other agencies in the Portfolio.

Programme 1 — Treasury

The Programme objective is to improve living standards of the Australian community through high, sustainable economic and employment growth with low inflation and efficient and sustainable use of resources.

Treasury advises and assists the Treasury Portfolio Ministers in the discharge of their responsibilities in a wide variety of policy and operational areas including: fiscal policy; monetary policy; taxation policy; labour market policy; external economic policy and relations; Commonwealth-State financial relations; management of Commonwealth Government debt; financial markets, including banking and non-banking institutions; superannuation policy; structural policy; competition policy; foreign investment in Australia; and coinage.

The Department's principal clients are the Treasurer, the Assistant Treasurer and the Parliamentary Secretary to the Treasurer.

Major legislation administered by Treasury includes:

Asian Development Bank Act 1966
Bank Integration Act 1991
Banking Act 1959
Banks (Shareholdings) Act 1972
Bills of Exchange Act 1909
Cheques and Payment Orders Act 1986
Commonwealth Inscribed Stock Act 1911
Competition Policy Reform Act 1995
Corporations Act 1989
Currency Act 1985
European Bank for Reconstruction and Development Act 1990
First Corporate Law Simplification Act 1995
Financial Agreement Act 1994
Financial Corporations Act 1974
Foreign Acquisitions and Takeovers Act 1975
Housing Loans Insurance Act 1959
Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Act 1996
International Finance Corporation Act 1955
International Monetary Agreements Act 1947
Reserve Bank Act 1959
States Grants (General Purposes) Act 1994

Programme 2 — Royal Australian Mint

The Royal Australian Mint is a part of the Treasury Portfolio but is not budget funded, working instead through a Commercial Activities Fund. It is responsible for producing Australia's circulating and numismatic coins, and official Government honours and medals.

Programme 3 — Australian Bureau of Statistics

The Australian Bureau of Statistics (ABS) is Australia's official statistical agency. It provides statistics on a wide range of economic and social activity to government, business and society generally.

The ABS assists and encourages informed decision-making, research and discussion within governments and the community by providing a high-quality, objective and responsive national statistical service.

Major legislation administered by the ABS includes:

Australian Bureau of Statistics Act 1975

Census and Statistics Act 1905

Statistics (Arrangements with States) Act 1956

Programme 4 — Taxation Administration

The Australian Taxation Office (ATO) collects the revenue, properly payable, to fund services and support for the people of Australia.

Within the ATO, the Child Support Agency (CSA) assists the payment of child support between payers and payees for the benefit of children, whether by collection or support for self-administration.

Within the ATO, the Australian Valuation Office (AVO) provides independent valuation services and advice.

Within the ATO, the Superannuation line supports the provision of retirement income for the people of Australia.

Major legislation administered by the ATO includes:

Child Support (Assessment) Act 1989

Child Support (Registration and Collection) Act 1988

Development Allowance Authority Act 1992

Fringe Benefits Tax Assessment Act 1986

Fringe Benefits Tax (Cost of Compliance) Act 1996

Higher Education Funding Act 1988

Income Tax Assessment Act 1936

Income Tax Assessment Act 1997

Medicare Levy Act 1986

Sales Tax Assessment Act 1992

Superannuation Guarantee (Administration) Act 1992

Programme 5 — Productivity

The Productivity Commission (PC) was formed on 16 April 1998 having been preceded by the Industry Commission (IC) and the Economic Planning Advisory Commission (EPAC) which had amalgamated on an administrative basis along with the Bureau of Industry Economics (BIE) to prepare for the formation of the PC.

The PC aims to contribute to the well-being of all Australians by conducting public inquiries and providing information, analysis and advice to Australian governments and the Australian community about ways of best utilising the nation's resources.

Major legislation administered includes:

Productivity Commission Act 1998

Programme 6 — Australian Competition and Consumer Commission

The Australian Competition and Consumer Commission (ACCC) is an independent statutory authority which seeks to improve competition and efficiency in markets, foster adherence to fair trading practices in well informed markets, promote small business interests through the coordination of enforcement and education activity in relation to small business issues, promote competitive pricing wherever possible, and restrain price rises in markets where competition is less than effective.

In seeking to prevent or limit anti-competitive conduct and to ensure adherence to fair trading principles, the Commission takes action through compliance education programmes, litigation or enforceable undertakings if necessary to overcome market problems. It also:

- adjudicates on business practices (including merger proposals);
- arbitrates on access to essential facilities;
- enforces product safety standards; and
- has functions under provisions of the *Trade Practices Act 1974* which impose a liability on manufacturers for damages caused by defective goods.

It undertakes certain functions relating to prices surveillance, public inquiries and monitoring of goods and services under the *Prices Surveillance Act 1983*; maintains a close liaison with Federal, State and Territory Governments and regulatory authorities on current economic reform issues; and provides guidance to business and consumers about the *Trade Practices Act 1974* and the *Prices Surveillance Act 1983*.

The Commission is also responsible for administering new arrangements and structures pursuant to the Government's regulatory approach embodied in the *Trade Practices Amendment (Telecommunications) Act 1996* to ensure promotion of open competition resulting in more efficient and better quality services in the Australian telecommunications market to all users, business and consumers alike.

Following the expected passing of legislation (the Gas Pipelines Access (Commonwealth) Bill 1997), the ACCC will be performing the function of gas regulator for transmission pipelines in all States and Territories except Western Australia and distribution regulator in the Northern Territory.

Major legislation administered by the ACCC includes:

Trade Practices Act 1974

Prices Surveillance Act 1983

Trade Practices Amendment (Telecommunications) Act 1996

Programme 7 — Insurance and Superannuation Commission

The Insurance and Superannuation Commission (ISC) is the financial supervisor responsible for prudentially regulating the insurance and superannuation industries. The ISC is integral to the achievement of the Government's economic and social goals, as well as maintaining financial system stability. The ISC's mission is to promote public confidence in the Australian insurance and superannuation industries by protecting the interests of insurance policyholders and superannuation fund members. It also encourages savings for retirement and capital formation through the development of insurance and superannuation industries which are strong, profitable and dynamic, and fair trading and effective competition within the insurance sector.

Major legislation administered by the ISC includes:

Insurance Act 1973

Insurance (Agents and Brokers) Act 1984

Insurance Contracts Act 1984

Life Insurance Act 1995

Superannuation Entities (Taxation) Act 1987

Superannuation Industry (Supervision) Act 1993

Superannuation (Resolution of Complaints) Act 1993

Programme 8 — Business Affairs

The Australian Securities Commission (ASC) is an independent authority established by the *Australian Securities Commission Act 1989*. Its role is to facilitate and improve the performance of companies, and of the securities and futures markets. It aims to maintain investor confidence in capital markets by ensuring adequate investor protection mechanisms, by achieving uniform application of the Corporations Law throughout Australia and by enforcing that law. The ASC also maintains a database of documents lodged with and processed by the Commission under the Corporations Law.

Major legislation administered by the ASC includes:

Australian Securities Commission Act 1989
Corporations Act 1989

The Companies and Securities Advisory Committee (CASAC) is a body appointed by the Government to make recommendations to the responsible Minister on the operations of the Corporations Law. The members have knowledge and/or experience in business, administration of companies, the financial market, law, economics or accounting.

Programme 9 — National Competition Council

The National Competition Council (NCC) is an independent advisory body for all Australian Governments involved in implementing the competition reforms. The three Intergovernmental Agreements, signed in April 1995, and the *Trade Practices Act 1974*, as amended, form the Council's guiding principles and establish strong incentives for a nationally-consistent, cooperative approach to achieving a more competitive economy.

In summary, the Council's roles and responsibilities include:

- recommendations to relevant Commonwealth, State and Territory Ministers in response to applications for access to significant infrastructure services;
- recommendations on whether access regimes established by States and Territories are effective;
- work related to the assessment of the progress of Governments in implementing competition policy reform;
- recommendations on whether State and Territory Government businesses should be declared for prices surveillance; and
- reports to the Commonwealth Parliament where the Commonwealth is considering overriding State and Territory legislation reliant on section 51 of the *Trade Practices Act 1974*.

Major legislation administered by the NCC includes:

Trade Practices Act 1974, Part IIIA

CHANGES TO THE TREASURY PORTFOLIO STRUCTURE

There are three minor changes from the 1997-98 Programme structure.

The Sub-Programmes in Programme 4, Taxation Administration have expanded from three in 1997-98 to four in 1998-99 to include the Australian Valuation Office (AVO) as a new Sub-Programme 4.4. Taxation Administration Sub-Programme 4.1 has also taken on the functions of the Development Allowance Authority (DAA). The DAA functions were transferred from the Department of the Treasury (Programme 1).

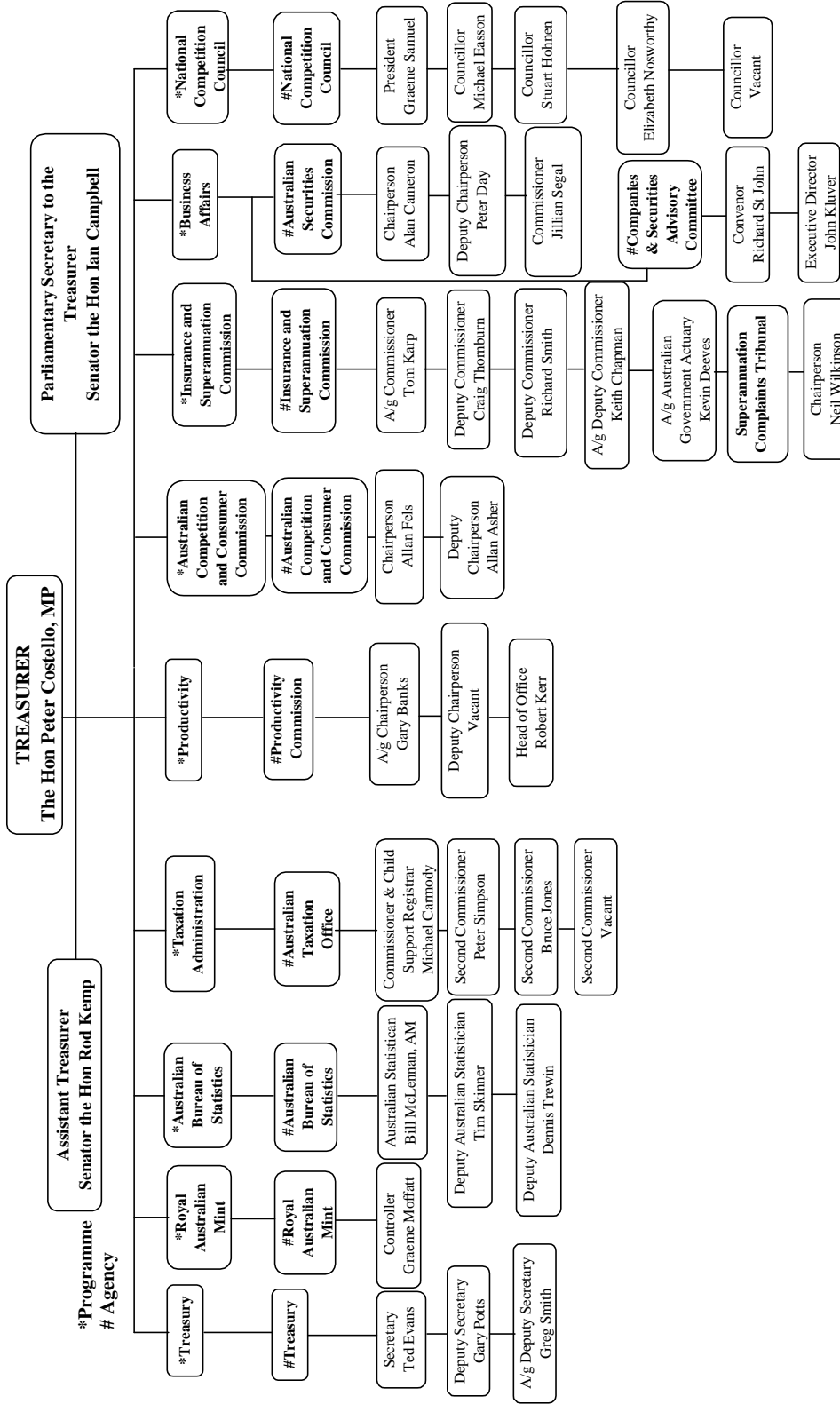
Programme 5, Productivity, includes the Productivity Commission which incorporates the previous Industry Commission, the Bureau of Industry Economics and the Economic Planning Advisory Commission.

A schematic illustration of the 1998-99 Programme structure follows at Page 7. For reference, the 1997-98 Programme structure is included in the Appendices at page 195.

A graphical presentation showing the Treasury Portfolio Ministers and senior management of agencies within the Portfolio follows at page 8.

1998-99 PORTFOLIO PROGRAMME STRUCTURE

Programme	Sub-Programme	Page
1. Treasury	1.1 Domestic Economy	28
	1.2 International Economy	31
	1.3 Structural	37
	1.4 Taxation	40
	1.5 Fiscal	45
	1.6 Debt Management	50
	1.7 Investment	57
	1.8 Financial & Currency	60
	1.9 Business Law	64
	1.10 Corporate Direction & Support	67
2. Royal Australian Mint (Not Budget Funded)	No Sub-Programmes	73
3. Australian Bureau of Statistics	3.1 Statistical Operations	78
	3.2 Corporate Services	81
4. Taxation Administration (Australian Taxation Office)	4.1 Income & Other Taxes	86
	4.2 Child Support Agency	95
	4.3 Corporate Support	100
	4.4 Australian Valuation Office	108
5. Productivity	No Sub-Programmes	113
6. Australian Competition and Consumer Commission	6.1 Compliance with the Trade Practices Act	120
	6.2 Improvement in Market Conduct	125
	6.3 Education & Information	130
	6.4 Corporate Planning & Management	133
7. Insurance and Superannuation Commission	7.1 Corporate Services	140
	7.2 Life Insurance	144
	7.3 Actuarial	146
	7.4 Superannuation	148
	7.5 General Insurance	151
8. Business Affairs	8.1 Australian Securities Commission	159
	8.2 Companies & Securities Advisory Committee	166
9. National Competition Council	No Sub-Programmes	173



SECTION 3 — RESOURCE SUMMARIES

SUMMARY TABLES

This section summarises the resources which are available to the Portfolio through the Budget Bills. It is divided into four subsections.

- **Appropriation Summary.** Table 3.1 takes the Budget Bills and explains where appropriations will be applied amongst the Programmes of the Portfolio.
- **Programme Summary.** Table 3.2 derives Programme Underlying Outlays from the appropriations and adjustments to the Portfolio.
- **Portfolio Underlying Outlays Summary** sets out the Budget and forward estimates of appropriations and underlying outlays until 2001-02.
- **Budget Measures Summary** sets out the measures included in the Budget, and how they will affect Programme or Sub-Programme underlying outlays in the years to 2001-02.

Appropriation Summary

How the Appropriations are Spent; the Appropriation Bills Disaggregated by Programme or Sub-Programme

The following table replicates the Budget Bills by listing all the Portfolio's line items which are contained in Schedules to the Budget Bills, and providing Programme details against the line items. In doing so, it links the Budget Bills to the Portfolio's Programme structure.

The 1997-98 Estimated Outcome figures shown in the table include the effect of Section 31 receipts (see glossary). As noted above, the 1998-99 Budget figures replicate those in the Budget Bills and therefore do not include Section 31 receipts. A note is provided for relevant appropriation items which provides the estimated level of Section 31 receipts for 1998-99.

Table 3.1: How the Appropriations are Spent; the Appropriation Bills Disaggregated by Programme or Sub-Programme

Appropriation	Programme Number and Title	1997-98 Estimated Outcome (\$'000)	1998-99 Budget (\$'000)	Page Ref
<i>Appropriation Bill No. 1</i>				
Division 670 - Administrative				
1. Running Costs (net appropriation - see section 9) (see also section 10) (i)				
	1.1 Domestic Economy	4,491	4,314	28
	1.2 International Economy	7,158	7,045	31
	1.3 Structural	2,790	2,658	37
	1.4 Taxation	17,286	10,099	40
	1.5 Fiscal	2,394	2,721	45
	1.6 Debt Management	1,486	1,436	50
	1.7 Investment	3,462	1,925	57
	1.8 Financial & Currency	3,575	3,478	60
	1.9 Business Law	4,008	3,921	64
	1.10 Corporate Direction & Support	15,579	14,671	67
		62,229	52,268	
2. Other Services				
01. Compensation and legal expenses	1.8 Financial & Currency	115	0	60
	1.10 Corporate Direction & Support	585	943	67
		700	943	
02. Loan management expenses	1.6 Debt Management	3,390	3,153	50
03. Overseas bond issues - Payments in respect of lapsed coupons	1.6 Debt Management	20	10	50
04. Australian National Railways Commission - Debt acquisition	1.6 Debt Management	926,100	118,100	50
05. Housing Loans Insurance Company Limited - Payments in respect of insurance claims	1.8 Financial & Currency	20,000	26,000	60
06. International Finance Corporation - Capital subscription	1.2 International Economy	6,893	7,350	31
07. International Bank for Reconstruction and Development - Capital subscription	1.2 International Economy	4,304	4,427	31
08. Contributions to the International Monetary Fund - Enhanced Structural Adjustment Facility	1.2 International Economy	2,500	2,500	31
09. Ex gratia payment to approved charitable organisations or trust funds in memory of the Princess of Wales	1.4 Taxation	0	793	40
		963,907	163,276	
Total Division 670		1,026,136	215,544	

Table 3.1: How the Appropriations are Spent; the Appropriation Bills Disaggregated by Programme or Sub-Programme (continued)

Appropriation	Programme Number and Title	1997-98 Estimated Outcome (\$'000)	1998-99 Budget (\$'000)	Page Ref
Division 671 - Australian Bureau of Statistics				
1. Running Costs (net appropriation - see section 9) (see also section 10) (ii)				
	3.1 Statistical Operations	222,740	186,897	78
	3.2 Corporate Services	26,100	25,730	81
		248,840	212,627	
2. Other Services				
01. Compensation and legal expenses	3.2 Corporate Services	72	74	81
Total Division 671		248,912	212,701	
Division 672 - Australian Taxation Office				
1. Running Costs (net appropriation - see section 9) (see also section 10) (iii)				
	4.1 Income and Other Taxes	841,695	851,950	86
	4.2 Child Support Agency	176,434	161,870	95
	4.3 Corporate Support	259,326	244,198	100
		1,277,455	1,258,018	
2. Other Services				
01. Compensation and legal expenses	4.1 Income and Other Taxes	14,178	600	86
	4.2 Child Support Agency	455	0	95
	4.3 Corporate Support	597	400	100
		15,230	1,000	
02. Child Support Agency - Payments to cover cheque dishonours, incorrect maintenance payments and refunds of overpayments	4.2 Child Support Agency	6,162	6,690	95
03. Compensation for detriment caused by defective administration	4.1 Income and Other Taxes	50	50	86
	4.2 Child Support Agency	40	42	95
04. Test case litigation program for tax law clarification	4.3 Corporate Support	450	2,000	100
		21,932	9,782	
Total Division 672		1,299,387	1,267,800	
Division 673 - Australian Securities Commission				
1. For expenditure under the Australian Securities Commission Act 1989				
	8.1 Australian Securities Commission	119,433	134,830	159
Total Division 673		119,433	134,830	

Table 3.1: How the Appropriations are Spent; the Appropriation Bills Disaggregated by Programme or Sub-Programme (continued)

Appropriation	Programme Number and Title	1997-98 Estimated Outcome (\$'000)	1998-99 Budget (\$'000)	Page Ref
Division 674 - Companies and Securities Advisory Committee				
1. For expenditure under Part 9 of the <i>Australian Securities Commission Act 1989</i>				
	8.2 Companies and Securities Advisory Committee	811	816	166
Total Division 674		811	816	
Division 675 - Australian Competition and Consumer Commission				
1. Running Costs (net appropriation - see section 9) (see also section 10) (iv)				
	6.1 Compliance with the Trade Practices Act	16,546	16,701	120
	6.2 Improvement in Market Conduct	8,708	8,870	125
	6.3 Education and Information	1,884	1,593	130
	6.4 Corporate Planning and Management	8,199	7,335	133
		35,337	34,499	
2. Other Services				
01. Compensation and legal expenses	6.1 Compliance with the Trade Practices Act	3,203	3,386	120
Total Division 675		38,540	37,885	
Division 676 - National Competition Council				
1. Running Costs (net appropriation - see section 9) (see also section 10) (v)				
	9. National Competition Council	3,004	2,582	173
Total Division 676		3,004	2,582	
Division 677 - Insurance and Superannuation Commission				
1. Running Costs (net appropriation - see section 9) (see also section 10) (vi)				
	7.1 Corporate Services	7,779	33,849	141
	7.2 Life Insurance	5,694	4,322	144
	7.3 Actuarial	700	0	146
	7.4 Superannuation	20,054	20,431	149
	7.5 General Insurance	3,783	2,662	151
		38,010	61,264	
2. Other Services				
01. Compensation and legal expenses	7.1 Corporate Services	120	319	141
Total Division 677		38,130	61,583	

Table 3.1: How the Appropriations are Spent; the Appropriation Bills Disaggregated by Programme or Sub-Programme (continued)

Appropriation	Programme Number and Title	1997-98 Estimated Outcome (\$'000)	1998-99 Budget (\$'000)	Page Ref
Division 678 - Productivity Commission				
1. Running Costs (net appropriation - see section 9) (see also section 10) (vii)				
	5. Productivity	25,993	19,905	114
2. Other Services				
01. Contribution to economic modelling projects	5. Productivity	788	0	114
Total Division 678		26,781	19,905	
TOTAL APPROPRIATION BILL 1		2,801,134	1,953,646	
<i>Appropriation Bill No. 2</i>				
Division 977 - Payments to or for the States, the Northern Territory and the Australian Capital Territory				
01. Australian Capital Territory - Special revenue assistance	1.5 Fiscal	34,500	25,000	45
02. Companies and securities regulation - Compensation for loss of revenue	8.1 Australian Securities Commission	132,551	134,805	159
Payments to State Governments in lieu of stamp duty on Airport Sales	1.4 Taxation	96,100	0	40
Total Division 977		263,151	159,805	
Division 979 - Australian Bureau of Statistics				
1. Capital Works and Services				
01. Plant and equipment	3.1 Statistical Operations	1,456	2,210	78
Total Division 979		1,456	2,210	
Division 980 - Australian Taxation Office				
1. Capital Works and Services				
01. Plant and equipment	4.3 Corporate Support	45,061	27,700	100
Other Services				
Establishment grant (for payment to the Australian Valuation Office Commercial Activities Fund)	4.4 Australian Valuation Office	6,000	0	108
Total Division 980		51,061	27,700	

Table 3.1: How the Appropriations are Spent; the Appropriation Bills Disaggregated by Programme or Sub-Programme (continued)

Appropriation	Programme Number and Title	1997-98 Estimated Outcome (\$'000)	1998-99 Budget (\$'000)	Page Ref
Capital Works and Services				
Australian Securities Commission -				
For expenditure under the Australian Securities Commission Act 1989				
	8.1 Australian Securities Commission	5,778	0	159
Total		5,778	0	
TOTAL APPROPRIATION BILL 2		321,446	189,715	
PORTFOLIO TOTAL		3,122,580	2,143,361	

- (i) 1998-99 Budget excludes estimated Section 31 receipts for Department of the Treasury of \$991,000.
(ii) 1998-99 Budget excludes estimated Section 31 receipts for the Australian Bureau of Statistics of \$26,000,000.
(iii) 1998-99 Budget excludes estimated Section 31 receipts for the Australian Taxation Office of \$3,156,000.
(iv) 1998-99 Budget excludes estimated Section 31 receipts for the Australian Competition & Consumer Commission of \$300,000.
(v) 1998-99 Budget excludes estimated Section 31 receipts for the National Competition Council of \$21,000.
(vi) 1998-99 Budget excludes estimated Section 31 receipts for the Insurance and Superannuation Commission of \$999,000.
(vii) 1998-99 Budget excludes estimated Section 31 receipts for the Productivity Commission \$193,000.

PROGRAMME SUMMARY

Deriving Programme Underlying Outlays from the Appropriations; Reconciliation of Programmes and Appropriation Elements for 1998-99

Underlying Outlays is an economic concept that has its roots in international standards for government reporting. In the budget context it measures the net resources cost of the budget provision of public goods and services.

Not only payments are included in outlays. For example, some receipts are netted off against related payments. Moreover not all payments are outlays. For example, payments of principal to government security holders are classified as financing transactions and as such are not outlays, whereas interest payments are.

It is important to distinguish between appropriations and underlying outlays. Appropriations derive from Acts of Parliament which authorise the drawing down of public money for the functions and activities of Government.

Underlying outlays = total appropriations – adjustments.

Adjustments to appropriations to derive outlays are:

- payments that are not underlying outlays (for example loan payments — these are financial transactions — and tax refunds — netted against taxation revenues);
- receipts that are offset within underlying outlays — these are charges for goods and services, sales of physical assets and repayments of government loans or repayment of equity in government enterprises;
- transactions regarded as outlays — Table 3.2 shows how the components of appropriations are adjusted to derive underlying outlays for each of the Portfolio's Programmes; and
- net advances — these are government transactions which simply involve the transfer or exchange of financial assets. Net advances include:
 - the sale and purchase of equity assets;
 - the injection and withdrawal of equity from entities outside the Government's accounts; and
 - public policy lending and repayments to other sectors.

Table 3.2: Deriving Programme Underlying Outlays from the Appropriations; Reconciliation of Programmes and Appropriation Elements for 1998-99

Programme	(\$'000)									
	Approp Bill No 1	Approp Bill No 2	Special Approp	Special Approp	Special Approp	Special Approp	Special Approp	Special Approp	Special Approp	Special Approp
1. Treasury	215,544	25,000	39,864,078	991	40,105,613	991	15,531,211	991	24,573,411	491
2. Royal Australian Mint	-	-	-	-	-	-	-1,400	-	1,400	-
3. Australian Bureau of Statistics	212,701	2,210	-	26,000	240,911	26,000	60	26,000	214,851	3,057
4. Taxation Administration	1,267,800	27,700	154,604	3,156	1,453,260	3,156	-230,217	3,156	1,680,321	15,548
5. Productivity	19,905	-	-	193	20,098	193	36	193	19,869	215
6. Australian Competition & Consumer Commission	37,885	-	-	300	38,185	300	-	300	37,885	336
7. Insurance & Superannuation Commission	61,583	-	1,200	999	63,782	999	1,260	999	61,523	402
8. Business Affairs	135,646	134,805	-	-	270,451	-	42,107	-	228,344	-
9. National Competition Council	2,582	-	-	21	2,603	21	-	21	2,582	19
TOTAL	1,953,646	189,715	40,019,882	31,660	42,194,903	31,660	15,343,057	31,660	26,820,186	20,068

SUMMARY OF UNDERLYING OUTLAYS FOR THE PORTFOLIO

Table 3.3, Summary of Underlying Outlays for the Portfolio, provides a comparison of the previous year's Budget and estimated outcome with the 1998-99 Budget estimates for Programme and running cost outlays. Also provided are estimates for the three forward years to 2001-02 which are price adjusted to the expected price levels in each year.

Table 3.3: Summary of Underlying Outlays for the Portfolio

	1997-98 Budget (\$'000)	1997-98 Estimated Outcome (\$'000)	1998-99 Budget (\$'000)	Forward Estimates price adjusted		
				1999-00 Estimate (\$'000)	2000-01 Estimate (\$'000)	2001-02 Estimate (\$'000)
Components of Appropriations						
Running Costs	1,683,174	1,689,750	1,672,823	1,593,419	1,637,533	1,726,721
Other Programme Costs (excluding running costs)	31,999,703	42,549,262	40,522,080	38,629,271	38,847,852	38,536,822
Total Appropriations	33,682,877	44,239,012	42,194,903	40,222,690	40,485,385	40,263,543
Less annotated appropriations	31,480	37,312	31,660	32,186	32,793	33,382
Less other adjustments	6,237,156	17,407,637	15,343,057	13,409,821	14,034,759	14,319,163
TOTAL UNDERLYING OUTLAYS	27,414,241	26,794,063	26,820,186	26,780,683	26,417,833	25,910,998

BUDGET MEASURES SUMMARY

A Budget measure is defined for the purposes of this PBS as being a decision by Cabinet or Ministers that has been finalised since the 1997-98 Budget and has resulted in a cost or saving to underlying outlays in the years 1998-99 to 2001-02.

Table 3.4, Budget Measures Affecting the Portfolio's Programmes, summarises the effects on underlying outlays of 1998-99 Budget Measures. The table lists the title of each measure and details its effect by Programme for the three forward years to 2001-02.

Budget Measures are explained in *Budget Paper No. 2, Budget Measures*, and in Section 5 — Budget Measures.

Table 3.4: Budget Measures Affecting the Portfolio's Programmes

Programme and Sub-Programme	Page No	Measure	Estimated Effect on Underlying Outlays price adjusted				
			1998-99 \$'000	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	
<i>1 Treasury</i>							
<i>1.2</i>	International Economy	180	Support for International Monetary Fund programmes through the provision of a loan to Korea	505,000	0	0	0
<i>1.4</i>	Taxation	181	Ex gratia payment to approved charitable organisations or trust funds in memory of the Princess of Wales	300	0	0	0
		181	Funding for development of a proposed tax reform programme	4,200	0	0	0
<i>1.5</i>	Fiscal	182	Extension of real per capita guarantee on Financial Assistance Grants to the States	0	0	191,000	195,700
<i>1.8</i>	Financial & Currency	183	Abolition of Non-Callable Deposits	0	0	200,000	200,000
<i>1.10</i>	Corporate Direction & Support	184	Fitout of the refurbished Treasury building	0	980	1,994	2,028
Sub-Total				509,500	980	392,994	397,728
<i>4 Taxation Administration</i>							
		185	Supervision and funding arrangements for self-managed superannuation funds	2,000	2,032	2,071	2,108
		185	Supervision and funding arrangements for self-managed superannuation funds	0	18,938	19,194	19,454
		186	High Wealth Individuals Taskforce	9,519	9,519	0	0
		186	Development of systems for implementing tax reform	20,000	0	0	0

Table 3.4: Budget Measures Affecting the Portfolio's Programmes (continued)

Programme and Sub-Programme	Page No	Measure	Estimated Effect on Underlying Outlays price adjusted				
			1998-99 \$'000	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	
	187	Reform of the Child Support Scheme - Policy and administration	-4,312	-12,525	-14,337	-16,214	
	187	Information Technology asset replacement	27,700	0	0	0	
Sub-Total			54,907	17,964	6,928	5,348	
6	<i>Australian Competition and Consumer Commission</i>	188	Fair trading inquiry report - Funding to improve small business access to justice and awareness of fair trading issues	1,363	1,436	1,410	0
Sub-Total			1,363	1,436	1,410	0	
7	<i>Insurance and Superannuation Commission</i>	189	Establishment of the Australian Prudential Regulation Authority	26,144	27,566	23,904	24,310
		189	Establishment of the Australian Prudential Regulation Authority	-3,825	-39,009	-29,345	-29,745
Sub-Total			22,319	-11,443	-5,441	-5,435	
8	<i>Australian Securities Commission</i>	190	Establishment of the Australian Securities and Investments Commission	15,402	11,584	11,804	12,017
		190	Establishment of the Australian Securities and Investments Commission	-8,303	-13,985	-14,205	-14,315
		191	Corporate Law Reform - Managed Investments	3,945	2,912	259	0
		191	Corporate Law Reform - Managed Investments	-3,000	-3,000	-1,116	0
Sub-Total			8,044	-2,489	-3,258	-2,298	
Portfolio Total			596,133	6,448	392,633	395,343	

SECTION 4 — PROGRAMME RESOURCES

PROGRAMME 1 — TREASURY

PROGRAMME 1 — TREASURY

Objective

To improve living standards of the Australian community through high, sustainable economic and employment growth with low inflation and efficient and sustainable use of resources.

Table 4.1: Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised (i) Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	49,566	63,677	61,111	52,268	-14
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	911	911	1,118	991	-11
	50,477	64,588	62,229	53,259	-14
2. Other Services	1,072,225	1,247,518	963,907	163,276	-83
Total Appropriation Bill No. 1	1,122,702	1,312,106	1,026,136	216,535	-79
<i>Appropriation Bill No. 2</i>					
Division 977 - Payments to or for the States, the Northern Territory and the Australian Capital Territory					
	34,500	130,600	130,600	25,000	-81
Total Appropriation Bill No. 2	34,500	130,600	130,600	25,000	-81
TOTAL ANNUAL APPROPRIATIONS	1,157,202	1,442,706	1,156,736	241,535	-79
TOTAL SPECIAL APPROPRIATIONS	30,387,076	na	40,918,600	39,864,078	-3
TOTAL APPROPRIATIONS	31,544,278	na	42,075,336	40,105,613	-5
Less annotated appropriations	911	na	1,118	991	-11
Less other adjustments	6,293,942	na	17,475,408	15,531,211	-11
TOTAL UNDERLYING OUTLAYS	25,249,425	na	24,598,810	24,573,411	-0
Staff years	509	na	482	491	2

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
- (ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
- (iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme 1.1 — Domestic Economy

Objective

To assess current and prospective economic conditions and develop advice on macroeconomic policy settings.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	4,607	4,484	4,484	4,314	-4
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	6	7	7	15	114
	4,613	4,491	4,491	4,329	-4
Total Appropriation Bill No. 1	4,613	4,491	4,491	4,329	-4
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	4,613	4,491	4,491	4,329	-4
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	4,613	4,491	4,491	4,329	-4
Less Annotated Appropriations	6	na	7	15	114
TOTAL ADJUSTMENTS	6	na	7	15	114
TOTAL UNDERLYING OUTLAYS	4,607	na	4,484	4,314	-4
Staff years	55	na	55	54	-2

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 14 to 19 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Over the coming year, an important part of the Sub-Programme's activities will be the preparation of economic forecasts upon which macroeconomic policy advice is formulated. This will require detailed, ongoing assessment of current economic conditions, with a particular emphasis on the implications of unfolding international developments on domestic activity. The provision of policy advice on monetary policy, wages and labour market issues and broader macroeconomic policy issues will remain an integral part of the Sub-Programme's activities.

Strategies

Ongoing strategies to achieve the objectives of the Sub-Programme in the coming year include:

- monitoring and analysing economic conditions, trends and prospects;
- monitoring and analysing financial market developments;
- coordinating and overseeing the preparation of economic forecasts;
- maintaining and developing Treasury's macroeconomic model, which is used to assist the forecasting process and to conduct policy and sensitivity analysis;
- maintaining liaison with external contacts within international fora, other governments, the Reserve Bank of Australia (RBA), financial markets, companies, employer groups, unions and research institutes;
- undertaking policy-relevant research and analysis to improve the quality of policy advice and to contribute to the public debate and understanding of macroeconomic and labour market issues; and
- internal review and evaluation of processes and outcomes.

Performance Indicators

Performance indicators for the Sub-Programme's performance include:

- the accuracy, timeliness and overall quality of the economic forecasts, the perceived quality of policy advice and its contribution to achieving outcomes; and
- the range and effectiveness of external contacts, and the quality and impact of the contribution made to the public debate and understanding of economic developments and macroeconomic and labour market issues.

Information sources to assist the judgement of performance include: the actual performance of the economy and comparative assessments by international organisations; feedback from the Treasury Portfolio Ministers, their offices and the Government in general; and internal reviews and feedback from external organisations, such as private economic consultancies, the media and other government departments and agencies.

Sub-Programme 1.2 — International Economy

Objective

To promote Australia's international economic interests, including its economic links with the Asian region, and to assess the implications of international economic developments for the Australian economy.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	6,852	7,017	7,017	7,045	0
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	145	141	141	121	-14
	6,997	7,158	7,158	7,166	0
2. Other Services					
06. International Finance Corporation - Capital Subscription	6,860	6,893	6,893	7,350	7
07. International Bank for Reconstruction and Development - Capital Subscription	4,132	4,365	4,304	4,427	3
08. Contributions to the International Monetary Fund - Enhanced Structural Adjustment Facility	2,500	2,500	2,500	2,500	0
	13,492	13,758	13,697	14,277	4
Total Appropriation Bill No. 1	20,489	20,916	20,855	21,443	3
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	20,489	20,916	20,855	21,443	3

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Special Appropriations					
<i>Asian Development Bank (Additional Subscription) Act 1995</i>	2,195	na	2,358	2,352	-0
<i>International Monetary Agreements Act 1947</i>	39,392	na	1,177,303	522,695	-56
<i>Multilateral Investment Guarantee Agency Act 1997</i>	-	na	2,648	-	-100
TOTAL SPECIAL APPROPRIATIONS	41,587	na	1,182,309	525,047	-56
TOTAL APPROPRIATIONS	62,076	20,916	1,203,164	546,490	-55
Less annotated appropriations	145	na	141	121	-14
Less other adjustments	55,079	na	1,196,006	539,324	-55
TOTAL ADJUSTMENTS	55,224	na	1,196,147	539,445	-55
TOTAL UNDERLYING OUTLAYS	6,852	na	7,017	7,045	0
Staff years	39	na	39	39	0

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

1998-99 Budget Measures affecting Portfolio Underlying Outlays

The Sub-Programme has been allocated an additional \$505 million in 1998-99 to help support the economic adjustment programmes associated with the International Monetary Fund (IMF). For further information refer to page 180 in Section 5.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 20 to 25 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Regional Financial Crisis

During 1997-98, much of the Sub-Programme's work was dominated by the Asian financial crisis. During 1998-99, Treasury will continue to monitor and provide advice

on developments in the Asian Region. In particular, Treasury will provide the Government with advice on financing packages sponsored by the IMF. Treasury will also take opportunities to keep the community informed about developments in the region. Advice and information will be provided by the Sub-Programme to Ministers and the Parliament on any loans or currency swaps that are made under the *International Monetary Agreements Act 1947*.

It is expected that issues relating to the Asian financial crisis will be discussed during 1998-99 in various regional and international fora (for example, Asia Pacific Economic Cooperation (APEC), IMF, World Bank (WB), Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD)). Treasury will provide advice and support for these meetings, which are likely to be attended by Ministers and senior officers.

Domestic Economic Policy

Reporting by overseas posts and analysis conducted during the year will maintain a close focus on international economic developments, paying particular attention to financial market and economic developments in East Asia and their global implications. Reporting will also focus on overseas experience of relevance more generally to domestic economic policy formulation. Reporting and analysis of developments in the United States, Europe and Asia will continue to be of high value, particularly in terms of assessing the global macroeconomic impact of the Asian financial crisis. Reporting on European experiences will be highly relevant in relation to assessing the progress and likely impact of Economic and Monetary Union (EMU) in Europe, and on microeconomic and structural issues in general. In respect of macro-economic and microeconomic issues, the work and discussion taking place in the Organisation for Economic Co-operation and Development (OECD) will continue to be of major interest.

In 1998-99, Treasury is expected to participate in consultation undertaken by the OECD towards the preparation of its annual review of the Australian economy.

Asia Pacific Economic Cooperation (APEC)

Treasury's main interest in APEC is to promote sustainable economic development in the region through the adoption of improved economic policies. Treasury pursues this through involvement in the APEC Finance Ministers' Meeting process, the Investment Experts Group (IEG) and the Economic Committee.

The APEC Finance Ministers' Meeting process is important for developing cooperation and supporting economic growth and financial stability in the region. In the wake of the Asian financial crisis, the Finance Ministers' process will consider the efficacy of the current international financial architecture in dealing with and preventing financial crises. It will further refine and develop a range of voluntary principles and collaborative initiatives aimed at promoting financial and capital market development. It will also pursue further initiatives to address these issues.

Treasury will contribute to the development of these proposals through its contributions at meetings of officials, and by committing resources to projects where appropriate.

Treasury will contribute to the work of the IEG in 1998-99, including to the development of a package of options to enhance the environment for investment, from which member economies can choose when considering improvements to their investment regimes. The IEG is also sponsoring technical assistance and training programs and conducts policy discussion fora, which exchange ideas on ways to enhance investment flows and discuss the investment regimes of APEC members.

Treasury will also organise the fourth APEC Investment Symposium that will be hosted by Malaysia in September 1998. Treasury has developed a number of themes for discussion, including the implications of the financial crisis for investment and investment policy, and is organising the speakers for the Symposium.

The APEC Economic Committee undertakes analysis of economic trends and issues in support of APEC's policy activities on trade and investment liberalisation and facilitation, and economic and technical cooperation. Treasury leads the Australian delegation in the Economic Committee and will work to improve the quality of the Committee's work by contributing to Committee meetings, providing written comments and providing data and other material for the Committee's publications.

South Pacific Forum Economic Ministers' Meeting (FEMM)

The Treasurer chaired the inaugural FEMM in Cairns in July 1997, attended by Ministers from all sixteen members of the South Pacific Forum. Ministers agreed on an action plan covering economic, public sector, investment and trade reform. The Action Plan aims to promote private sector development that is essential to achieving sustainable economic development in the region.

Treasury will follow up its involvement in the inaugural FEMM by developing policy and contributing to Australia's response to the FEMM Action Plan, in advance of the Treasurer's attendance at the 1998 FEMM to be held in Fiji in July 1998. Treasury will monitor economic developments in the region and pursue opportunities to promote economic reform.

Relations with Asia

Treasury's representatives in Tokyo, Beijing and Indonesia will continue to be active in maintaining and further developing relations with Treasury's counterparts in Japan, Korea, China, Hong Kong — China, Chinese Taipei, Indonesia, Singapore, Malaysia, Thailand and the Philippines. Treasury's overseas representatives will continue to contribute significantly to Treasury's understanding of economic conditions in these economies and of the major economic policy challenges they face. In particular, these contacts will aid our understanding of events that have unfolded in Asian financial markets over the past year.

Visits to Australia by official delegations and visits by Treasury officers to the East Asian region have contributed to an improved understanding by Treasury of Asian economies and have encouraged greater cooperation between Treasury and its counterparts in East Asia. During 1998-99, Treasury, together with its overseas representatives, will organise programs for visits by several official delegations from East Asia.

International Financial Institutions (IFIs)

Treasury will provide advice on a wide range of policy issues to Australia's Executive Directors at the IMF, the WB, the ADB, and the EBRD. This advice will be prepared in consultation with other government agencies and benefit from regular consultations with Non Government Organisations (NGOs) on matters relating to the operation of the development banks and development issues generally.

Treasury will also provide briefing material for Australian delegations attending various IFI meetings throughout the year and organise visits to Australia by senior staff of IFIs.

Treasury will prepare annual reports on Australia's relations with the IMF, the World Bank and the ADB. These reports, which will be tabled in Parliament, contribute to the public debate on Australia's relations with these organisations and improved understanding of their operations.

Treasury will provide advice to the Treasurer on Australia's financial relations with Papua New Guinea (PNG) during the year, in particular Australia's Government-to-Government loan to PNG. The loan was provided in support of Papua New Guinea's stabilisation and structural adjustment programmes in conjunction with the World Bank and the IMF.

Strategies

Strategies to achieve the objectives of the Sub-Programme include:

- monitoring and analysing the implications for Australia of economic developments and economic policy thinking overseas, with particular emphasis on Australia's major trading partners;
- contributing to international discussion of economic policies, especially on matters of particular concern to Australia as an open, developed economy in the Asian region;
- contributing to open and stable international trading and financial systems, and sustainable economic development, through quality and timely policy advice and interaction with other governments;
- promoting contacts and discussion with counterpart organisations overseas, especially in Asia, and increasing Australian understanding of Asian economies and economic institutions;
- advancing Australia's interests in the IMF, the WB, the ADB, and the EBRD, and ensuring that Australia's responsibilities as a member of these organisations are met;
- promoting understanding in Australia of the activities of these organisations and the knowledge they generate of economic developments and policy experience in member countries;
- participating in APEC, with particular emphasis on finance and investment issues; and

- participating in the economic work of the South Pacific Forum.

Performance Indicators

Performance indicators for this Sub-Programme include:

- the quality and impact of the contribution made to economic policy formulation and forecasting of the Australian economy; and
- the quality and impact of the contribution made to international discussion of economic policy issues, including the policies of international financial institutions and APEC.

Sub-Programme 1.3 — Structural

Objective

To promote a more efficient and sustainable use of resources and improved structural competitiveness and productivity in the Australian economy.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	3,054	2,787	2,787	2,658	-5
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	3	3	3	3	0
	3,057	2,790	2,790	2,661	-5
Total Appropriation Bill No. 1	3,057	2,790	2,790	2,661	-5
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	3,057	2,790	2,790	2,661	-5
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	3,057	2,790	2,790	2,661	-5
Less annotated appropriations	3	na	3	3	0
Less other adjustments (iv)	0	na	2,445	45,137	1,746
TOTAL ADJUSTMENTS	3	na	2,448	45,140	1,744
TOTAL UNDERLYING OUTLAYS	3,054	na	342	-42,479	-12,521
Staff years	41	na	35	35	0

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

(iv) The adjustment relates to “competitive neutrality payments” recorded in FIRM.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 26 to 31 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Treasury will continue to oversee the implementation of national competition policy. Following commencement of Part IIIA of the *Trade Practices Act 1974*, Treasury has an ongoing involvement in the development and implementation of industry access regimes. Treasury will also continue to assist in preparing legislation for amendments to the *Trade Practices Act 1974*, and contribute to international discussion about the application of competition policy through bodies such as APEC, the OECD and the World Trade Organisation (WTO). In addition, Treasury will provide advice and assistance to other parts of government in relation to how competition issues should be addressed in other policy environments.

The Productivity Commission (PC) formally came into operation on 16 April 1998. Treasury has an ongoing role in ensuring the PC has an appropriate work programme (including the provision of terms of reference for individual inquiries) and that reports are dealt with on an appropriate basis.

Progressive implementation of the competition policy reforms, as well as the Government's focus on structural reform generally, has reinforced the Treasury's role in considering resource allocation questions from an economy-wide perspective and has brought many of the issues it deals with to greater public awareness.

Strategies

Strategies to achieve a more efficient and sustainable use of resources and improved structural competitiveness and productivity in the economy include:

- identifying emerging issues and undertaking forward-looking analysis of options;
- providing sound and timely policy advice to the Government on a broad range of industry, resource allocation, environment, competition policy and institutional issues;
- contributing to policy development on these issues, both directly and through liaison with Commonwealth and State Departments, industry and other relevant agencies;
- implementing policy decisions taken by Government; and
- contributing to public debate and analysis of these issues.

Specifically, Treasury will continue its role of coordinating the implementation of national competition policy. This will include:

- implementing competitive neutrality policies;
- overseeing the conduct and implementation of legislative reviews;
- determining the National Competition Council's ongoing work programme, in consultation with the States and Territories;
- advising the Government on the National Competition Council's recommendations on payment to the States and Territories of the National Competition Policy Payments; and
- ongoing involvement in the development and implementation of key industry access regimes.

Treasury will also continue to participate in progressing structural reforms in key infrastructure industries in the economy, including gas, electricity, water, aviation, rail, postal services and telecommunications.

Performance Indicators

Performance information and indicators for this Sub-Programme include:

- influence on policy outcomes through Cabinet and other processes, including legislative changes;
- external assessment of the quality and impact of the Sub-Programmes briefings, policy work and responses to requests;
- feedback stemming from interdepartmental and other policy development processes; and
- internal assessments of the quality, timeliness and strategic focus of advice provided to the Government.

The range, quality and influence of publications, submissions to inquiries, as well as other contributions to public debate and understanding of structural issues, are further performance indicators for this Sub-Programme.

Sub-Programme 1.4 — Taxation

Objective

To develop taxation policies which contribute to the reform of the Australian taxation system in terms of efficiency, equity and administrative simplicity.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	4,640	17,982	17,229	10,099	-41
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	4	4	57	8	-86
	4,644	17,986	17,286	10,107	-42
2. Other Services					
09. Ex gratia payment to approved charitable organisations or trust funds in memory of the Princess of Wales	-	550	-	793	-
Total Appropriation Bill No. 1	4,644	18,536	17,286	10,900	-37
<i>Appropriation Bill No. 2</i>					
Division 977 - Payments to or for the States, the Northern Territory, and the Australian Capital Territory					
03. Payments to state Government in lieu of stamp duty on Airport Sales	-	96,100	96,100	-	-100
Total Appropriation Bill No. 2	-	96,100	96,100	-	-100
TOTAL ANNUAL APPROPRIATIONS	4,644	114,636	113,386	10,900	-90
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	4,644	114,636	113,386	10,900	-90

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	4	na	57	8	-86
Less other adjustments	-	na	96,100	-	-100
TOTAL ADJUSTMENTS	4	na	96,157	8	-100
TOTAL UNDERLYING OUTLAYS	4,640	na	17,229	10,892	-37
Staff years	60	na	75	77	3

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		17,229
Budget Measures		
Development of Tax Reform Programme (see also page 181)	4,200	
Decrease in funding for community education and information programme on the taxation system	-10,000	
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers.	-1,330	
Programme Costs		
Funding for payment to charitable organisations associated with the Princess of Wales	793	
Total Variations		-6,337
1998-99 Budget Underlying Outlays (ii)		10,892

- (i) The 1997-98 figure appears in column 3 in Table 4.2 above.
(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

The Sub-Programme has been allocated an additional \$4.2 million in 1998-99 to service the continuing work of the Government's Taxation Task Force. For further information refer to page 181 in Section 5.

The Sub-Programme is also responsible for administering ex gratia payments to approved charitable organisations or trust funds in memory of the Princess of Wales. For further information refer to page 181 in Section 5.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 32 to 40 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Functions and resources under this Sub-Programme have traditionally gone to the Taxation Policy Division (TPD). In addition, in late 1996-97, a small group of senior officers were brought together in a separate Tax Reform Group (TRG). The focus of this Group was to develop options, and to provide policy advice, on the tax reform process. In doing this the TRG worked closely with TPD and, with the convergence of the tax policy and tax reform agendas, TRG and TPD were merged into a single Taxation Policy Group (TPG) in April 1998.

As part of the tax reform process, the Prime Minister announced in August 1997 the setting up of a Taxation Task Force (with members from Treasury, Department of the Prime Minister and Cabinet, the Australian Taxation Office, the Treasurer's Office and the Cabinet Policy Unit). The Taxation Task Force advises the Government on tax reform; it is serviced by the TPG.

Strategies

The principal focus of the Sub-Programme in 1998-99 will be developing and refining proposals for tax reform which effectively improve economic welfare, and attain Government objectives. Advice and other briefing will be prepared for the Government and Taxation Task Force on these proposals, as well as on proposals developed outside the Sub-Programme.

Resources under the Sub-Programme will need to be allocated to policy advice and briefing with respect to the existing tax system, and to the transition from the existing tax system to a reformed system.

Other efforts will be directed at the preparation of budget revenue forecasts; the compiling of costings of proposed changes to the taxation system (including, in compliance with the Charter of Budget Honesty, of costings sought during any election period); the preparation of revenue estimates for the Commonwealth on an accrual accounting basis; compliance with other requirements of the Sub-Programme by the

Government, including preparation of the Tax Expenditures Statement; compliance with other requirements of the Sub-Programme by the Parliament, including the processing of requests under the *Freedom of Information Act 1982*; and suitable assistance being provided to Portfolio Ministers with the preparation of responses to correspondence.

The meeting of performance targets will be achieved by:

- the maintenance and development of a staff of highly skilled taxation policy advisers (with relevant economic, accounting, commercial and/or legal training) and a team of highly skilled administrative staff and the maintenance of an effective relationship with external agencies;
- the appropriate allocation of available resources to the highest priority tasks;
- the efficient use of resources. An important aspect of this in 1998-99 will be the settling down of the newly-formed Taxation Policy Group (TPG). While the setting up of the TRG in 1996-97 was a suitable response to the need to develop a comprehensive tax reform package, progress in the development of the package meant that a TPD/TRG merger was appropriate so as to minimise duplication and ensure policy coordination;
- attendance at relevant seminars and courses, so as to strengthen the policy advising skills of officers. This will continue to be backed by the holding of in-house seminars on matters closely related to tax reform, including with guest speakers;
- participation in discussion and debate with industry bodies and other relevant parties; and
- continued close liaison with the Taxation Task Force.

In preparing high quality, relevant and timely advice for the Government and the Taxation Task Force, the TPG will consult with a wide variety of stakeholders — including government agencies, the States and Territories, industry, community organisations and lobby groups. This will include:

- via frequent face-to-face meetings, and attendance at stakeholders' conferences and seminars;
- participation in the Tax Liaison Group. The aim of this Group is to bring together representatives of industry and the Australian Taxation Office (ATO) to discuss taxation matters;
- liaison work with the newly formed Financial Sector Advisory Council on taxation issues affecting the competitiveness of the financial sector;
- regular meetings of the Tax Policy Panel (a forum comprising senior Treasury and ATO officers and representatives of the offices of the Portfolio Ministers) at which major tax policy issues are discussed; and

- regular meetings of the Revenue Analysis Group, a forum within which Treasury officers and officers from the ATO's Revenue Analysis Branch discuss issues relating to revenue forecasting and costing of tax policy measures.

In order to maintain a sound analytical basis on which to formulate policy advice, the programme will continue to undertake policy research and analysis on taxation issues. The Division's Price Revenue Incidence Simulation Model (PRISMOD) model will comprise an important element in policy development by providing revenue estimates, as well as price and distributional effects, of various tax reform options.

Performance indicators

The performance of the Sub-Programme will be assessed by indicators including:

- satisfaction of Treasury Ministers and the Government in general that policy advice is relevant, timely and of high quality;
- feedback from the Taxation Task Force regarding the quality, relevance and timeliness of advice on reform options;
- briefings meeting departmental standards of comprehensiveness and consistency with broader economic and social objectives, analytical rigour, defensibility, presentation and effectiveness;
- briefings influencing tax reform outcomes;
- feedback from the private sector and other external agencies. Also of relevance will be the range and effectiveness of external contacts and the impact of the contribution made to community debate on taxation reform; and
- conclusions of internal evaluation sessions for particular projects/processes.

Sub-Programme 1.5 — Fiscal

Objectives

To develop fiscal policies, including arrangements for the distribution of resources between the Commonwealth and other levels of government, which are consistent with sustainable public finances and macroeconomic objectives.

To administer efficiently the provision of general revenue assistance and revenue replacement payments to other levels of government.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	3,093	2,728	2,380	2,721	14
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	4	4	14	14	0
	3,097	2,732	2,394	2,735	14
Total Appropriation Bill No. 1	3,097	2,732	2,394	2,735	14
<i>Appropriation Bill No. 2</i>					
Division 977 - Payments to or for the States, the Northern Territory, and the Australian Capital Territory					
01. Australian Capital Territory - Special revenue assistance	34,500	34,500	34,500	25,000	-28
Total Appropriation Bill No. 2	34,500	34,500	34,500	25,000	-28
TOTAL ANNUAL APPROPRIATIONS	37,597	37,232	36,894	27,735	-25
Special Appropriations					
<i>States Grants (General Purposes) Act 1994</i>	16,168,875	na	21,674,917	23,237,843	7
TOTAL SPECIAL APPROPRIATIONS	16,168,875	na	21,674,917	23,237,843	7
TOTAL APPROPRIATIONS	16,206,472	na	21,711,811	23,265,578	7

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	4	na	14	14	0
Less other adjustments					
Revenue replacement payments	-	na	5,104,066	6,480,002	27
Fiscal contributions by State Governments	-	na	406,580	-	-100
TOTAL ADJUSTMENTS	4	na	5,510,660	6,480,016	18
TOTAL UNDERLYING OUTLAYS	16,206,468	na	16,201,151	16,785,562	4
Staff years	38	na	29	34	17

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		16,201,151
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	341	
Programme Costs		
Reduction in special revenue assistance for the Australian Capital Territory	-9,500	
Net effect of estimated payments and revenue under the <i>States Grants (General Purpose) Act 1994</i> (ii)	186,990	
Reduction in fiscal payments into the Consolidated Revenue Fund of contributions by States. See additional text below and Table 4.4 for further information	406,580	
Total Variations		584,411
1998-99 Budget Underlying Outlays (iii)		16,785,562

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) Increase in estimated payments under the *States Grants (General Purpose) Act 1994* (\$1,563 million) net of increase in revenue replacement payments (\$1,376 million).

(iii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

The programme costs and adjustments shown in Tables 4.2 and 4.3 include variations in payments to the States and Territories under Sub-Programme 1.5 and State fiscal contributions. Table 4.4 provides further information on payments to the States and Territories and State fiscal contributions.

Table 4.4: Payments to the States and Territories under Sub-Programme 1.5 and Components of State Fiscal Contributions

	1997-98 Estimated Actual \$'000	1998-99 Budget \$'000	Variation \$'000 %	
Entitlement under the <i>States Grants (General Purpose) Act 1994</i>	21,745,248	23,551,252	1,806,004	8
<i>less:</i> State fiscal contributions to be deducted from general revenue assistance	70,331	313,409		
<i>Equals:</i> Special appropriation for <i>States Grants (General Purposes) Act</i> (Table 4.2)	21,674,917	23,237,843	1,562,926	7
<i>less:</i> State fiscal contributions to be paid directly to the Commonwealth (receipts shown in Table 4.2)	406,580	-		
<i>plus:</i> Appropriation under Division 977 in Tables 4.2 and 4.3 (ACT special revenue assistance)	34,500	25,000		
<i>Equals:</i> Net Payments to States under sub-programme 1.5	21,302,837	23,262,843	1,960,006	9
<i>less:</i> State fiscal contributions to be deducted from specific purpose payments (CSHA funding)	149,680	-		
<i>Equals:</i> Payments to States under sub-programme 1.5 less total State fiscal contribution	21,153,157	23,262,843	2,109,686	10

The estimated increase in entitlement under the *States Grants (General Purposes) Act 1994* of \$1,806 million in 1998-99 reflects a number of factors, primarily an increase in revenue replacement payments (up \$1,376 million to \$6,480 million). These payments form part of the safety net arrangements which were implemented by the Commonwealth at the unanimous request of the States and Territories following the High Court ruling on 5 August 1997 which cast into doubt the constitutional validity of State business franchise fees (*Ha and Lim v. New South Wales* and *Walter Hammond & Associates Pty Ltd v New South Wales*). The safety net arrangements have a neutral net impact on the Commonwealth's fiscal position, as the total amount of revenue replacement payments will equate with the amount of revenue raised by Commonwealth surcharges applied on behalf of the States on tobacco, petroleum and alcohol products (less administrative costs). As the safety net arrangements came into effect part way through 1997-98, the large increase in revenue replacement payments in 1998-99 mainly reflects the expected full year operation of these arrangements.

The increased entitlement under the *States Grants (General Purposes) Act 1994* in 1998-99 also incorporates real per capita indexation of the pool of financial assistance grants (up \$488 million to \$16,854 million) and real indexation of National Competition Payments (up \$4 million to \$217 million). These factors are partly offset by the discontinuation of the direct payment of special revenue assistance to New South Wales and Victoria as part of the Medicare Guarantee arrangements (a reduction of \$62 million).

Table 4.4 provides information on the methods of payment of the States' 1997-98 fiscal contributions. Western Australia and Tasmania made payments by way of deductions from the weekly payments of general revenue assistance (\$70 million). New South Wales, Victoria and South Australia (in part) made direct weekly payments (\$407 million). Queensland, South Australia (in part), the Australian Capital Territory and the Northern Territory made payments through reductions in specific purpose payments (\$150 million).

The States may also make their 1998-99 fiscal contributions by way of deductions from general revenue assistance, direct payments or reductions in the Commonwealth's contribution to a specific purpose payment. As this was not determined at the time this statement was prepared, in tables 4.2, 4.3 and 4.4 the total amount of the 1998-99 fiscal contribution is offset against general revenue assistance.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

Extension of Real Per Capita Guarantee for Financial Assistance Grants (FAGs) to the States and Territories

The Commonwealth will maintain FAGs paid to the States in real per capita terms in 1998-99 and has extended the real per capita guarantee for FAGs to 2000-01. The cost of the extension of the guarantee is estimated to be \$191 million in 2000-01 and \$196 million in 2001-02. For further information refer to page 182 in Section 5.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 41 to 47 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Strategies

The strategies which will contribute to achieving the objectives of the Sub-Programme in 1998-99, include the following.

- The assessment of, and the provision of information on, the fiscal outlook.
- The preparation of advice on fiscal policy — including medium-term strategies, priorities and options, the efficiency of the public sector and Commonwealth/State relations, budgetary developments in the State/Territory sector and borrowings by all levels of government.
- The provision of advice which seeks to balance various considerations in the setting of fiscal policy, including impacts on aggregate demand, public saving, inter-generational equity and future flexibility.

- Participation in programme policy reviews.
- The enhancement of transparency, accountability and public scrutiny of public sector finances through implementation of the Charter of Budget Honesty, Loan Council and uniform fiscal reporting arrangements, and the publication of Commonwealth budget documentation.
- The provision of financial resources to other levels of government ensuring that appropriate administrative arrangements are in place and that all accountability requirements are met.
- Contributing to public debate and understanding of the Government's fiscal consolidation strategy and its implications, and of public sector finances more generally, including by undertaking policy relevant research and analysis.

Performance Indicators

- The quality, timeliness and relevance of fiscal policy advice taking into account:
 - the contribution to policy outcomes; and
 - feedback from the Department's executive, the Government and external sources.
- The efficiency and effectiveness of arrangements to meet operational requirements, including the making of payments to other levels of government, as measured by feedback from other governments and by internal and external audit.

Sub-Programme 1.6 — Debt Management

Objective

To raise, manage and retire Commonwealth debt at the lowest possible long-term cost, consistent with an acceptable degree of risk exposure.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	1,440	1,485	1,483	1,436	-3
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	1	1	3	3	0
2. Other Services	1,441	1,486	1,486	1,439	-3
02. Loan management expenses	3,390	3,390	3,390	3,153	-7
03. Overseas bond issues - Payments in respect of lapsed coupons	10	20	20	10	-50
04. Australian National Railways Commission - Debt acquisition	1,035,100	1,209,100	926,100	118,100	-87
	1,038,500	1,212,510	929,510	121,263	-87
Total Appropriation Bill No. 1	1,039,941	1,213,996	930,996	122,702	-87
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	1,039,941	1,213,996	930,996	122,702	-87

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Special Appropriations					
<i>Airports (Transitional) Act 1996 - Former debts of the Federal Airports Corporation - Interest</i>	48,800	na	51,100	51,900	2
<i>Commonwealth Inscribed Stock Act 1911, Loans Securities Act 1919, Loans Redemption and Conversion Act 1921</i>	9,183,550	na	8,818,540	8,243,025	-7
<i>Commonwealth Inscribed Stock Act 1911, Loans Securities Act 1919, Loans Redemption and Conversion Act 1921 - Other debt charges</i>	-	na	4,885,000	-	-100
<i>Commonwealth Inscribed Stock Act 1911, Treasury Bills Act 1914 - Payment of Special Bond premiums on redemption</i>	5	na	5	5	0
<i>Financial Agreement Act 1994 - Assistance for debt redemption</i>	62,300	na	62,300	28,100	-55
<i>Financial Agreement Act 1994 - Commonwealth Contribution to Debt Retirement Reserve Trust Account on State and Northern Territory Debt</i>	10,410	na	10,395	8,270	-20
<i>Financial Agreement Act 1994 - Interest on Debt Retirement Reserve Trust Account Balances</i>	829	na	400	829	107
<i>Loans Redemption and Conversion Act 1921</i>	5	na	5	5	0
<i>Loans Securities Amendment Act 1988 (Swaps) - Interest</i>	775,000	na	928,000	1,400,000	51
<i>Loans Securities Amendment Act 1988 (Swaps) - Principal</i>	4,000,000	na	3,200,000	5,998,000	87
<i>Moomba - Sydney Pipeline System Sale Act 1994</i>	18,945	na	18,945	19,070	1
<i>Qantas Sale Act 1992 - Qantas debt servicing</i>	61,770	na	71,684	336,984	370
TOTAL SPECIAL APPROPRIATIONS	14,161,614	na	18,046,374	16,086,188	-11
TOTAL APPROPRIATIONS	15,201,555	1,213,996	18,977,370	16,208,890	-15

Table 4.2: How the Sub-Programme is Resourced: Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	1	na	3	3	0
Less other adjustments	6,203,768	na	10,625,531	8,422,653	-21
TOTAL ADJUSTMENTS	6,203,769	na	10,625,534	8,422,656	-21
TOTAL UNDERLYING OUTLAYS	8,997,786	na	8,351,836	7,786,234	-7
Staff years	22	na	21	20	-5

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes affecting the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		8,351,836
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-50	
Programme Costs		
Reduced loan management expenses associated with Commonwealth debt largely reflect a lower level of outstanding debt on issue on which loan management expenses are payable	-237	
Reduced payments associated with the assumption of Australian National Railways (ANR) debt reflect a lower level of debt to be assumed in 1998-99 (-403,000), and lower principal (-404,000) and interest payments (-1,000) in that year	-808,000	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)

	Amount of Variation (+ or -) \$'000	Total \$'000
Special Appropriations		
Increase, due to exchange rate variations, in interest payable on debt assumed from the Federal Airports Corporation	800	
Decreased interest outlays payable under the <i>Commonwealth Inscribed Stock (CIS) Act 1919</i> , <i>Loans Securities (LS) Act 1919</i> , and <i>Loans Redemptions and Conversion (LR&C) Act 1921</i> , reflect the impact of the reduction in debt associated with the projected headline surpluses in 1997-98 and 1998-99	-575,515	
Reduced payments under the <i>CIS Act 1919</i> , <i>LS Act 1919</i> and the <i>LR&C Act 1921</i> for other debt charges result from the charging of repurchases of debt to the CRF in 1997-98, whereas no such payments are estimated to be charged to that fund in 1998-99	-4,885,000	
Reduced assistance for debt redemption outlays paid to the States under the <i>Financial Agreement Act 1994</i> , reflect a lower level of debt maturing on behalf of the States in 1998-99, on which the assistance is based	-34,200	
Reduced Commonwealth contributions to the Debt Retirement Reserve Trust Account (DRRTA) reflect reductions in CGS on issue for the States, on which the contributions are based	-2,125	
Reflects higher expected balances in the DRRTA in 1998-99, compared with 1997-98, on which interest is payable	429	
Increased interest payments on swaps under the <i>Loans Securities Amendment (LSA) Act 1988</i> , largely reflect an increase in the size of the Commonwealth's swap portfolio over the course of 1997-98 and an expected increase in the size of the portfolio over the course of 1998-99	472,000	
Increased principal payments on swaps under the <i>LSA Act 1988</i> , largely reflect an increase in the size of the Commonwealth's swap portfolio over the course of 1997-98 and an expected increase in the size of the portfolio over the course of 1998-99	2,798,000	
The increase reflects increased principal payments (2,000) on Pipeline Authority debt assumed by the Commonwealth under the <i>Moomba-Sydney Pipeline System Act 1994</i> , largely offset by a reduction in interest payments (-1,875) reflecting the lower level of debt remaining on issue	125	
The increase reflects increased principal payments (268,500) on QANTAS debt assumed by the Commonwealth under the <i>QANTAS Sale Act 1992</i> , partially offset by a reduction in interest payments (-3,200) reflecting a lower level of debt on issue	265,300	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)

	Amount of Variation (+ or -) \$'000	Total \$'000
Adjustments		
Total payments under the Sub-Programme are adjusted to derive an underlying outlays figure. The adjustments are as follows:		
Receipts Offset Within Outlays		
Decreased payments by ANR to the Commonwealth in 1998-99, reflecting a lower level of debt to be assumed in that year. The payment by ANR, exactly offsetting a Commonwealth payment to ANR included above, is made to effect the transfer of debt to the Commonwealth	403,000	
Increased interest receipts on swaps under the <i>LSA Act 1988</i> , largely reflecting an increase in the size of the Commonwealth's swap portfolio over the course of 1997-98 and an expected increase in the size of the portfolio over the course of 1998-99	-433,000	
Appropriations Classified as Revenue or Financing Transactions		
Decreased principal payments in relation to ANR debt assumed by the Commonwealth	404,000	
Increased principal payments on swaps under the <i>LSA Act 1988</i>	-2,798,000	
Increased principal payments on Pipeline Authority debt assumed by the Commonwealth	-2,000	
Increased principal payments on QANTAS debt assumed by the Commonwealth under the <i>QANTAS Sale Act 1992</i>	-268,500	
Reduced payments under the <i>CIS Act 1919</i> , <i>LS Act 1919</i> and the <i>LR&C Act 1921</i> for other debt charges	4,885,000	
Trust Account Transactions Affecting Outlays		
Reflects higher expected balances in the DRRTA in 1998-99, compared with 1997-98, on which interest is payable	-429	
Increased receipts of the Loan Consolidation and Investment Reserve reflect increased holdings of CGS on which interest is received, following repurchases	-279,400	
Appropriations from the Loan Fund Affecting Outlays		
Decreased level of Loan Fund transactions resulting in interest receipts, reflects the movement between years in Loan Fund outlays as measured by the net effect of premia on issue and discounts at redemption	292,200	
Total Variations		-565,602
1998-99 Budget Underlying Outlays (ii)		7,786,234

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 48 to 53 of the 1996-97 Annual Report of the Department of the Treasury. Further information on debt management can be found in the '*Commonwealth Debt Management*' report for 1996-97. Performance information for 1997-98 will be published in the 1997-98 Treasury Annual Report to be tabled in Parliament by 31 October 1998. *Budget Statement 6 of Budget Paper No. 1* 1998-99 contains interim information on the Commonwealth's borrowing requirement for 1997-98. Full details of the Commonwealth's debt and portfolio management operations in 1997-98 will be published in the '*Commonwealth Debt Management*' report for 1997-98, which is expected to be published in September 1998.

Performance Forecasts for 1998-99

Strategies

Strategies to achieve the objective of the Sub-Programme include:

- utilisation and further development of a broad range of debt instruments and liability management techniques;
- regular contact with financial market participants in domestic and offshore markets, other sovereign borrowers and the RBA, to pursue best practice in the Government's debt funding and management decisions and to foster market familiarity with the Commonwealth's strategies in these areas;
- utilisation of specialist external advice as input into longer term strategic Portfolio management decisions;
- ensuring all legislative, administrative and accountability requirements for debt issue and redemption and the payment of debt assistance are met;
- ensuring efficient, secure and accountable procedures are in place for the processing of transactions;
- liaison with spending Departments, the DoFA, the RBA and the ATO to facilitate efficient cash management; and
- internal review and evaluation of processes and outcomes.

Performance Indicators

Performance will be measured against the following indicators:

- achievement of the Commonwealth's financing task;
- efficient execution of the Commonwealth's borrowing programme;
 - partial indicators in this regard include the range of accepted bids and the basis point spread between tender and secondary market yields at Treasury Bond, Treasury Indexed Bond, Treasury Adjustable Rate Bond and Treasury Note tenders;
- efficient management of the Commonwealth's cash balances;
 - indicators include achievement of the Ministerially-endorsed cumulative average cash balance target as at end year;
- meeting all legislative, administrative and accountability requirements for debt issue and redemption and the payment of debt assistance related to redemption of Commonwealth Government debt on issue for the States and Territories;
- efficient administration of debt redemption for the States and the Northern Territory through the Debt Retirement Reserve Trust Account; and
- timely calculation of Public Debt Interest (PDI) obligations as an input into budgetary processes.

Sub-Programme 1.7 — Investment

Objectives

To encourage foreign investment consistent with national interest considerations and through procedures that minimise the impact on commercial decision making.

Table 4.2: How the Sub-Programme is Resourced: Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	3,216	3,905	3,460	1,925	-44
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	2	2	2	2	0
	3,218	3,907	3,462	1,927	-44
Total Appropriation Bill No. 1	3,218	3,907	3,462	1,927	-44
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	3,218	3,907	3,462	1,927	-44
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	3,218	3,907	3,462	1,927	-44
Less annotated appropriations	2	na	2	2	0
TOTAL ADJUSTMENTS	2	na	2	2	0
TOTAL UNDERLYING OUTLAYS	3,216	na	3,460	1,925	-44
Staff years	35	na	32	23	-28

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome)

Note: The Development Allowance Authority (DAA) transferred to the ATO with effect from 27 November 1997. Funding shown above includes DAA funding to that date. There is no DAA funding included for 1998-99.

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		3,460
Running Costs		
Reflects the transfer of the Development Allowance Authority to the ATO	-1,526	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-9	
Total Variations		-1,535
1998-99 Budget Underlying Outlays (ii)		1,925

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 54 to 57 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the Treasury's 1997-98 Annual Report to be tabled in Parliament. Further information on foreign investment policy can be found in the Annual Reports of the Foreign Investment Review Board (FIRB).

Performance Forecasts for 1998-99

Foreign Investment Policy

Most of the Department's foreign investment work is case driven with most cases handled within the Department under Ministerial delegation. Those cases which involve major national interest considerations will be decided by either the Treasurer or the Assistant Treasurer.

Strategies

Strategies to achieve the foreign investment objectives of the Sub-Programme include:

- monitoring and assessing trends in foreign investment cases in relation to possible implications for the Government's foreign investment policy;
- monitoring and assessing investment trends, in consultation with other Government Departments and State Governments;

- consulting closely with members of the FIRB in relation to the administration of the Government's foreign investment policy;
- fostering an awareness and understanding of the Government's foreign investment policy in the community and in the business sector, both in Australia and abroad;
- initiating and developing new policy proposals to ensure that the policy is responsive to changes in Australia's social and commercial environment;
- participating in international fora to promote investment liberalisation on a multilateral basis; and
- internally reviewing and evaluating processes and outcomes.

Performance Indicators

Performance indicators relating to foreign investment objectives of the Sub-Programme include:

- early identification of sensitive cases requiring Ministerial consideration;
- compliance with all statutory requirements applying to cases;
- feedback from the FIRB on the timeliness and consistency of decisions made on foreign investment proposals under delegation and recommendations for Ministerial consideration;
- relations with and feedback from foreign investors, their agents and the public in relation to the administration and understanding of foreign investment policy; and
- effective participation in international fora on foreign investment policy issues.

Sub-Programme 1.8 — Financial & Currency

Objectives

To develop policies and a framework of legislation and industry supervision that assist in increasing the efficiency, competitiveness and stability of Australia's financial system.

To provide advice and implement policies on the taxation and non-taxation issues relating to the age pension and private savings including superannuation and life and general insurance.

To provide and maintain a currency system that represents an efficient medium of exchange.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	3,803	3,849	3,468	3,478	0
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	23	23	107	96	-10
	3,826	3,872	3,575	3,574	-0
2. Other Services					
01. Compensation and legal expenses	115	115	115	-	-100
05. Housing Loans Insurance Company Limited - Payments in respect of insurance claims	20,000	20,000	20,000	26,000	30
	20,115	20,115	20,115	26,000	29
Total Appropriation Bill No. 1	23,941	23,987	23,690	29,574	25
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	23,941	23,987	23,690	29,574	25
Special Appropriations					
<i>Banking Act 1959</i> - unclaimed moneys	15,000	na	15,000	15,000	0
TOTAL SPECIAL APPROPRIATIONS	15,000	na	15,000	15,000	0
TOTAL APPROPRIATIONS	38,941	23,987	38,690	44,574	15

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	23	na	107	96	-10
Less other adjustments	35,070	na	44,570	44,070	-1
TOTAL ADJUSTMENTS	35,093	na	44,677	44,166	-1
TOTAL UNDERLYING OUTLAYS	3,848	na	-5,987	408	-107
Staff years	43	na	40	45	13

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome)

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		-5,987
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	10	
Programme Costs		
Reduced funding for Compensation and legal expenses	-115	
Increased payments in respect of insurance claims for the Housing Loans Insurance Company Limited	6,000	
Adjustments		
Net effect of Net Advance and payments to CRF, for the HLIC, and Premiums and Recoveries from the old HLIC book	500	
Total Variations		6,395
1998-99 Budget Underlying Outlays (ii)		408

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 58 to 62 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

During 1997-98, the Sub-Programme has been responsible for the implementation of the Government's response to the recommendations of the Financial System Inquiry. Legislation to establish the new regulatory regime for the financial sector was introduced into Parliament in March 1998.

Performance Forecasts for 1998-99

During 1998-99, the Sub-Programme will continue to be responsible for the implementation of the Government's response to the Financial System Inquiry. It will administer relevant banking legislation and provide input into maintaining the currency system. The Sub-Programme will take responsibility for advising the Government on superannuation, savings and retirement incomes policy and for progressing, with the ATO and the Australian Prudential Regulation Authority (APRA), the Government's decisions in this area.

Strategies

The key strategies which will be utilised to achieve these Sub-Programme objectives include:

- maintaining close liaison with the Portfolio Ministers' offices, industry regulators (particularly the RBA, the ATO, and the APRA) and other Government departments and agencies;
- preparing policy advice on a range of financial, superannuation, banking and currency issues and implementing policy decisions taken by the Government;
- liaising, as appropriate, with State and Territory Governments, the banking and finance and superannuation industries and consumer organisations;
- providing Secretariat support for the Financial Sector Advisory Council (FSAC) and its Regional Financial Centre Task Force;
- developing and using computer models and databases for the review and development of superannuation and retirement incomes policy and related taxation and social security policy; and
- undertaking internal review and evaluation of processes and outcomes.

Performance Indicators

The performance of this Sub-Programme will be judged by indicators such as the provision of sound, comprehensive, effective and timely advice to the Treasurer and

other Portfolio Ministers, senior Departmental officers, other Government agencies and affected private sector interests. This will include:

- the preparation of necessary legislative amendments;
- effective implementation of the Government's decisions in relation to the recommendations of the Financial System Inquiry; and
- the development and implementation of the Government's superannuation and retirement income initiatives, and administration of banking and other relevant legislation.

Sub-Programme 1.9 — Business Law

Objective

To develop policies which contribute to the efficiency and competitiveness of corporations and financial markets.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	4,469	4,340	3,992	3,921	-2
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	14	14	16	16	0
	4,483	4,354	4,008	3,937	-2
Total Appropriation Bill No. 1	4,483	4,354	4,008	3,937	-2
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	4,483	4,354	4,008	3,937	-2
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	4,483	4,354	4,008	3,937	-2
Less annotated appropriations	14	na	16	16	0
TOTAL ADJUSTMENTS	14	na	16	16	0
TOTAL UNDERLYING OUTLAYS	4,469	na	3,992	3,921	-2
Staff years	41	na	36	38	6

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome)

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 63 to 67 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

The Corporate Law Economic Reform Programme emphasises the new economic focus being brought to Australia's corporations law and financial markets developments more generally as part of the Government's drive to promote business and economic development.

It is expected that the Sub-Programme will achieve the following significant outcomes in 1998-99:

- secure passage of legislation to reform the Cheques Act and the introduction of real time gross settlement and netting for financial markets;
- introduce the Corporate Law Economic Reform Bill into Parliament implementing reform proposals in relation to accounting standards, fundraising, takeovers and directors' duties;
- establish a Financial Reporting Council and put in place new arrangements for setting accounting standards;
- introduce into Parliament legislation reforming the regulation of financial markets and the provision of financial services;
- continue implementation of the Report of the Financial System Inquiry in relation to market conduct and consumer protection;
- progress proposals contained in the Company Law Review Bill to reform the provisions of the Corporations Law dealing with company formation, share capital, accounts and audit, company meetings, company names and company deregistration and reinstatement;
- progress proposals contained in the Managed Investment Bill for the enhanced regulation of collective investment schemes;
- finalise the review of the Bills of Exchange Act 1909 as foreshadowed under the Government's Legislative Review Schedule;
- implement reforms to the system of registration and regulation of auditors and corporate insolvency practitioners; and
- review Australia's insolvency laws including voluntary administration and cross border insolvency.

Strategies

Strategies to achieve the objectives of the Sub-Programme include:

- developing and reviewing national business laws and policies relating to corporations, securities and futures industries, and cheques and bills of exchange;

- initiating and developing new policy proposals and preparing policy advice on a wide range of issues affecting business;
- identifying emerging issues and analysing policy proposals by market participants;
- maintaining liaison with the Australian Securities and Investments Commission, financial market participants, companies and investors; and
- developing an effective working relationship with other Sub-Programmes to enhance policy advising on business regulation.

Performance Indicators

Performance indicators for this Sub-Programme include:

- the quality, timeliness and relevance of policy advice to the Government;
- feedback from market participants, business representatives, company directors, shareholders and investors on the effectiveness of policies; and
- the range and effectiveness of consultations on policies.

Sub-Programme 1.10 — Corporate Direction & Support**Objective**

To coordinate the provision of policy advice and support and to coordinate management of Departmental resources.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 670 - Administrative					
1. Running Costs	14,393	15,100	14,811	14,671	-1
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	709	712	768	713	-7
	15,102	15,812	15,579	15,384	-1
2. Other Services					
01. Compensation and legal expenses	118	585	585	943	61
Total Appropriation Bill No. 1	15,220	16,397	16,164	16,327	1
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATION	15,220	16,397	16,164	16,327	1
TOTAL SPECIAL APPROPRIATION	-	-	-	-	-
TOTAL APPROPRIATIONS	15,220	16,397	16,164	16,327	1
Less annotated appropriations	709	na	768	713	-7
Less other adjustments	25	na	110	25	-77
TOTAL ADJUSTMENTS	734	na	878	738	-16
TOTAL UNDERLYING OUTLAYS	14,486	na	15,286	15,589	2
Staff years	135	na	120	126	5

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Budget figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome)

1998-99 Budget Measures affecting Portfolio Underlying Outlays

The Sub-Programme has responsibility for the fitout and integrated refurbishment of the Treasury building. The measure is part of the overall capital works programme for the Commonwealth developed by the Domestic Property Group and accords with the Commonwealth Property Principles of January 1997. For further information refer to page 184 in Section 5.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 68 to 73 of the 1996-97 Annual Report of the Department of the Treasury. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

For 1998-99, particular attention will be paid to further strengthening Treasury's performance by:

- conducting a wide-ranging review of Treasury's core business, which will include an examination of processes and procedures;
- conducting a review of the provision of corporate services, with a view to identifying opportunities for improving efficiency and service delivery;
- examining strategies for accrual-based accounting and electronic commerce; and
- establishing a second enterprise agreement for the Department.

Strategies

Strategies to achieve the objectives of the Sub-Programme include:

- maintaining liaison with Treasury Ministers and their offices and other Government departments;
- gathering feedback through high level contact, both domestically and internationally, with governments, business, unions and interest groups for input into the policy advising process;
- organising Departmental resources efficiently so as to provide Portfolio Ministers with high quality, relevant and timely advice;
- fostering a consultative management culture within the Department;
- fortnightly meetings of the Executive, functioning as Executive Board for the Department, to discuss high level issues;
- fortnightly meetings of the Executive and Sub-Programme Heads to discuss policy and management issues;
- using the structure of Corporate Support Committees, each chaired by a Deputy Secretary, to manage the Department's provision of corporate services; and
- allocating Departmental resources to the reviews of core business and corporate services.

Performance Indicators

As the Executive are the peak decision makers within the Treasury, the overall perception of Treasury Portfolio Ministers of the quality of Treasury advice and administration is a relevant performance indicator. More specifically, indicators include:

- the effectiveness of communication both domestically and internationally with major economic participants, such as governments, international organisations, business, unions and interest groups;
- the level of staff morale and effectiveness of staff management and development;
- the degree of efficiency of the application of resources available to Treasury, and particularly human resources, including the quality of corporate support services; and
- the efficiency and effectiveness with which Treasury meets its statutory obligations and the Government's policy requirements.

**PROGRAMME 2 — ROYAL AUSTRALIAN
MINT**

PROGRAMME 2 — ROYAL AUSTRALIAN MINT

The Royal Australian Mint (the Mint) is an 'off budget' commercial organisation and operates on a Commercial Activities Fund. That is, the Mint is not financed by Budget appropriations.

The purpose of the Mint is to fulfil Australia's requirements for producing circulating and numismatic coins and to meet or exceed its owner's profit objectives.

To achieve these goals the Mint seeks to meet its customers' needs, to foster a committed, skilled and satisfied work force and to meet the rate of return target prescribed by the Government.

The Mint's financial statements are incorporated in both the Treasury and the Royal Australian Mint Annual Reports.

Table 4.2: How the Programme is Resourced; Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
TOTAL APPROPRIATIONS	-	-	-	-	-
Less other adjustments (iv)	-	-	-	(1,400)	-
TOTAL UNDERLYING OUTLAYS	-	-	-	1,400	-

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Appropriation figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).
(iv) The variation relates to the impact of 'competitive neutrality payments'.

Performance of the Programme in 1996-97 and 1997-98

Information on the performance of this Programme in 1996-97 is contained in the Annual Report of the Royal Australian Mint. The Mint's financial performance for 1997-98 will be recorded in the Royal Australian Mint Annual Report which is scheduled to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

The Mint's strategies for 1998-99 are aimed at the efficient production of the country's circulating coin requirements; promoting its core numismatic products; implementing the Sydney 2000 Olympic Coin Program (a joint venture with the Perth Mint); and achieving further productivity and efficiency gains to maximise its financial rate of return.

**PROGRAMME 3 — AUSTRALIAN BUREAU OF
STATISTICS**

PROGRAMME 3 — AUSTRALIAN BUREAU OF STATISTICS

Objective

To assist and encourage informed decision-making, research and discussion within governments and the community by providing a high-quality, user oriented and dynamic statistical service.

Table 4.1: Summary of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcomes \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 671 - Australian Bureau of Statistics					
1. Running Costs	217,220	218,840	218,840	212,627	-3
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	26,000	30,000	30,000	26,000	-13
	243,220	248,840	248,840	238,627	-4
2. Other Services	72	72	72	74	3
Total Appropriation Bill No. 1	243,292	248,912	248,912	238,701	-4
<i>Appropriation Bill No. 2</i>					
Division 979 - Australian Bureau of Statistics					
1. Capital Works and Services					
01. Plant and Equipment	1,456	1,456	1,456	2,210	52
Total Appropriation Bill No. 2	1,456	1,456	1,456	2,210	52
TOTAL ANNUAL APPROPRIATIONS	244,748	250,368	250,368	240,911	-4
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	244,748	250,368	250,368	240,911	-4
Less adjustments	26,060	na	30,060	26,060	-13
TOTAL UNDERLYING OUTLAYS	218,688	na	220,308	214,851	-2
Staff years	3,250	na	3,157	3,057	-3

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
- (ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
- (iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme 3.1 — Statistical Operations

Objective

To contribute to the statistical goals of the Australian Bureau of Statistics (ABS) by:

- providing an objective, relevant and responsive statistical service that informs and satisfies clients;
- producing reliable, timely and coherent statistics;
- maintaining good relations with providers, respecting their rights;
- continuing productivity improvements; and
- maintaining the high regard held for the ABS by decision makers and the community.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcomes \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 671 - Australian Bureau of Statistics					
1. Running Costs	191,250	192,870	192,940	186,897	-3
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	25,760	29,760	29,800	25,800	-13
	217,010	222,630	222,740	212,697	-5
Total Appropriation Bill No. 1	217,010	222,630	222,740	212,697	-5
<i>Appropriation Bill No. 2</i>					
Division 979 - Australian Bureau of Statistics					
1. Capital Works and Services					
01. Plant and Equipment	1,456	1,456	1,456	2,210	52
Total Appropriation Bill No. 2	1,456	1,456	1,456	2,210	52
TOTAL ANNUAL APPROPRIATIONS	218,466	224,086	224,196	214,907	-4
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	218,466	224,086	224,196	214,907	-4

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcomes \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	25,760	na	29,800	25,800	-13
Less other adjustments					
TOTAL ADJUSTMENTS	25,760	na	29,800	25,800	-13
TOTAL UNDERLYING OUTLAYS	192,706	na	194,396	189,107	-3
Staff years	2,920	na	2,864	2,773	-3

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 47 to 87 of the 1996-97 Annual Report of the Australian Bureau of Statistics. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Statistical Collections and Outputs

The ABS will continue to provide a relevant and responsive statistical service for clients, within the constraints of the organisation's Budget.

For economic statistics, new and expanded statistical collections and outputs during 1998-99 will include work on the development of a Quarterly Economy Wide Survey to replace the existing surveys of New Capital Expenditure, Stocks and Sales, Company Profits and the private sector component of Employment and Earnings; greater use of administrative data in statistical compilation work, particularly data from the Australian Taxation Office; continuation of the work on upgrading macro-economic statistics, including the introduction of the 13th series Consumer Price Index (CPI); and the development of tourism satellite accounts. New international standards will be introduced into the Australian national accounts from September quarter 1998.

For social and labour statistics, a variety of surveys will be developed, conducted or processed in 1998-99, including the 1998 Survey of Disability, Ageing and Carers, the 1998-99 Household Expenditure Survey, the 1999 Australian Housing Survey and the 2000 Survey of Employment Arrangements and Superannuation. The ABS will also investigate methods of constructing a Labour Cost Index by adding non-wage labour costs to the regimen of the recently developed Wage Cost Index.

The ABS will continue to work with service providers to improve the comparability of data to support the information requirements of the Review of Government Service Provision, which monitors the performance of delivery of government services by States and Territories.

Statistical Framework

The ABS will redevelop systems and processes and review practices supporting the co-ordination, production and dissemination of statistics. The ABS will re-examine the population survey system; enhance its capacity to disseminate data electronically; redevelop remaining 'legacy' computer systems and conclude work necessary to address the Year 2000 issue in computer systems; and explore increased electronic data capture, particularly from business respondents.

Statistical Clearing House

The Commonwealth Government Statistical Clearing House was funded from the 1997-98 Budget. All surveys that are conducted by or on behalf of the Commonwealth Government and that involve 50 or more businesses are subject to review and approval by the Clearing House prior to data collection. This includes ABS business surveys. Objectives of this clearance process are to reduce the load on business respondents by eliminating duplication; to ensure that survey design and operations follow good practices; and to improve the value and use of survey outputs.

During 1998-99 the Clearing House will continue to review new surveys as well as clear those ongoing Commonwealth Government surveys that have not yet been approved since it commenced operations in 1997; the Commonwealth Register of Surveys will be enhanced to enable survey managers to submit and update descriptions of their surveys directly through the Internet; and the clearance process itself will be comprehensively evaluated and the results incorporated in the Clearing House transition plan for the following year.

Sub-Programme 3.2 — Corporate Services

Objective

To assist managers to achieve ABS statistical goals through the provision of effective corporate management and of efficient and equitable administration, planning and central support services.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised (ii) Approp \$'000	1997-98 Estimated Outcomes \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 671 - Australian Bureau of Statistics					
1. Running Costs	25,970	25,970	25,900	25,730	-1
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	240	240	200	200	0
	26,210	26,210	26,100	25,930	-1
2. Other Services					
01. Compensation and legal expenses	72	72	72	74	3
Total Appropriation Bill No. 1	26,282	26,282	26,172	26,004	-1
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	26,282	26,282	26,172	26,004	-1
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	26,282	26,282	26,172	26,004	-1
Less annotated appropriations	240	na	200	200	0
Less other adjustments	60	na	60	60	0
TOTAL ADJUSTMENTS	300	na	260	260	0
TOTAL UNDERLYING OUTLAYS	25,982	na	25,912	25,744	-1
Staff years	330	na	293	284	-3

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 89 to 99 of the 1996-97 Annual Report of the Australian Bureau of Statistics. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

The performance issues for this Sub-Programme are focused on the implementation of an integrated national approach to the provision of corporate services to staff in nine ABS offices to produce operational cost efficiencies. This will involve the progressive implementation of policies and work practices to streamline specific financial and human resources management functions, through a structured process of continuous improvement, consistent with public sector reforms.

These initiatives will result in efficiencies in the delivery of corporate services to staff, a more cost-effective alignment of resources with corporate priorities, greater consistency of approach in respect of policies and work practices, productivity improvements and improved management information. This will be especially important as the ABS implements the Workplace Relations Act, trials an ABS-wide performance management scheme, implements financial management improvements, including benchmarking its activities, and introducing output-based accrual budgeting and reporting.

**PROGRAMME 4 — TAXATION
ADMINISTRATION**

PROGRAMME 4 — TAXATION ADMINISTRATION

Objectives

Manage and shape systems (Taxation, Child Support Agency, Superannuation and Australian Valuation Office) that support and fund services for Australians through increased compliance, reduced compliance costs, improved community confidence and being an efficient and adaptive organisation.

Table 4.1: Summary of Appropriations to the Programme and Summary of Portfolio Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	1,286,572	1,304,571	1,273,570	1,258,018	-1
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	2,989	3,885	3,885	3,156	-19
	1,289,561	1,308,456	1,277,455	1,261,174	-1
2. Other Services	23,320	23,482	21,932	9,782	-55
Total Appropriation Bill No. 1	1,312,881	1,331,938	1,299,387	1,270,956	-2
<i>Appropriation Bill No. 2</i>					
Division 980 - Australian Taxation Office					
1. Capital Works and Services	56,888	56,888	51,061	27,700	-46
Total Appropriation Bill No. 2	56,888	56,888	51,061	27,700	-46
TOTAL ANNUAL APPROPRIATIONS	1,369,769	1,388,826	1,350,448	1,298,656	-4
TOTAL SPECIAL APPROPRIATIONS	158,730	na	196,632	154,604	-21
TOTAL APPROPRIATIONS	1,528,499	na	1,547,080	1,453,260	-6
Less annotated appropriations	2,989	na	3,885	3,156	-19
Less other adjustments	-89,001	na	-110,709	-230,217	108
TOTAL UNDERLYING OUTLAYS	1,614,511	na	1,653,904	1,680,321	2
Staff years	16,293	na	16,357	15,548	-5

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme 4.1 — Income & Other Taxes

Objectives

To collect efficiently and effectively the revenue properly payable, while ensuring that clients are aware of their obligations and their compliance costs are reduced.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	835,254	841,003	839,602	851,950	1
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	1,708	2,093	2,093	1,846	-12
	836,962	843,096	841,695	853,796	1
2. Other Services					
01. Compensation and legal expenses	14,246	14,246	14,178	600	-96
03. Compensation for detriment caused by defective administration	50	50	50	50	0
	14,296	14,296	14,228	650	-95
Total Appropriation Bill No. 1	851,258	857,392	855,923	854,446	-0
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	851,258	857,392	855,923	854,446	-0
Special Appropriations					
<i>Superannuation Guarantee (Administration)</i>					
Act 1992 - Distribution of charges	21,000	na	31,000	30,000	-3
<i>Superannuation Industry (Supervision)</i>					
Act 1993 - Repayments of unclaimed moneys	800	na	50	400	700
<i>Taxation Administration Act 1953</i>					
Taxation (Interest on Overpayments and early Payments) Act 1983	115,000	na	135,000	100,000	-26
TOTAL SPECIAL APPROPRIATIONS	136,800	na	166,050	130,400	-21
TOTAL APPROPRIATIONS	988,058	na	1,021,973	984,846	-4

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	1,708	na	2,093	1,846	-12
Less other adjustments					
<i>Receipts Offset Within Outlays</i>					
Miscellaneous receipts	14,564	na	14,564	14,564	0
Fringe Benefits Tax - Departments and agencies	299,703	na	298,708	227,953	-24
<i>Appropriations Classified as Revenue or Financing Transactions</i>					
<i>Superannuation Industry (Supervision) Act 1993</i>	800	na	50	400	700
TOTAL ADJUSTMENTS	316,775	na	315,415	244,763	-22
TOTAL UNDERLYING OUTLAYS	671,283	na	706,558	740,083	5
Staff years	11,323	na	11,369	10,599	-7

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		706,558
Budget Measures		
Development of systems for implementing tax reform (see also page 186)	20,000	
Self managed superannuation funds (see also page 185)	2,000	
Extension of High Wealth Individuals (see also page 186)	9,519	
Running Costs		
Net effect of price indexation, efficiency dividend, carry-over and internal transfers. The derivation also reflects the need to carry-over funds into 1998-99 to cover expenses incurred in 1997-98	-17,051	
Borrowings. This is the net effect of borrowings to fund redundancy programmes	1,888	
Cessation of Modernisation funding	-7,137	
Reduction in New Policy funding	-22,051	
ATO Business 2000 strategy. This strategy identified savings from various areas of the ATO and resulted in reinvestments into areas where cost shortfalls had previously been identified and into areas considered to be of strategic significance	15,013	
Workload adjustments. Increase in funding associated with the workload formula currently in place with DoFA.	6,558	
Transfer of the Development Allowance Authority from Treasury to ATO	1,797	
1997-98 Budget Measures Savings	-7,500	
Borrowing for Alcohol Excise collection on behalf of the States	-7,200	
Legal funding as negotiated with DoFA moved to running costs from Compensation and Legal in Other Programme Costs	15,300	
Funding for Comsuper Purchaser/Provider framework	968	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)

Other Services	
Compensation and legal expenses - legal component has been moved into running costs	-13,578
Special Appropriations	
Reduced provision for interest on overpayments due to reduced requirement	-35,000
<i>Superannuation Industry (Supervision) Act 1993</i> - continuation of unclaimed moneys provisions	350
Distribution of Superannuation Guarantee Charges - reflects projected increase in redemption of vouchers	-1,000
Adjustments	
Increased level of Section 31 receipts	244
Fringe Benefits Tax receipts - on-budget agencies - projected annualised decrease	70,755
<i>Superannuation Industry (Supervision) Act 1993</i> - continuation of unclaimed moneys provisions	-350
Total Variations	33,525
1998-99 Budget Underlying Outlays (ii)	740,083

- (i) The 1997-98 figure appears in column 3 in Table 4.2 above.
(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

The following are Budget Measures affecting the ATO.

ATO Takeover of Self-Managed Superannuation Funds Regulation***Extension of High Wealth Individuals Taskforce******Funding for Development of Systems for Implementing Tax Reform***

For information relating to these budget measures refer to pages 185, 186 and 186 respectively.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 3 to 45 and pages 85 to 93 of the *1996-97 Commissioner of Taxation Annual Report*. For additional performance information relevant to the Sub-Programme refer to the Australian National Audit Office (ANAO) report numbers 13 (Tax Debt Collection), 22 (Client Service) and 37 (Risk Management). Information on the performance of the Development Allowance Authority in 1996-97 is in the Development Allowance Authority Annual Report. Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Sub-Programme 4.1 'Income and other Taxes' is comprised of five components including:

- 4.1.1 Large Business and International (LB&I) — covering business taxpayers with gross income in excess of \$10 million and associated high wealth individuals and the administration of the Development Allowance and Infrastructure Rebate programmes;
- 4.1.2 Small Business Income (SBI) — covering business taxpayers with gross income up to \$10 million;
- 4.1.3 Individuals Non-Business (INB) — covering taxpayers with employment, pension and/or investment income;
- 4.1.4 Withholding and Indirect Taxes (WHT) — covering taxpayers with Withholding and Indirect Taxes responsibilities; and
- 4.1.5 Superannuation (SPR) — covering administration of superannuation-related activities (ie Reasonable Benefits Limits, Superannuation Guarantee Charge, Superannuation Surcharge, Eligible Termination Payments, Superannuation Holding Accounts Reserve and Lost Members Register) and Superannuation Administration Policy.

The ATO Sub-Programme structure primarily reflects adoption of a strategic and operational focus tailored to the respective individual market segments of taxpayers eg large business, small business. Each business line is responsible for securing optimum compliance with the laws and achieves this through a combination of strategies — including law clarification, legislative changes, service, education and enforcement related activities (eg prosecution, audits, income matching). The balance of these activities varies from time to time and line by line according to on-going assessment of the nature and extent of risks involved.

The Sub-Programme's performance (and also that of Sub-Programmes 4.2 (Child Support), 4.3 (Corporate Support) and 4.4 (Australian Valuation Office)) is judged according to the goals established around increasing compliance, reducing compliance costs, winning community confidence in administration of the laws, being an efficient and adaptive organisation and successfully implementing government initiatives.

For performance measurement purposes the ATO apportions the budget revenue targets for each head of revenue, according to client groupings. Performance forecasts for 1998-99 for each Sub-Programme component are set out below.

4.1.1 Large Business and International (LB&I)

Compliance

Achievement of budgeted revenue outcomes (largely company and superannuation fund income tax).

Improved compliance in targeted risk areas, including international transactions (eg transfer pricing), Capital Gains Tax, losses, financial arrangements, tax avoidance arrangements, Sydney Olympics and high wealth individuals.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg improved business and research systems), nationalisation of activities, contestability of key processes, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

4.1.2 Small Business Income (SBI)

Compliance

Achievement of budgeted revenue outcomes (largely company and other individuals income tax, but also including Fringe Benefits Tax).

Improved compliance in targeted risk areas including undeclared income in cash businesses (eg Prescribed Payments and Reportable Payments), artificial schemes, alienation of income and late/non-payment of taxes.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise through ongoing implementation of proposals resulting from the Small Business Deregulation Taskforce and other measures.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), new approaches to field work, market-testing and benchmarking, regionalisation of activities, error reduction initiatives, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

4.1.3 Individuals Non-Business

Compliance

Achievement of budgeted revenue outcomes (largely other individuals income tax).

Improved compliance in targeted risk areas including work related deductions, and rental income/deductions.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), market-testing and benchmarking, regionalisation of activities, error reduction activities, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures, including the Private Health Insurance Incentives Scheme, the Medicare Levy surcharge for high income earners and the Savings Rebate.

4.1.4 Withholding and Indirect Taxes (WHT)

Compliance

Achievement of budgeted revenue outcomes (largely Pay As You Earn, Sales Tax and Prescribed Payments System).

Improved compliance in targeted risk areas including aggressive sales tax planning initiatives pursued by large corporate clients, cash transaction/cash economy within small and medium enterprises and risks to revenue caused by labour market changes and technological and consumption changes.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise through continuing implementation of proposals resulting from the Small Business Deregulation Taskforce.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology, new approaches to field work, market-testing and benchmarking, regionalisation of activities, error reduction activities, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

4.1.5 Superannuation (SPR)

Compliance

Achievement of tax-related elements of the Government's Retirement Incomes Policy (viz Superannuation Guarantee Charge).

Achievement of budgeted revenue outcomes (ie funds taxation and superannuation surcharge).

Compliance Costs

Achievement of compliance cost reductions when opportunities arise.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), improved work design, market-testing and benchmarking, nationalisation of activities, error reduction activities and improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures, including self-managed superannuation funds regulation.

Sub-Programme 4.2 — Child Support Agency

Objectives

To assist the payment of Child Support between payers and payees for the benefit of children.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised (i) Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	169,463	177,310	176,310	161,870	-8
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	71	124	124	77	-38
	169,534	177,434	176,434	161,947	-8
2. Other Services					
01. Compensation and legal expenses	631	631	455	0	-100
02. Child Support Agency - Payments to cover cheque dishonours, incorrect maintenance payments and refunds of overpayments	6,000	6,162	6,162	6,690	9
03. Compensation for detriment caused by defective administration	40	40	40	42	5
	6,671	6,833	6,657	6,732	1
Total Appropriation Bill No. 1	176,205	184,267	183,091	168,679	-8
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	176,205	184,267	183,091	168,679	-8
Special Appropriations					
<i>Child Support (Registration and Collection)</i>					
<i>Act 1988</i> - payment to cover shortfalls in the Child Support Trust Account	21,600	na	30,245	23,839	-21
<i>Child Support (Registration and Collection)</i>					
<i>Act 1988</i> - unexplained remittances	330	na	337	365	8
TOTAL SPECIAL APPROPRIATIONS	21,930	na	30,582	24,204	-21

Table 4.2: How the Sub-Programme is Resourced: Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
TOTAL APPROPRIATIONS	198,135	na	213,673	192,883	-10
Less annotated appropriations	71	na	124	77	-38
Less other adjustments					
<i>Receipts Offset Within Outlays</i>					
CSA - Special Appropriations revenue	21,930	na	30,582	24,204	-21
CSA - Miscellaneous receipts	365	na	370	402	9
CSA - Annual Appropriation revenue	6,000	na	6,162	6,690	9
<i>Trust Account Transactions Affecting Outlays</i>					
CSA - Refund of CSA payments	-441,273	na	-464,936	-504,748	9
TOTAL ADJUSTMENTS	-412,907	na	-427,698	-473,375	11
TOTAL UNDERLYING OUTLAYS	611,042	na	641,371	666,258	4
Staff years	2,321	na	2,303	2,303	0

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		641,371
Budget Measures		
Savings: Child Support Reforms (see also page 187)	-4,312	
Running Costs		
Net effect of price indexation, efficiency dividend, carryover and internal transfers	-13,586	
Workload adjustments. Increase in funding associated with the workload formula agreed with the DoFA	1,993	
Legal funding as negotiated with DoFA moved to running costs from Compensation and Legal in Other Programme Costs	1,190	
Funding for Comsuper Purchaser/Provider framework	227	
Other Services		
Compensation and Legal Expenses - Legals component has been moved into Running Costs	-455	
CSA - Payment to cover cheque dishonours etc - annualised growth.	528	
Compensation for detriment caused by defective administration - increased requirement	2	
Special Appropriation		
CSA - Special Appropriation s77 and s78 expenditure - increase in number of payments by non-custodial parents through the employer withholding system and lower amount of unexplained remittances from employers by month end.	-6,379	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)

Adjustments	
Increased level of Section 31 receipts.	48
CSA - Special Appropriation s77 Revenue - recovery of increased value of payments by non-custodial parents through employer withholding	6,379
CSA - Miscellaneous Receipts - lower amount to be recovered of unexplained remittances from employers by month end	-32
CSA - Annual Appropriation Revenue - annualised growth	-528
CSA - Refund of Overpayments - annualised growth	-163
CSA - Consolidated Revenue Fund Payments Shortfall - annualised growth	-2,394
CSA - Consolidated Revenue Fund Payments Shortfall reimbursement - annualised growth	2,394
CSA Payments - annualised growth	39,975
Total Variations	24,887
1998-99 Budget Underlying Outlays (ii)	666,258

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

Reform of the Child Support Scheme — Policy and administration is further explained on page 187.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 49 to 60 of the *1996-97 Commissioner of Taxation Annual Report*. Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by October 31 1998.

Performance Forecasts for 1998-99

Compliance

Achievement of budgeted revenue outcomes (ie collections of child support payments).

Improved compliance, including increased emphasis aimed at increasing the proportion of clients who elect to self-administer their child support arrangements or enter into private collection arrangements.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise through improved targeting of services specific to client needs, introducing flexible payment options and helping separated parents to support themselves.

Community Confidence

Achievement of standards specified in the Child Support Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), improved work design, market-testing and benchmarking, specialisation of activities, error reduction activities, and improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

Sub-Programme 4.3 — Corporate Support

Objectives

To develop the corporate management process in the strategic and service areas and to support the efficient and effective operations of the ATO.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	281,855	286,258	257,658	244,198	-5
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	1,210	1,668	1,668	1,233	-26
	283,065	287,926	259,326	245,431	-5
2. Other Services					
01. Compensation and legal expenses	353	353	597	400	-33
04. Test case litigation program for tax law clarification	2,000	2,000	450	2,000	344
	2,353	2,353	1,047	2,400	129
Total Appropriation Bill No. 1	285,418	290,279	260,373	247,831	-5
<i>Appropriation Bill No. 2</i>					
Division 980 - Australian Taxation Office					
1. Capital Works and Services					
01. Plant and equipment	47,888	47,888	45,061	27,700	-39
Total Appropriation Bill No. 2	47,888	47,888	45,061	27,700	-39
TOTAL ANNUAL APPROPRIATIONS	333,306	338,167	305,434	275,531	-10
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
TOTAL APPROPRIATIONS	333,306	338,167	305,434	275,531	-10
Less annotated appropriations	1,210	na	1,668	1,233	-26
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	1,210	na	1,668	1,233	-26
TOTAL UNDERLYING OUTLAYS	332,096	na	303,766	274,298	-10
Staff years	2,506	na	2,540	2,501	-2

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		303,766
Budget Measures		
Information Technology and replacement (see also page 187)	27,700	
Running Costs		
Net effect of price indexation, efficiency dividend, carryover and internal transfers	24,154	
Borrowings for redundancy programmes	533	
Cessation of Modernisation funding	-35,881	
Reduction in New Policy Funding	-279	
ATO Business 2000. This strategy identified savings from various areas of the ATO and resulted in reinvestment into areas where cost shortfalls had previously been identified and into areas considered to be of strategic significance	-2,693	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)

Workload adjustments. Increase in funding associated with the workload formula currently in place with the Department of Finance	1,990
1997-98 Budget Measures Savings	-1,859
Whole of Government initiatives. Savings identified in 1996-97 Budget on telecommunications	-574
Legal funding as negotiated with DoFA moved to running costs from Compensation and Legal in Other Programme Costs	510
Funding for Comsuper Purchaser/Provider framework	206
Other Services	
Compensation and Legal Expenses - Legals component has been moved into Running Costs	-197
Tax Law Clarification - Test Case - Increase in volume of cases on hand and proposals as programme continues to be promoted. There is a contingency for a large case or other significant project	1,550
Plant and Equipment. Reflects the cessation of Modernisation funding and a new appropriation negotiated with DoFA	-45,061
Adjustments	
Revised level of Section 35 receipts	433
Total Variations	-29,468
1998-99 Budget Underlying Outlays (ii)	274,298

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 63 to 82 of the *1996-97 Commissioner of Taxation Annual Report*. For additional performance information relevant to the Sub-Programme refer to the Australian National Audit Office (ANAO) report number 19 (Financial Statements Audit of Commonwealth Entities). Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Sub-Programme 4.3 'Corporate Support' is comprised of six components including:

- 4.3.1 Legislative Services (LS);
- 4.3.2 Tax Counsel and Practice Management (TC&PM);
- 4.3.3 Corporate Services (CS);

4.3.4 Information Technology Services (ITS);

4.3.5 Financial Services (FS); and

4.3.6 Office of the Commissioners.

Performance forecasts for 1998-99 for each Sub-Programme component are set out below.

4.3.1 Legislative Services (LS)

Compliance

Develop robust legislation that minimises tax avoidance, thus facilitating the ATO's achievement of budget revenue outcomes and improvements in compliance.

Compliance Costs

Clarification and development of laws that are more understandable and certain, and thus less costly to comply with.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through the increased use of modern drafting techniques and benchmarking.

Government Initiatives

Successful development and implementation of the Government's tax legislation programme.

4.3.2 Tax Counsel and Practice Management (TC&PM)

Compliance

Clarification of areas of the law through rulings, publications, advice and litigation, and development of robust legislation that minimises tax avoidance, thus facilitating the ATO's achievement of budget revenue outcomes and improvements in compliance.

Compliance Costs

Clarification and development of laws that are more understandable and certain, and thus less costly to comply with.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories.

Improvements in the quality of technical decision-making across the ATO through a range of measures including consultation with community experts, specialised training, recruitment of highly qualified staff and better systems to ensure accuracy.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg new tax technical database), benchmarking, regionalisation of activities, reduced litigation costs, improved accommodation usage and other measures.

Government Initiatives

Successful development and implementation of the Government's tax legislation programme.

4.3.3 Corporate Services (CS)

Compliance

Not applicable to this component of Sub-Programme 4.3.

Compliance Costs

Not applicable to this component of Sub-Programme 4.3.

Community Confidence

In the second year of the Taxpayers' Charter, we are reviewing the existing Taxpayers' Charter Standards and developing standards for professionalism and technical quality.

Successful provision of strategic support services (eg external communication and assisting the ATO to comply with their internal and external obligations).

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through the application of strategies — including increased and improved use of technology, an effective records management system, contestability, reduced litigation costs, partnering with other Sub-Programmes to achieve leading practice in corporate support, and improved accommodation usage.

Government Initiatives

Successful implementation of the Government's APS reform programme including contestability, new people management practices.

4.3.4 Information Technology Services (ITS)

Compliance

Not applicable to this component of Sub-Programme 4.3.

Compliance Costs

Not applicable to this component of Sub-Programme 4.3.

Community Confidence

Successful provision of strategic and operational information technology services (eg mainframes, networks, mid-range and desktop computing and corporate applications development), thus facilitating the ATO's achievement of goals in each of these areas.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability across the ATO through the application of strategies — including use of electronic service technologies, office productivity and knowledge management systems for information collection, collaboration and communication; preparation for Year 2000; technologies to support remote office and flexible working arrangements; more effective management of infrastructure and technologies to ensure security of data.

Government Initiatives

Completion of competitive tendering process for IT infrastructure.

4.3.5 Financial Services (FS)

Compliance

Increased revenue forecasting accuracy, and enhanced analysis of revenues, with the development and implementation of improved revenue forecasting models.

Compliance Costs

Improved quality of advice to Government on the compliance costs attaching to legislative proposals with the development and implementation of high quality compliance cost models.

Community Confidence

Refinement of the ATO Corporate Governance framework.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including a new accrual-based financial management information system commencing

July 1998, a training strategy to upgrade accounting and financial management skills, improved management of large contracts and adoption of principles of contestability in service provision.

Government Initiatives

Successful implementation of the APS procurement reforms, the requirements of the *Financial Management and Accountability Act* and an accrual budgeting framework.

4.3.6 Office of the Commissioners

Compliance

Achieve budgeted revenue outcomes and improvements in compliance through provision of advice in the development of strategies based around the integration of compliance model and Taxpayers' Charter.

Compliance Costs

Reduce compliance costs through the promotion of better decision-making processes within the ATO.

Community Confidence

Providing an independent entry point to the ATO which acknowledges the rights and obligations of the tax paying community.

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

A strong system for staff accountability increases community confidence in the integrity of staff and the ATO.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability of the administration of the taxation system through a range of measures including improved use of technology and people, and improved knowledge of our clients.

Government Initiatives

Successful implementation of Government initiatives, including the Taxpayers' Charter.

Sub-Programme 4.4 — Australian Valuation Office

Objectives

To provide independent valuation services and advice.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 2</i>					
Division 980 - Australian Taxation Office					
1. Capital Works and Services					
02. Establishment Grants - New trust accounts					
	9,000	9,000	6,000	-	-100
Total Appropriation Bill No. 2	9,000	9,000	6,000	-	-100
TOTAL ANNUAL APPROPRIATIONS	9,000	9,000	6,000	-	-100
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	9,000	9,000	6,000	-	-100
Less annotated appropriations	-	na	-	-	-
Less other adjustments					
AVO - Dividends	1,260	na	50	203	306
AVO - Net Effect of Trust Account	7,650	na	3,741	115	-97
TOTAL ADJUSTMENTS	8,910	na	3,791	318	-92
TOTAL UNDERLYING OUTLAYS	90	na	2,209	-318	-114
Staff years	143	na	145	145	0

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.5: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		2,209
Adjustments		
AVO - Net effect of trust account transactions	3,473	
AVO - Establishment Grant for new Trust Account	-6,000	
Total Variations		-2,527
1998-99 Budget Underlying Outlays (ii)		-318

(i) The 1996-97 figure appears in column 3 in Table 4.2 above.

(ii) The 1997-98 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 24 to 26 of the Department of Administrative Services Annual Report. Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99*Compliance*

Assist government agencies achieve compliance objectives by the provision of independent valuation service and advice.

Compliance Costs

Assist government clients to reduce their cost by improved targeting of services and benefits.

Community Confidence

Provision of impartial valuation advice to government agencies, critical to the success of asset testing of applicants for welfare benefits while maintaining community confidence through equitable decision making and programme administration.

Efficiency and Adaptability

Achievement of financial and performance objectives and standards.

Government Initiatives

Continued application of competitive neutrality principles and implementation of other government reforms.

PROGRAMME 5 — PRODUCTIVITY

PROGRAMME 5 — PRODUCTIVITY

Objectives

The Productivity Commission's objectives are:

- analysing and providing advice on ways of improving medium-term economic performance, through reforms that improve productivity, flexibility and the sustainable development of Australian resources;
- investigate complaints about competitive neutrality implementation in Commonwealth businesses; and
- increasing public understanding of Australia's industry and productivity.

The Productivity Commission (PC) was formed on 16 April 1998, having been preceded by the Industry Commission (IC) and the Economic Planning Advisory Commission (EPAC).

As a review and advisory body the Productivity Commission does not have responsibility for implementing government programmes. Its only programme responsibility is to carry out its research, inquiry, advising and incidental functions prescribed under legislation.

Table 4.2: How the Programme is Resourced; Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 678 - Productivity Commission					
1. Running Costs	24,566	25,984	25,804	19,905	-23
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	189	189	189	193	2
	24,755	26,173	25,993	20,098	-23
2. Other Services					
01 Contribution to economic modelling projects	457	788	788	-	-100
Total Appropriation Bill No. 1	25,212	26,961	26,781	20,098	-123
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	25,212	26,961	26,781	20,098	-25
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	25,212	26,961	26,781	20,098	-25
Less annotated appropriations	189	na	189	193	2
Less other adjustments	35	na	35	36	3
TOTAL ADJUSTMENTS	224	na	224	229	2
TOTAL UNDERLYING OUTLAYS	24,988	na	26,557	19,869	-25
Staff years	231	na	227	215	-5

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Programme in 1998-99.

Table 4.3: Variations to Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		26,557
Running Costs		
Return of BIE program funds	-2,645	
Savings from formation of the Productivity Commission	-1,150	
Reduction due to EPAC resource agreement with DoFA	-1,044	
APS 1995-96 Agreement (1998-99 effects)	-51	
Return of COPS/Impact contribution	135	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-1,145	
Programme Costs		
Contribution to economic modelling projects	-788	
Total Variations		-6,688
1998-99 Budget Underlying Outlays (ii)		19,869

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Programme in 1996-97 and 1997-98

Information on the performance of the Programme in 1996-97 is at pages 77-98 of the Annual Report of the Industry Commission and page 24 of the Economic Planning and Advisory Commission Annual Report. Performance information for 1997-98 will be published in the 1997-98 Productivity Commission Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Inquiries to be completed in 1998-99 include Australia's Black Coal Industry and International Air Service Agreements. Research projects to be completed will include case studies of government service provision, and further international benchmarking. Information papers will be published on various economic, infrastructure, industry, labour market arrangements and environmental policy issues. It is expected that other inquiries will be commenced, following the Government's announcement of the forward work programme - including references on gambling, the benefits of competition in rural Australia and rail reform.

Performance will be generally gauged according to views about the quality, relevance and timeliness of the Commission's work through consultation with government, industry, union and community groups. In its Annual Report the Commission will provide information in respect of its research and inquiry activities, including findings and recommendations from the Commission reports and Government responses to those reports.

**PROGRAMME 6 — AUSTRALIAN
COMPETITION AND CONSUMER
COMMISSION**

PROGRAMME 6 — AUSTRALIAN COMPETITION & CONSUMER COMMISSION

Objectives

To enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection.

To give special weight to small business interests through the coordination of enforcement and education activity in relation to small business issues.

Table 4.1: Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 675 - Australian Competition and Consumer Commission					
1. Running Costs	34,339	34,937	34,937	34,499	-1
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	251	400	400	300	-25
	34,590	35,337	35,337	34,799	-2
2. Other Services	3,083	3,203	3,203	3,386	6
Total Appropriation Bill No. 1	37,673	38,540	38,540	38,185	-1
Total Appropriation Bill No.2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	37,673	38,540	38,540	38,185	-1
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	37,673	38,540	38,540	38,185	-1
Less annotated appropriations	251	na	400	300	-25
Less other adjustments	-	na	-	-	-
TOTAL UNDERLYING OUTLAYS	37,422	na	38,140	37,885	-1
Staff years	335	na	325	336	3

(i) As presented in the 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Revised Appropriation figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme 6.1 — Compliance with the Trade Practices Act

Objective

To secure compliance with the *Trade Practices Act 1974* by responding to complaints and inquiries and observing market conduct and initiating action where necessary.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 675 - Australian Competition and Consumer Commission					
1. Running Costs Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	17,208	17,395	16,546	16,701	1
	17,208	17,395	16,546	16,701	1
2. Other Services					
01. Compensation and legal expenses	3,083	3,203	3,203	3,386	6
Total Appropriation Bill No. 1	20,291	20,598	19,749	20,087	2
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	20,291	20,598	19,749	20,087	2
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	20,291	20,598	19,749	20,087	2
Less annotated appropriations	-	na	-	-	-
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	-	na	-	-	-
TOTAL UNDERLYING OUTLAYS	20,291	na	19,749	20,087	2
Staff years	142	na	134	141	5

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
- (ii) 1997-98 Revised Appropriation figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
- (iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		19,749
Budget Measures		
Full year effect of funding for Small Business issues and enforcement of the Codes of Conduct arising from the Fair Trading Report (see page 188)	769	
Transfer of resources to the Australian Securities and Investments Commission	-150	
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-324	
Other Services - Compensation and Legal Expenses		
Increased enforcement activity	43	
Total Variations		338
1998-99 Budget Underlying Outlays (ii)		20,087

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

Details of the Budget measure, Government response to Fair Trading Inquiry Report — funding to improve small business access to justice and awareness of fair trading issues, appear on page 188.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 7 to 90 of the 1996-97 Annual Report of the Australian Competition and Consumer Commission. Performance information for 1997-98 will be published in the ACCC's 1997-98 Annual Report.

Performance Forecasts for 1998-99

The functions performed pursuant to the objectives of this Sub-Programme are:

- *enforcement* — investigation of alleged breaches, litigation, enforceable undertakings;

- *mergers* — enforcement and adjudication action arising in the consideration of mergers and privatisations; and
- *adjudication* — determination of formal applications for exemption from the Act.

Enforcement

Competition policy reform has significantly increased the number and range of markets in which the ACCC must operate. The challenge for the ACCC will be to look for speedy resolution of matters — short of costly and time consuming litigation, if possible, by finding more innovative solutions through negotiation of enforceable undertakings to cease offending conduct or administrative settlements in individual enforcement matters.

In broad terms, the ACCC's selection of enforcement actions will be influenced by the likely resource costs and whether a particular matter satisfies the ACCC's detailed selection criteria.

Anti-competitive conduct

The ACCC will be most concerned with:

- anti competitive agreements - with particular emphasis on price collusion;
- mergers — which would, or be likely to, substantially lessen competition in a substantial market;
- abuse of market power;
- resale price maintenance — imposed by major suppliers or induced by major customers; and
- conduct in breach of the Act which inhibits micro-economic reform — especially in sectors with a significant impact on input costs throughout the economy.

Consumer Protection

State and Territory fair trading laws mirror the consumer protection provisions of the Trade Practices Act. The ACCC will give priority to consumer protection matters of national significance of which adversely affect large numbers of people.

Small Business Enforcement

The ACCC is to be given a direction arising from the Government's 'Fair Trading Response' to give special weight to small business interests and in particular to take small business enforcement 'test' cases. Priority will also be given to enforcement of mandatory codes of conduct such as in respect of franchising in the small business area as a means of both setting rules for dispute avoidance/fair trading and providing quick and flexible dispute resolution for small business parties.

Mergers

The ACCC encourages companies to give it advance warning of merger proposals that may breach the Act to minimise the risk of unnecessary delays should investigation prove necessary. The ACCC will seek to assess less complex merger proposals within a 10-15 day time frame. More complex mergers will take longer. The ACCC sees its Merger Guidelines as assisting in minimising the costs of its merger administration. The ACCC looks at around 120-150 mergers each year.

With the gradual reduction of tariff protection, analysis of particular merger proposals will increasingly emphasise the extent of import competition in the relevant market. In the traded goods sector, the presence of international competitors makes it less likely that a proposed merger would result in a substantial lessening of competition.

Assets sales

The ACCC expects to be involved in aspects of privatisations, particularly in the emerging sector covering gas privatisation in Victoria and the electricity sector in South Australia.

Broadcasting and Pay TV

The ACCC will be involved in the ongoing rationalisation of pay TV which involves discussions amongst competitors.

Adjudication

Authorisation has particular relevance in markets which are being deregulated and for business and industries newly subject to Part IV of the TPA as the steps in the competition policy reform agreement are implemented. There are some areas of particular importance — the deregulated utility sector, the continuing review of past authorisations and mergers — where there is a 30 day time limit (extendable to 45 days in the case of complex matters) on the ACCC with respect to determination.

Adjudication activity in 1998-99 will include :

- Utilities — the ACCC is examining the impact of competition policy reform on public utilities, and in particular the production and distribution of gas and electricity.
- Gas — earlier authorisations for the joint production and marketing of gas are being reviewed. This adjudication work is vital and will evolve into the ACCC's national gas regulatory role.
- Electricity — the national electricity market is being restructured and these activities are the subject of authorisation applications to the ACCC.
- Other — other applications may be expected as Federal and State Governments continue the process of structural reform, privatisation and corporatisation of telecommunications, water supply, ports, railways, airports, health and postal

services. Some access regimes for essential facilities may involve applications for authorisation. High priority will be given to applications for authorisation from statutory marketing authorities, professional regulatory bodies and others newly within the jurisdiction of the Trade Practices Act.

- Review of past authorisations — including past authorisations in the gas industry, real estate, International Air Transport Association and other areas which may arise due to complaints. There will be major matters before the Australian Competition Tribunal during the reporting period including review of the ACCC's decisions relating to Newsagents & the Australian Performing Rights Association.

Performance Indicators and Evaluation

Performance indicators for the Sub-Programme include:

- attention to complaints and inquiries, initially within 7 working days and substantially within 30 working days wherever possible;
- minimal inconvenience and uncertainty to business from investigation, litigation and resolution of matters;
- litigation strategies achieve desired marketplace outcomes (with a target 95 per cent success rate for matters in court);
- administrative resolutions and enforceable undertakings achieve the desired marketplace outcomes and all undertakings are complied with;
- issue of draft determinations within 4 months of lodgement and within prescribed limits for applications in relation to proposed acquisitions;
- resolution of arbitration disputes with informed, accurate and logical assessment of access undertakings, access disputes and applications; and
- to achieve 100 per cent compliance with all statutory obligations set out in the Trade Practices Act and Prices Surveillance Act.

Sub-Programme 6.2 — Improvement in Market Conduct

Objective

To secure improvement in market conduct by developing and implementing regulatory frameworks which maximise the potential for promotion of competition and efficient outcomes, assessing access to essential facilities; liaising widely with key stakeholders; and reviewing price notifications from declared companies and monitoring prices as required under the Prices Surveillance Act. To contribute at the international level to competition and consumer protection issues.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised (i) Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 675 - Australian Competition and Consumer Commission					
1. Running Costs Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	7,740	7,733	8,708	8,870	2
	7,740	7,733	8,708	8,870	2
Total Appropriation Bill No. 1	7,740	7,733	8,708	8,870	2
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	7,740	7,733	8,708	8,870	2
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	7,740	7,733	8,708	8,870	2
Less annotated appropriations	-	na	-	-	-
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	-	na	-	-	-
TOTAL UNDERLYING OUTLAYS	7,740	na	8,708	8,870	2
Staff years	87	na	93	98	5

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Appropriation figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		8,708
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	162	
Total Variations		162
1998-99 Budget Underlying Outlays (ii)		8,870

- (i) The 1997-98 figure appears in column 3 in Table 4.2 above.
- (ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 91 to 121 of the Annual Report of the Australian Competition and Consumer Commission. Performance information for 1997-98 will be published in the ACCC's 1997-98 Annual Report.

Performance Forecasts for 1998-99

Access

The ACCC will be pursuing its role in relation to facilitating access to essential facilities, such as public utility infrastructure, so as to promote or create competition in upstream or downstream markets. Much of the work in this area is expected to centre on the assessment of undertakings from facility owners for access to services by third parties in sectors such as electricity, gas, telecommunications, rail, ports and shipping, airports, health and postal services.

Gas

Once legislation is passed the ACCC will be performing the function of gas regulator for transmission pipelines in all States and Territories except WA and distribution regulator in the Northern Territory.

The outcome sought is the promotion of open competition resulting in more efficient and better quality services in the Australian Gas market to all users, business and consumers alike.

Telecommunications and Broadcasting

The ACCC will continue to pro-actively administer the arrangements and structures pursuant to the Government's regulatory approach embodied in Parts X1B and X1C of the *Trade Practices Act 1974* and the *Telecommunications Act 1997*. It may also administer an Access Regime to digital broadcasting transmitters under the Television Broadcasting Services (Digital Conversion) Bill 1998. The outcome sought is the promotion of open competition resulting in more efficient and better quality services in the Australian telecommunications market to all users, business and consumers alike.

All telecommunications regulatory costs will be recovered through annual telecommunications carrier licence fees levied by the Australian Communications Authority.

Electricity

From 1 July 1999 on a progressive basis the Commission will assume responsibility for the regulation of transmission revenue in the national electricity market. This will require substantial preparatory work during 1998-99. The outcome sought is to ensure transmission networks do not earn monopoly rents from the competitive sectors of the market (generation and retail) while promoting efficient network investment and the protection of the quality of services to users.

Airports

Under the Airport Act, airport services will automatically be declared twelve months after privatisation if airport operators do not have access undertakings accepted by the ACCC. The outcome sought is the development of effective access arrangements for airports to facilitate competition in airport services.

Rail

Under the inter-governmental agreement on arrangements for interstate rail access, the ARTC is expected to submit an access undertaking to the ACCC for assessment.

Pricing

The ACCC has pricing functions through administration of industry-specific access arrangements and administration of the Prices Surveillance Act.

Pricing roles in Industry Specific Access Arrangements which will be priorities in 1998-99 include:

- **Gas** — approval and monitoring of haulage charges under the Moomba-Sydney Pipeline System Sale Act.
- **Electricity** — consideration of pricing issues in preparation for assessment of undertakings and preparation for the transmission pricing function.

- **Airports** — a range of surveillance and monitoring in relation to the (CPI-X) cap, non-aeronautical services, FAC notifications as they arise and cap administration arrangements.
- **Airservices** — assess Airservices Australia notifications.
- **Harbour Towing** — surveillance of harbour towing in Sydney, Brisbane, Melbourne, Fremantle, Newcastle and Perth.
- **ACI** — surveillance and monitoring of glass wine bottles and food containers.
- **Petrol** — surveillance of petrol prices to ensure prices are not excessive.
- **Telecommunications** — Pricing roles under the *Telstra Corporation Act 1991* and the *Telecommunications Act 1997*.

From 1 July 1997, the ACCC has had new responsibilities in administering telecommunications-specific price regulation. The main provisions for price regulation are price controls on Telstra under the Telstra Act.

Some of the ACCC responsibilities in administering price control arrangements took immediate effect from 1 July 1997. These arrangements relate to certain Telstra price controls (ie Price caps and notification and disallowance requirements) under the Telstra Act. These were previously administered by AUSTEL. Further, there are also new provisions in the *Telecommunications Act 1997* which provides for the price regulation of universal service charges and untimed local calls.

Price caps: Monitoring of and responding to ministerial directions in relation to current provisions for price cap arrangements on Telstra tariffs. The price cap arrangements commenced on 1 January 1996 will continue to apply until 31 December 1998.

Notification and Disallowance Provisions: Under the notification and disallowance provisions, any proposal from Telstra to introduce a charge for directory assistance services must be notified to the Minister.

Price control under the *Telecommunications Act 1997*: certain additional pricing provisions have been introduced under this Act. These include the extension of untimed local call availability and arrangements to ensure that reductions to local call charges are reasonably and broadly accessible across different parts of Australia.

Performance Indicators and Evaluation

- Programmes on competition, fair trading, consumers and the marketplace generally, are followed through with recommendations.
- Smooth transition into the various regulatory frameworks so that principles of competition and consumer protection are promoted.
- Increased general awareness of competition law, regulation reform and consumer issues.

Sub-Programme 6.2 — Improvement in Market Conduct

- Inclusion of proper monitoring and assessment in codes of conduct to which the ACCC has had input.
- Development of more effective enforcement strategies.
- Finalisation of reviews of price notifications, from declared companies, within the statutory period.
- Acceptance of ACCC views and recommendations in relation to monitoring of prices, costs and profits of firms and industries as directed by the Minister.

Sub-Programme 6.3 — Education & Information

Objective

To inform the community at large about the Trade Practices and Prices Surveillance Acts and their implications for business and consumers.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) Approp \$'000	1997-98 Revised (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 675 - Australian Competition and Consumer Commission					
1. Running Costs	2,436	2,501	1,534	1,593	4
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	216	365	350	265	-24
	2,652	2,866	1,884	1,858	-1
Total Appropriation Bill No. 1	2,652	2,866	1,884	1,858	-1
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	2,652	2,866	1,884	1,858	-1
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	2,652	2,866	1,884	1,858	-1
Less annotated appropriations	216	na	350	265	-24
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	216	na	350	265	-24
TOTAL UNDERLYING OUTLAYS	2,436	na	1,534	1,593	4
Staff years	25	na	17	17	0

(i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).

(ii) 1997-98 Revised Appropriation figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.

(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		1,534
Budget Measures		
Full year effect of funding for Small Business issues and enforcement of the Codes of Conduct arising from the Fair Trading Report (see page 188)	210	
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-151	
Total Variations		59
1998-99 Budget Underlying Outlays (ii)		1,593

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 122 to 136 of the Annual Report of the Australian Competition and Consumer Commission. Performance information for 1997-98 will be published in the ACCC's 1997-98 Annual Report.

Performance Forecasts for 1998-99

In the coming year, the ACCC proposes to develop in conjunction with industry, guidelines for the telecommunications industry.

A number of regulatory guidelines will be developed and published, relating to the regulation role of the ACCC in gas, electricity and airports.

The ACCC will publish small business news sheets and a leaflet on benchmarks for small business. Various enforcement guidelines will be published covering a range of products standards.

All publications and guidelines will be progressively reviewed and updated.

The ACCC will continue expanding its extensive Internet site as a means of widely disseminating information.

Performance Indicators and Evaluation

- Good lines of communication with industry, consumers and other government agencies.
- Relevant, clear, accurate and appropriately targeted publications, guidelines and internet home page.
- Media releases reach the target audience and outcomes reported in media releases have a deterrent and educative effect.
- Evidence of effective usage of ACCC products and services.

Sub-Programme 6.4 — Corporate Planning & Management

Objective

To maintain high levels of management efficiency and cost effective resource utilisation at both national and regional office levels.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 675 - Australian Competition and Consumer Commission					
1. Running Costs	6,955	7,308	8,149	7,335	-10
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	35	35	50	35	-30
	6,990	7,343	8,199	7,370	-10
Total Appropriation Bill No. 1	6,990	7,343	8,199	7,370	-10
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	6,990	7,343	8,199	7,370	-10
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	6,990	7,343	8,199	7,370	-10
Less annotated appropriations	35	na	50	35	-30
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	35	na	50	35	-30
TOTAL UNDERLYING OUTLAYS	6,955	na	8,149	7,335	-10
Staff years	81	na	81	80	-1

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Appropriation figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		8,149
Running Costs		
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-814	
Total Variations		-814
1998-99 Budget Underlying Outlays (ii)		7,335

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 137 to 148 of the Annual Report of the Australian Competition and Consumer Commission. Performance information for 1997-98 will be published in the ACCC's 1997-98 Annual Report.

Performance Forecasts for 1998-99

- Management of financial and human resources in order to achieve efficient and effective usage across the ACCC.
- Plan for the implementation of a new financial management information system to meet the ACCC's accrual accounting needs.
- Manage the implementation within the ACCC of Public Service reforms and industrial relations matters as prescribed in the ACCC's Certified Agreement and Australian Workplace Agreements with staff.
- Manage corporate training and development programmes with an emphasis on new regulatory functions and improved management skills.

Performance Indicators and Evaluation

- To provide an integrated systems approach to management of resources in a devolved environment to ensure effective planning, priority setting and evaluation processes are applied throughout the ACCC:

Sub-Programme 6.4 — Corporate Planning & Management

- individuals and teams demonstrate professionalism meeting changing priorities and community needs; and
- through the development and maintenance of skills and knowledge, a high community regard for ACCC expertise in access regimes, competition and consumer protection law and pricing.

**PROGRAMME 7 — INSURANCE AND
SUPERANNUATION COMMISSION**

PROGRAMME 7 — INSURANCE AND SUPERANNUATION COMMISSION

Objective

To promote public confidence in the Australian insurance and superannuation industries and wider financial system, through a system of prudential supervision which protects the interest of policy holders/fund members, while permitting the maximum practicable degree of commercial freedom and competition.

Table 4.1: Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 677 - Insurance and Superannuation Commission					
1. Running Costs	36,721	40,124	36,310	61,264	69
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	1,120	1,700	1,700	999	-41
	37,841	41,824	38,010	62,263	64
2. Other Services	333	333	120	319	166
Total Appropriation Bill No. 1	38,174	42,157	38,130	62,582	64
Total Appropriation Bill No. 2	-	-	-	-	0
TOTAL ANNUAL APPROPRIATIONS	38,174	42,157	38,130	62,582	64
TOTAL SPECIAL APPROPRIATIONS	1,200	na	1,200	1,200	0
TOTAL APPROPRIATIONS	39,374	na	39,330	63,782	62
Less annotated appropriations	1,120	na	1,700	999	-41
Less other adjustments	1,260	na	1,345	1,260	-6
TOTAL UNDERLYING OUTLAYS	36,994	na	36,285	61,523	70
Staff years	444	na	406	402	-1

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
- (ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
- (iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme 7.1 — Corporate Services

Objective

The Commission's Corporate Services objectives are to:

- provide high quality and effective leadership and strategic direction in corporate management to enable the Commission to meet its responsibilities;
- provide the financial and human resource management information necessary to enable managers to make effective and timely decisions;
- provide the computing support services necessary to meet the Commission's business needs;
- provide the internal audit and management review services necessary to enable compliance with APS legislative, policy and corporate/programme requirements;
- meet the accommodation and office services needs of the Commission in an efficient and cost effective manner;
- ensure the Commission complies with all statutory and administrative requirements in accordance with Government policy;
- assist in obtaining high quality staff; and
- provide opportunities to staff for their personal and professional development.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 677 - Insurance and Superannuation					
Commission					
1. Running Costs	7,706	9,180	7,649	33,849	343
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	130	130	130	119	-8
	7,836	9,310	7,779	33,968	337
2. Other Services					
01 Compensation and legal expenses	333	333	120	319	166
Total Appropriation Bill No. 1	8,169	9,643	7,899	34,287	334
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	8,169	9,643	7,899	34,287	334
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	8,169	9,643	7,899	34,287	334
Less annotated appropriations	130	na	130	119	-8
Less other adjustments	34	na	87	40	-54
TOTAL ADJUSTMENTS	164	na	217	159	-27
TOTAL UNDERLYING OUTLAYS	8,005	na	7,682	34,128	344
Staff years	75	na	76	72	-5

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		7,682
Budget Measure		
Increased funding to provide for establishment costs associated with the creation of the Australian Prudential Regulation Authority (APRA)	16,144	
Cost of Bank Supervision - related to APRA Setup (see also page 189)	10,000	
Running Costs		
Transfer to ASIC of Consumer related functions	-600	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	703	
Programme Costs		
Compensation and legal expenses	199	
Total Variations		26,446
<hr/>		
1998-99 Budget Underlying Outlays (ii)		34,128

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

Australian Prudential Regulation Authority (APRA)

On 17 March 1998 the Government announced a proposal to establish APRA as part of the implementation of its new system of financial regulation. The Government's aim — subject to the passage of the enabling legislation, which was introduced into the Parliament on 25 March 1998 — is to establish an improved regime for financial system regulation at the Commonwealth level on 1 July 1998.

The Government also announced that the headquarters of APRA will be established in Sydney and that it expects a presence to be retained in the major State capitals and in Canberra. New accommodation will be provided for APRA within Sydney in the 1998-99 year.

While the ISC's consumer protection functions will be taken over by the new Australian Securities and Investments Commission, the core functions of prudential supervision of life and general insurance companies and superannuation funds will be taken over by APRA.

There are initial costs in establishing the new regulator, but the proposal is budget neutral over four years, as the establishment costs will be fully recouped from industry levies, fees and charges.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 105 to 110 of the Annual Report of the Insurance and Superannuation Commission. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Corporate Services Sub-Programme will continue to develop and improve the delivery of services in support of programme objectives in 1998-99.

Attention will continue to be given to internal audit and management review activities to ensure that resources are effectively deployed in response to changing functional and operational responsibilities.

Management information systems are also under review. It is planned that the new Financial Management Information System — Oracle Financials — will become fully operational on 1 July. Possible replacement of the Human Resources Management Information System is being evaluated for replacement of the existing system in 1998-99.

Particular attention will be paid to gaining full benefit from the new Certified Agreement with non-SES staff under the Workplace Relations Act.

Corporate Services Sub-Programme will also be involved in the preparation for transfer of functions to APRA.

Sub-Programme 7.2 — Life Insurance

Objective

The Commission's primary life insurance supervisory objective is to protect present and prospective policy owners by promoting the continued development of a viable, competitive and innovative life insurance industry with financially-sound participants and fair trading practices.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 677 - Insurance and Superannuation					
Commission					
1. Running Costs	3,758	4,145	5,074	4,322	-15
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	40	620	620	40	-94
	3,798	4,765	5,694	4,362	-23
Total Appropriation Bill No. 1	3,798	4,765	5,694	4,362	-23
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	3,798	4,765	5,694	4,362	-23
Special Appropriations <i>Life Insurance Act 1995</i>	1,200	na	1,200	1,200	0
TOTAL SPECIAL APPROPRIATIONS	1,200	na	1,200	1,200	0
TOTAL APPROPRIATIONS	4,998	na	6,894	5,562	-19
Less annotated appropriations	40	na	620	40	-94
Less other adjustments	1,209	na	1,233	1,211	-2
TOTAL ADJUSTMENTS	1,249	na	1,853	1,251	-32
TOTAL UNDERLYING OUTLAYS	3,749	na	5,041	4,311	-14
Staff years	37	na	38	37	-3

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		5,041
Running Costs		
Transfer to ASIC of Consumer related functions	-276	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	126	
Adjustments		
Section 31 receipts - including reimbursement of the cost associated to the ISC of engaging consultants to assist with the demutualisation of the AMP Society.	-580	
Total Variations		-730
1998-99 Budget Underlying Outlays (ii)		4,311

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 41 to 60 of the Annual Report of the Insurance and Superannuation Commission. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

New reporting requirements under the *Life Insurance Act 1995* came into effect on 31 December 1996. During 1997-98, the Life Group assessed the financial strength of life insurance companies using new financial analytical techniques developed in response to the new financial reporting framework. These techniques will continue to be applied during 1998-99. They will be refined in the light of 1997-98 experience.

During 1997-98 the Life Group continued to monitor the extent to which individual life companies and life brokers were discharging their responsibilities for ensuring that customers are fairly treated. This work will continue in 1998-99 together with work to ensure a smooth transition of these functions to the proposed Australian Prudential Regulation Authority and Australian Securities and Investment Commission.

Sub-Programme 7.3 — Actuarial

Objective

The Commission's objectives with regard to actuarial services are to provide high quality actuarial and related policy advice to Government departments and authorities.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 677 - Insurance and Superannuation					
Commission					
1. Running Costs	-	-	-	-	-
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	700	700	700	700	0
	700	700	700	700	0
Total Appropriation Bill No. 1	700	700	700	700	0
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	700	700	700	700	0
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	700	700	700	700	0
Less annotated appropriations	700	na	700	700	0
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	700	na	700	700	0
TOTAL UNDERLYING OUTLAYS	-	na	-	-	-
Staff years	9	na	8	8	0

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 99 to 104 of the Annual Report of the Insurance and Superannuation Commission. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

The Actuarial Group's programmes involve regular consultation with its clients on their requirements, the progress of activities, application and interpretation of calculations, and the internal mechanisms employed to achieve such results.

The major tasks in 1998-99 include advice to the Australian Taxation Office on the implementation of superannuation taxation policy and advice to Commonwealth departments and agencies on the cost of providing superannuation for Commonwealth employees and members of the Defence Forces.

Sub-Programme 7.4 — Superannuation

Objective

There are four overall objectives which form the background for the ISC's supervision of the superannuation industry:

- Ensure participating trustees understand their role and operate the fund prudently to protect member benefits and superannuation savings and to monitor trustee compliance with prudential obligations;
- Ensure the trustee has the capacity to keep the fund operating (eg administration capacity);
- Ensure the smooth and relevant application of the superannuation policy within the context of the Government's retirement income policy. Note this includes the need to maintain a level of community confidence in the superannuation system; and
- Engender an environment where there is a stable yet dynamic industry — ie maintain a focus on the balance between supervision (which allows market innovation within broad parameters) and regulation (which is focused on strict legislative compliance).

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 677 - Insurance and Superannuation Commission					
1. Running Costs	21,682	22,785	19,844	20,431	3
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	210	210	210	100	-52
	21,892	22,995	20,054	20,531	2
Total Appropriation Bill No. 1	21,892	22,995	20,054	20,531	2
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	21,892	22,995	20,054	20,531	2
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	21,892	22,995	20,054	20,531	2
Less annotated appropriations	210	na	210	100	-52
Less other adjustments	10	na	15	6	-60
TOTAL ADJUSTMENTS	220	na	225	106	-53
TOTAL UNDERLYING OUTLAYS	21,672	na	19,829	20,425	3
Staff years	285	na	248	259	4

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		19,829
Running Costs		
Transfer to ASIC of Consumer related functions	-1,450	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	2,046	
Total Variations		596
1998-99 Budget Underlying Outlays (ii)		20,425

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 61 to 79 of the Annual Report of the Insurance and Superannuation Commission. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

During 1998-99, the Superannuation Group will continue to prudentially supervise the superannuation industry, seeking to ensure that trustees are properly aware of and fulfil their duties and responsibilities. There will continue to be a focus on reviews of the operation of superannuation funds with particular assessment of the degree of control exercised by fund trustees. There will also be a continuation of education and information material being provided to trustees to assist them to gain a satisfactory level of awareness of superannuation and related issues. As necessary, policy advice will be provided to the Government and refinements to the Superannuation Industry Supervision (SIS) legislation recommended.

In an environment of industry innovation and legislative change the Group will also continue to review and refine our strategic approach to the supervision of the industry.

Where the Superannuation Group identifies particular practices on the part of trustees which breach the legislative parameters, appropriate enforcement action will be taken.

Sub-Programme 7.5 — General Insurance

Objective

The Commission's general insurance supervisory objective is to promote the interests of insurance policyholders, in particular, through the development of a well managed, competitive and financially sound general insurance industry.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 677 - Insurance and Superannuation Commission					
1. Running Costs	3,575	4,014	3,743	2,662	-29
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	40	40	40	40	0
	3,615	4,054	3,783	2,702	-29
Total Appropriation Bill No. 1	3,615	4,054	3,783	2,702	-29
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	3,615	4,054	3,783	2,702	-29
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	3,615	4,054	3,783	2,702	-29
Less annotated appropriations	40	na	40	40	0
Less other adjustments	7	na	10	3	-70
TOTAL ADJUSTMENTS	47	na	50	43	-14
TOTAL UNDERLYING OUTLAYS	3,568	na	3,733	2,659	-29
Staff years	38	na	36	26	-28

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		3,733
Running Costs		
Transfer to ASIC of Consumer related functions	-1,374	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	300	
Total Variations		-1,074
1998-99 Budget Underlying Outlays (ii)		2,659

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 17 to 39 of the Annual Report of the Insurance and Superannuation Commission. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

To achieve its objectives in the coming year, the Sub-Programme will:

- continue to monitor the financial and general management of insurers to protect the interests of policy holders;
- deal with breaches of insurance legislation including litigation or other appropriate enforcement action;
- continue to address issues of relevance to the insurance industry including with respect to disclosure of solvency and consistency of approach to the assessment of claims liabilities;
- actively participate in the work of the International Association of Insurance Supervisors (IAIS) with a view to enhancing the exchange of information among financial regulators and stimulating development of a more consistent approach to insurance supervision internationally;

- proceed with the redevelopment and implementation of the general insurance supervisory returns and computer systems;
- collect and publish statistics on the conduct and performance of the general insurance industry in Australia; and
- consult with industry and professional bodies relating to regulatory developments, standards and community issues relevant to general insurance.

PROGRAMME 8 — BUSINESS AFFAIRS

PROGRAMME 8 — BUSINESS AFFAIRS

Objective

To achieve a corporate environment that promotes business activity and investor confidence, maximises the efficiency of securities markets and provides protection for investors and the wider community.

Table 4.1: Summary of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised (i) Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 673 - Australian Securities Commission					
1. For expenditure under the <i>Australian Securities Commission Act 1989</i>	119,398	119,433	119,433	134,830	13
Division 674 - Companies and Securities Advisory Committee					
1. For expenditure under Part 9 of the <i>Australian Securities Commission Act 1989</i>	811	811	811	816	1
Total Appropriation Bill No. 1	120,209	120,244	120,244	135,646	13
<i>Appropriation Bill No. 2</i>					
Division 977 - Payments to or for the States, the Northern Territory and the Australian Capital Territory					
02. Companies and securities regulation - Compensation for loss of revenue	134,376	132,551	132,551	134,805	2
Capital Works and Services					
Australian Securities Commission - For expenditure under the <i>Australian Securities Commission Act 1989</i>	5,778	5,778	5,778	-	-100
Total Appropriation Bill No. 2	140,154	138,329	138,329	134,805	-3
TOTAL ANNUAL APPROPRIATIONS	260,363	258,573	258,573	270,451	5
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	260,363	258,573	258,573	270,451	5

Table 4.1: Summary of Appropriations to the Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	-	na	-	-	-
Less other adjustments	30,860	na	41,477	42,107	2
TOTAL UNDERLYING OUTLAYS	229,503	na	217,096	228,344	5
Staff years	1,134	na	1,134	1,294	14

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme 8.1 — Australian Securities Commission

Objective

To protect the interests of companies and investors by providing information about companies, helping businesses to interpret the law, and taking action against offenders.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 673 -Australian Securities Commission					
1. For expenditure under the <i>Australian Securities Commission Act 1989</i>	119,398	119,433	119,433	134,830	13
Total Appropriation Bill No. 1	119,398	119,433	119,433	134,830	13
<i>Appropriation Bill No. 2</i>					
Division 977 - Payments to or for the States, the Northern Territory and the Australian Capital Territory					
02. Companies and securities regulation - Compensation for loss of revenue	134,376	132,551	132,551	134,805	2
Capital Works and Services					
Australian Securities Commission - For expenditure under the <i>Australian Securities Commission Act 1989</i>	5,778	5,778	5,778	-	-100
Total Appropriation Bill No. 2	140,154	138,329	138,329	134,805	-3
TOTAL ANNUAL APPROPRIATIONS	259,552	257,762	257,762	269,635	5
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	259,552	257,762	257,762	269,635	5

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	-	na	-	-	-
Less other adjustments	30,860	na	41,477	42,107	2
TOTAL ADJUSTMENTS	30,860	na	41,477	42,107	2
TOTAL UNDERLYING OUTLAYS	228,692	na	216,285	227,528	5
Staff years	1,130	na	1,130	1,290	14

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		216,285
Budget Measures		
Implementation of Financial Systems Inquiry recommendations (see also page 190)	19,252	
Implementation of Managed Investments Bill (see also page 191)	3,945	
Running Costs		
Cessation of capital works and services funding (Bill 2)	-5,778	
One off loan in 1997-98	-6,500	
Repayment of 1996-97 loan in 1997-98	4,000	
Loan repayment 1998-99	-2,198	
Increased estimate of payments to the States for compensation for loss of revenue	2,254	
Parameter Adjustments	1,689	
Efficiency Dividend	-1,114	
Reduced funding from 1996-97 decision - National Corporate Regulation Scheme	-3,000	
Savings from Whole of Government IT	-284	
1997-98 Small Business - Single Entry Point to Government funding	-393	
Adjustments		
Increase in receipts offset against outlays	-630	
Total Variations		11,243
1998-99 Budget Underlying Outlays (ii)		227,528

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

The following Budget Measures affect this Sub-Programme.

Financial Systems Inquiry Implementation

Funding of \$19.252 million has been provided to meet the transitional costs of the Australian Securities Commission (ASC) implementing the Government's decisions on the Financial System Inquiry. Included in this amount is \$3.700 million and \$0.150 million which have been transferred from the ISC and the ACCC respectively. This will permit the ASC (to be re-named the Australian Securities and Investments Commission — ASIC) to provide consumer protection functions in the financial system,

some of which have been previously vested across a number of other agencies. For further information see page 190 in Section 5.

Managed Investments Bill

Funding of \$3.945 million has also been provided to the ASC to meet the costs of supervising the governance structure for collective investment schemes proposed in the Managed Investments Bill. For further information see page 191 in Section 5.

More detail on these new policy initiatives is included in the Performance Forecasts for 1998-99.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the ASC's performance in 1996-97 was included in its Annual Report for that year. Performance information for 1997-98 will be included in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

ASC Performance Forecasts for 1998-99

Implementing the outcome of the Financial System Inquiry will be a major influence on performance strategies for 1998-99. From 1 July 1998 the ASC will be renamed the Australian Securities and Investments Commission and its charter will be expanded to include consumer protection of financial products and services.

The new body will take on the existing consumer protection elements from the ACCC, the ISC and the RBA and provide consumer protection and market integrity regulation across the financial system. This will include development and administration of a single licensing system for dealers and advisers, monitoring industry codes of practice, administration of disclosure requirements for financial products, monitoring and enforcement of consumer protection provisions and market integrity rules. A primary focus of these changes is the vesting of similar regulatory functions for the financial industry sectors into a single agency. This is designed to assist the harmonisation of regulation in this sector and facilitate competitive forces.

The reform of the governance structure of collective investment schemes proposed under the Managed Investments Bill, when enacted, will require the ASC (subsequently the ASIC) to administer the reformed regulatory framework. The new regime imposes new responsibilities upon the ASC in relation to administration, compliance and enforcement in the managed investments industry. Existing schemes will have a 2 year transition period to enable them to meet the new requirements, although it is expected that many schemes will seek to bring themselves within the new regime at an early stage. Resources will be applied to licensing, registration, surveillance and enforcement functions to manage the transition from the old regime and administration of the new system. The ASC will, in consultation with industry, be working to ensure an orderly transition. The ASC will use the range of administrative powers and discretions in the Bill when enacted to assist it to do so. Scheme registration deadlines will be 28 days for the first 2 years of transition and thence 14 days after that as set out in the Bill.

The current budget provides for additional funding for the new functions that will be taken on by the ASIC under the Government's reforms to financial system regulation and the Managed Investments Bill when enacted. Notwithstanding these increases the ASC plans to continue the reform of its support infrastructure to ensure its alignment with core business and to assist it in managing the other reductions to its funding base.

Australian Accounting Standards Board (AASB) and Australian Accounting Research Foundation (AARF) Performance Forecast for 1998-99

Objectives for 1998-99

Accounting standard-setting arrangements in Australia are currently being reviewed by the Commonwealth Government, as part of the Corporate Law Economic Reform Programme. Proposals for revised standard-setting arrangements are being finalised and it is expected that draft legislation will be introduced into Parliament mid-year. The exact nature and timing of the reforms, and their impact on the operations of the AASB, are unclear at this stage. Notwithstanding the review, the AASB has established objectives for 1998 and beyond based on current resource levels and arrangements, as reflected in the Work Programme below.

As indicated in the work programme, international considerations will continue to have a significant impact on the work of the AASB. As occurred during 1997-98, consistent with its International Harmonisation Policy and its agreement with the Australian Stock Exchange, the AASB expects to continue to pursue its Programme of harmonising Australia's accounting standards with those of the IASC. The Programme's objective is to change Australian standards and influence the development of, and changes to, IASC standards so that an Australian reporting entity complying with Australian standards would also be complying with IASC standards.

The AASB will also continue to pursue its objective of increasing the extent to which Australian accounting standards are harmonised with those of other major national standard setters.

In addition, the AASB will continue its work on Corporations Law related projects, including 'Financial Reporting of Life Insurance Business' and 'Concise Financial Reporting' during 1998 and beyond. Further, the AASB anticipates issuing a standard jointly with the Public Sector Accounting Standards Board of the Australian Accounting Research Foundation on accounting for self-generating and regenerating assets during 1998.

The following table illustrates the work programme for AASB for 1998 and 1999 onwards. The footnotes give an explanation of the codes used in the table.

Table: AASB Work Programme 1998 and 1999 Onwards

Project	Current Status	1998	1999+
1. Related to International Work			
Consolidated Accounts	AASB 1024	ED,STD(r)	-
Earnings per Share	AASB 1027,ED 85	STD(r)	-
Acquisition of Assets	AASB 1015,ED 84	STD(r)	-
Goodwill	AASB 1013	ED,STD(r)	-
Revenue	AASB 1004,ED 81	STD(r)	-
Segment Reporting	AASB 1005,ED 90	STD(r)	-
Joint Arrangements	AASB 1006,ED 79	STD(r)	-
Revaluation of Non-Current Assets	AASB 1010,IC	ED,STD(r)	-
Impairment	AASB 1010	ED	STD
Research and Development	AASB 1011	ED	STD(r)
Foreign Currency Translation	AASB 1012,ED 86	STD(r)	-
Set-Off and Extinguishment of Debt	AASB 1014	ED	STD(r)
Related Party Disclosures	AASB 1017	ED	STD(r)
Income Tax	AASB 1020,ED 87	STD(r)	-
Interim Reporting	AASB 1029	ED,STD(r)	-
Provisions	ED 88	STD	-
Intangibles	-	ED,STD	-
Accounting Policies	AASB 1001,ED 89	STD(r)	-
Leases	AASB 1008,ED 82	STD(r)	-
Profit and Loss Statements	AASB 1018	ED,STD(r)	-
Employee Benefits (except Super)	AASB 1028	ED	STD(r)
Employee Benefits (only Super)	-	ED	STD
Disclosure/Presentation	AASB 1034	ED,STD(r)	-

Table: AASB Work Programme 1998 and 1999 Onwards (continued)

Project	Current Status	1998	1999+
Discontinuing Operations	-	ED	STD
Financial Instruments - Recognition and Measurement	-	ED	STD
Investment Properties	DP 24	ED	STD
2. Related to Corporations Law			
Life Insurance	ED 73	STD	-
Concise Financial Reporting	-	ED	STD
3. Other Projects			
Performance Reporting	AASB 1018	ATM	ED,SAC STD(r)
Measurement	-	ATM	ED,SAC
Scope of Financial Reporting	-	-	ATM, SAC
Self-Generating and Regenerating Assets	ED 83	STD	-

(r) = revised

SAC = Statement of Accounting Concepts

ED = Exposure Draft

DP = Discussion Paper

STD = AASB/AAS Standard

IC = Invitation to Comment

ATM = Accounting Theory Monograph

Sub-Programme 8.2 — Companies & Securities Advisory Committee

Objective

To advise on law reform affecting corporations, securities or futures, including proposals to improve the administration of national scheme laws and the efficiency of securities and futures markets.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 674 -Companies and Securities					
Advisory Committee					
1. For expenditure under Part 9 of the <i>Australian Securities Commission Act 1989</i>	811	811	811	816	1
Total Appropriation Bill No. 1	811	811	811	816	1
TOTAL ANNUAL APPROPRIATIONS	811	811	811	816	1
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	811	811	811	816	1
Less annotated appropriations	-	na	-	-	-
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	-	na	-	-	-
TOTAL UNDERLYING OUTLAYS	811	na	811	816	1
Staff years	4	na	4	4	0

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is included in the Annual Report of the Companies and Securities Advisory Committee for that year. Performance information for 1997-98 will be published in the 1997-98 Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

The following matters are currently under, or identified for, review by the Advisory Committee. Reports or Discussion Papers are expected to be published in this period on most of these matters. It is anticipated that further matters for review will be identified, and work will commence, in the period.

Insolvency

The Legal Committee of the Advisory Committee will publish a Report on voluntary insolvency administration in 1998-99. This Report will make recommendations for amending the current law relating to corporate voluntary administration in a number of key areas, including:

- administrators' disclosure to creditors of any professional, personal and business relationships they have with the company or its officers, members or creditors;
- the appropriate procedure for ensuring that a deed of company arrangement accurately reflects the resolution of creditors at the major meeting;
- the treatment of pledgees, lienees and reservation of title creditors;
- the 'relation-back' period for recovery of voidable preferences where an application to wind up a company has been made before the company is placed under administration;
- the relationship between the voluntary administration provisions and the prospectus and takeover provisions;
- whether it is necessary to give creditors who deal with a company under a deed of company arrangement any priority if the company subsequently goes into winding up; and
- giving creditors the right to appoint their own nominee as liquidator when a company under administration goes into winding up.

Corporate Groups

The Advisory Committee will publish a Discussion Paper in 1998-99 on how corporate law in Australia might better recognise and respond to the way corporate groups operate in practice, thereby assisting directors of corporate group companies to carry out their functions, while protecting the legitimate interests of minority shareholders and outsiders who deal with these groups.

The Discussion Paper will:

- describe the different ways in which corporate groups are regulated in various jurisdictions, including Australia, the United States, New Zealand and Germany;
- examine the legal difficulties that directors of a corporate group company may face in balancing their fiduciary responsibilities to that company with the overall economic interests of the group;
- review the adequacy of existing remedies for minority shareholders within corporate groups;
- consider whether the Corporations Law provisions dealing with schemes of arrangement, voluntary administration and liquidations may need amendment to better accommodate corporate groups; and
- discuss the legal implications for tort plaintiffs in enforcing their rights within the context of corporate groups.

Ultra vires

The Advisory Committee's Final Report on Regulation of On-exchange and OTC Derivatives Markets (June 1997) referred at paras 8.95-8.113 to the ultra vires problem as it applies to trusts and other entities in financial markets. The Report pointed out that some entities may be prohibited from, or restricted in, dealing in derivatives or some other financial transactions. The validity or enforceability of any such transactions into which they enter could be jeopardised by their lack of power to act as contracting parties.

The Advisory Committee will prepare a Discussion Paper dealing in detail with the matters raised in its Derivatives Report and seeking submissions on the various policy options raised in the Report, and any other matters arising from the doctrine of Ultra Vires.

Corporate Law Economic Reform Programme

The Advisory Committee, in consultation with the Legal Committee, will provide advice on the draft legislation arising from the Corporate Law Economic Reform Programme. This work will continue into 1998-99.

Performance indicators and evaluation

The Advisory Committee will seek to ensure that, in the 1998-99 period, it completes its Report on Voluntary Insolvency Administration. It will also release Discussion Papers on Corporate Groups and Ultra Vires and provide advice to the Government on the draft legislation released under the Corporate Law Economic Reform Programme.

To achieve the performance forecasts for 1998-99, the Advisory Committee will seek the expert advice of its Legal Committee, encourage public comment on its Discussion Papers and thoroughly review all submissions received on them. This well-established process of public review is designed to ensure that all interested persons in the

commercial community are given an adequate opportunity to make written submissions on particular matters, and otherwise express their views, to the Advisory Committee. Through this consultation process and the provision of timely advice to the Treasurer, the Advisory Committee will seek to ensure that Australian financial markets and corporations operate in a commercial environment of the highest standards supported by appropriate legislation.

**PROGRAMME 9 — NATIONAL COMPETITION
COUNCIL**

PROGRAMME 9 — NATIONAL COMPETITION COUNCIL

Objectives

To promote microeconomic reform in the community by undertaking research and providing advice to all governments on competition policy matters.

To recommend on applications for declaration of access to services provided by nationally significant infrastructure and the certification of access regimes under Part 111A of the *Trade Practices Act 1974*.

To assess progress with agreed competition policy reforms, and to recommend to the Commonwealth prior to July 1997, July 1999 and July 2001 whether the conditions for national competition policy payments to the States and Territories have been met.

To recommend on whether State and Territory government businesses should be declared for prices surveillance by the ACCC, and to report on the costs and benefits of legislation reliant on Section 51 of the *Trade Practices Act 1974*.

Table 4.2: How the Programme is Resourced; Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised (i) Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 676 - National Competition Council					
1. Running Costs	2,710	2,984	2,984	2,582	-13
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	20	20	20	21	5
	2,730	3,004	3,004	2,603	-13
Total Appropriation Bill No. 1	2,730	3,004	3,004	2,603	-13
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	2,730	3,004	3,004	2,603	-13
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	2,730	3,004	3,004	2,603	-13

Table 4.2: How the Programme is Resourced; Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	20	na	20	21	5
Less other adjustments	-	na	21	-	-100
TOTAL ADJUSTMENTS	20	na	41	21	-49
TOTAL UNDERLYING OUTLAYS	2,710	na	2,963	2,582	-13
Staff years	19	na	19	19	0

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Programme in 1998-99.

Table 4.3: Variations to Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		2,963
Running Costs		
Borrow forward of funding from 1998-99 due to reorganisation of priorities	-260	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-121	
Total Variations		-381
1998-99 Budget Underlying Outlays (ii)		2,582

- (i) The 1997-98 figure appears in column 3 in Table 4.2 above.
(ii) The 1998-99 Budget figure appears in Column 4 in Table 4.2 above.

Performance of the Programme in 1996-97 and 1997-98

The Council's 1996-97 Annual Report outlined and explained all of the Council's areas of responsibility. Its 1997-98 Annual Report will report on its activities in each of these areas during 1997-98.

Performance Forecasts for 1998-99

It is expected that the workload of the Council will continue to increase in 1998-99 with a greater focus on the need to maintain the momentum of reform.

- Assessment of the implementation of reform will involve, finalising the outstanding items from the first tranche, ongoing monitoring and commencing the second tranche assessment, due by end June 1999.
- Certification and declaration activity is likely to continue with some increase in 1998 due to the Council's role in assessing the effectiveness of State Gas Access Regimes as part of the national process of reform in Australia's Gas Industry.
- It is also likely that new projects will be added to the Council's work programme.
- The Council will adopt two new roles in the ongoing supervision of national gas and electricity markets.
- The dissemination of information on the need for and benefits of Competition Policy Reform will continue to be important. The Council will update several of its newsletters and the Internet page and produce some new publications.

The operation of the National Competition Council is scheduled to be evaluated and reviewed by 6 November 2000.

SECTION 5 — BUDGET MEASURES

BUDGET MEASURES

A Budget measure is defined by this document as being a decision by Cabinet or Ministers that has been finalised since the 1997-98 Budget and has resulted in a cost or saving to underlying outlays in the years 1998-99 to 2001-02. This Section also provides information on certain non-tax revenue measures, and certain tax measures directly associated with an underlying outlays measure.

Budget measures, including revenue measures, are explained in full in *Budget Paper No. 2*. That Paper also includes an explanation of any measures since the 1997-98 Budget which will impact on the budget in 1997-98 but not in later years.

A summary of Budget Measures appears at Table 3.4 on pages 20 and 21.

Programme 1 - Treasury**Budget Measure**

1.2 International Economy

Support for International Monetary Fund programmes through the provision of a loan to Korea

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
505,000	-	-	-

Explanation

The measure comprises a loan of \$505 million during 1998-99 to the Korean Government to help support the economic adjustment programmes agreed with the IMF.

Recently, a number of countries in the Asian region have experienced financial difficulties. Due to the situation in that region, the IMF has been called upon to provide a larger than average amount of financial assistance. The increased burden on IMF resources has meant that member countries, including Australia, have been called upon to provide additional financial assistance. Australia has offered to provide up to \$US1 billion in support of IMF-sponsored programmes in Korea.

Financial assistance to Korea will:

- enhance foreign and international trade relations between Australia and Korea;
- foster regional stability and protect Australia's growth prospects as Korea will be able to continue to buy Australian exports; and
- be by way of a government to government loan which will be repayable by Korea no later than the conclusion of the support programme.

Budget Measure

1.4 Taxation

Ex gratia payment to approved charitable organisations or trust funds in memory of Diana, the Princess of Wales

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
300	-	-	-

Explanation

This measure is in accord with the Government's announcement that it would pass on to charity the sales tax receipts from the sale of the Elton John tribute CD produced in memory of Diana, Princess of Wales. A decision on the specific recipient charity or charities is being finalised and ex gratia payments will be made early in 1998-99.

The amount detailed above is a pre-budget measure and has since been subject to a revision of estimates. The figure for 1998-99 is now \$793,000. The variation is shown on page 41.

Funding for development of a proposed tax reform programme

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
4,200	-	-	-

Explanation

The proposal involves continued funding within the Treasury to assist the Taxation Task Force to develop options for fundamental reform of the Australian taxation system.

Budget Measure

1.5 Fiscal

Extension of real per capita guarantee on Financial Assistance Grants to the States

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
-	-	191,000	195,700

Explanation

In the context of the 1998 Premiers' Conference, the Commonwealth undertook to maintain Financial Assistance Grants (FAGs) to the States in real per capita terms in 1998-99 and to extend the real per capita guarantee for FAGs to 2000-01. The effect of extending the guarantee will increase the base level of FAGs in 2001-02 and beyond. The per capita component of the guarantee is conditional on the States complying with their obligations under the Agreement to Implement the National Competition Policy and Related Reforms.

Budget Measure

1.8 Financial & Currency

Abolition of Non-Callable Deposits

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
-	-	200,000	200,000

Explanation

Banks are currently required, under the *Banking Act 1959*, to hold one per cent of their liabilities with the Reserve Bank of Australia as non-callable deposits (NCDs). The interest paid to the banks on these funds is currently 5 percentage points below the prevailing market rate.

As announced by the Treasurer on 2 September 1997, the Australian Prudential Regulation Authority (APRA) will take over the Reserve Bank's prudential regulation role. Because APRA will be funded by industry fees and charges, and consequent on and subject to the transfer to the Commonwealth of regulatory responsibility for building societies and credit unions, the existing requirement that banks hold NCDs at the Reserve Bank will be abolished. This will eliminate a competitive disadvantage of licensed banks compared with their unlicensed competitors and ensure that all Authorised Deposit-Taking Institutions (DTIs) face the same regulatory arrangements.

The measure is expected to take effect by 1 July 1999 and impact on Reserve Bank earnings in 1999-00 with a fall in Reserve Bank dividends to the Commonwealth from 2000-01 of \$200 million per annum.

Budget Measure

1.10 Corporate Direction & Support

Fitout of the refurbished Treasury building

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
-	980	1,994	2,028

Explanation

This measure incorporates the integrated tenant fitout works of the refurbishment of the Treasury Building. It is part of the overall capital works program of the Commonwealth developed by the Domestic Property Group and accords with the Commonwealth Property Principles of January 1997.

The Commonwealth Property Committee proposed that the Treasury building be refurbished to ensure the building's economic viability into the future and the building's compliance with Government accommodation standards. This will ensure that the Treasury is able to meet its legal obligations under Occupational Health and Safety legislation.

The fitout will be evaluated against its efficiency benchmarked against current expenditure on internal office construction, layout changes and energy usage.

Programme 4 — Taxation Administration**Budget Measure***Supervision and funding arrangements for self-managed superannuation funds*

	1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
OUTLAYS	2,000	2,032	2,071	2,108
REVENUE	-	18,938	19,194	19,454

Explanation

As part of its response to the recommendations of the Financial System Inquiry, the Government announced an in-principle decision to transfer the regulation of self-managed superannuation funds from the Insurance and Superannuation Commission (ISC) to the Australian Taxation Office (ATO). Additional funding has been allocated to the ATO to administer these funds and to improve their compliance with retirement income objectives by implementing an enhanced audit programme. In addition, the Superannuation Supervisory Levy will be restructured to more accurately reflect cost recovery principles.

4 Taxation Administration (continued)

High Wealth Individuals Taskforce

	1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
OUTLAYS	9,519	9,519	-	-
REVENUE	100,000	100,000	-	-

Explanation

Additional funding has been allocated to the ATO to extend the activities of the High Wealth Individuals Task Force. The Task Force was established in 1996-97 to investigate the tax minimisation practices of some high wealth individuals. The extension of funding over 1998-99 and 1999-00 will enable the ATO to continue to develop strategies and take action to address undesirable tax minimisation practices and to improve high wealth individuals' compliance with the tax laws.

Additional revenue of \$100 million is expected in both 1998-99 and 1999-00 as a result of this measure.

Funding for development of systems for implementing tax reform

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
20,000	-	-	-

Explanation

In August 1997, the Prime Minister announced the Government's plan for reform and modernisation of the Australian tax system. The process for reform includes the formation of a Taxation Task Force to advise the Government on options for reform. Additional resources have been allocated to the ATO (as well as to the Australian Customs Service) to commence development of new systems required to implement different collections introduced as a result of tax reform. Arrangements are to be put in place during 1999-00.

4 Taxation Administration (continued)

Reform of the Child Support Scheme — Policy and administration

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
-4,312	-12,525	-14,337	-16,214

Explanation

These initiatives:

- Require parents to move to private support once regular payments have been established. Payees will not be financially disadvantaged because an effective 'safety net' will be in place;
- Involve registration information to be transmitted electronically from Centrelink to the Child Support Agency (CSA); and
- Expand grounds where the CSA will be able to depart from a formula assessment.

Information Technology asset replacement

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
27,700	-	-	-

Explanation

The purpose of this budget measure is to provide funding for the replacement of the ATO Information Technology (IT) equipment including computer hardware, software and communications equipment.

The resources will enable the ATO to maintain the IT infrastructure that has been put in place through the Modernisation Project which provided resources for the ATO from 1989-90 to 1997-98. This will ensure that the ATO will be able to maintain the taxpayer service standards as outlined in the Taxpayers' Charter.

Programme 6 — Australian Competition & Consumer Commission**Budget Measure**

Government response to Fair trading inquiry report — Funding to improve small business access to justice and awareness of fair trading issues

1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
1,363	1,436	1,410	-

Explanation

Arising from the Government's Fair Trading Response in September 1997 'New Deal, Fair Deal', the ACCC will give special weight to small business interests and in particular take small business 'test' cases. A priority for enforcement is the franchising sector. Areas of concern are misleading and deceptive conduct and possible unconscionable conduct by franchisors.

This budget measure relates to the ACCC's goals of:

- timely and efficient response to notification of potential breaches of the Trade Practices Act;
- efficient management of investigation and resolution of potential breaches of the Act;
- education programmes developed to reach small businesses: and
- evaluation of actions and programmes to assess their effect on competition, fair trading, consumers and the market place generally.

The effectiveness and efficiency of the budget measure will be assessed by the reduction in the number of complaints in small business issues coming to the ACCC.

Programme 7 — Insurance & Superannuation Commission**Budget Measure***Establishment of the Australian Prudential Regulation Authority (APRA)*

	1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
OUTLAYS	26,144	27,566	23,904	24,310
REVENUE	-3,825	-39,009	-29,345	-29,745

Explanation

APRA is to be established as the single agency to conduct prudential regulation of the Australian financial system. APRA will be responsible for the prudential regulation of authorised Deposit-Taking Institutions (DTIs), life and general insurance companies, certain friendly societies and superannuation funds. The establishment of APRA is a response to the blurring of traditional boundaries between financial institutions. By combining the prudential regulation functions of the Reserve Bank of Australia, Insurance and Superannuation Commission, Australian Financial Institutions Commission and various State Supervisory Authorities, it is intended to provide a more efficient, flexible and competitively neutral regulatory framework for financial institutions which has the ability to respond to rapid change taking place in the financial system.

All of the costs incurred by APRA will ultimately be recovered through levies on those industries supervised by APRA. This will ensure that the cost of regulation is borne by those who benefit from this regulation.

The expenditure in this item covers both the cost of establishing APRA and the cost of supervising authorised DTIs and friendly societies. The bulk of the establishment costs will be incurred in 1998-99, with the balance in the following year. The cost of prudentially supervising banks will be incurred by APRA from 1998-99, while the cost of supervising building societies, credit unions and friendly societies is expected, at this stage, to start in the following year.

The revenue to be received in 1998-99 represents the first instalment repayment by the superannuation and insurance industries of their share of APRA's establishment costs. The amounts received in the following years are greater reflecting the commencement of levy payments by authorised DTIs and friendly societies to cover both their supervision costs and repayment of their share of the establishment costs.

Other costs and revenue associated with APRA are contained in Budget Paper No. 4 — Commonwealth Public Account.

Programme 8 — Business Affairs**Budget Measure**

8.1 Australian Securities Commission

Establishment of the Australian Securities and Investments Commission (ASIC)

	1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
OUTLAYS	15,402	11,584	11,804	12,017
REVENUE	-8,303	-13,985	-14,205	-14,315

Explanation

Implementing the recommendations of the Financial Systems Inquiry will be a major influence on performance strategies for 1998-99. From 1 July 1998 the ASC will be renamed the Australian Securities and Investments Commission and its charter will be expanded to include consumer protection of financial products and services. As a result of the transfer of functions from the ISC and ACCC to the ASC, amounts of \$3.700 million and \$0.150 million respectively have also been transferred.

The new body will take on the existing consumer protection elements from the ACCC, the ISC and the RBA and provide consumer protection and market integrity regulation across the financial system. This will include development and administration of a single licensing system for dealers and advisers, monitoring industry codes of practice, administration of disclosure requirements for financial products, monitoring and enforcement of consumer protection provisions and market integrity rules. A primary focus of these changes is the vesting of similar regulatory functions for the financial industry sectors into a single agency. This is designed to assist the harmonisation of regulation in this sector and facilitate competitive forces.

The additional outlays associated with this initiative include funding for establishment costs, consumer protection functions and information technology expenses. Consistent with cost-recovery principles the outlays will be recovered through fees, charges and levies on industry participants.

8.1 Australian Securities Commission (continued)

Corporate Law Reform — Managed Investments

	1998-99 (\$'000)	1999-00 (\$'000)	2000-01 (\$'000)	2001-02 (\$'000)
OUTLAYS	3,945	2,912	259	-
REVENUE	-3,000	-3,000	-1,116	-

Explanation

The Managed Investment Bill (MIB) seeks to improve regulation of managed investment schemes, implementing many of the recommendations made by the Australian Law Reform Commission (ALRC) and the Companies and Securities Advisory Committee (CASAC). By replacing the existing dual-responsibility structure for prescribed interests with a structure that ensures there is a single scheme operator for each scheme, the Bill seeks to deliver clear accountability to scheme members, facilitate market efficiencies, provide cost savings and allow consistency with arrangements for the superannuation funds.

Funding for this programme effectively ceases in 2000-01 when a Parliamentary committee will review the effectiveness of the legislation, including the need for continued funding to support additional workload on the ASC.

The increased outlays are to fund transitional costs incurred by the regulator under the new regulatory framework and include additional staff, training and information technology support costs. The increased outlays will be recouped over three years through fees and charges on industry participants.

APPENDICES

1997-98 PORTFOLIO PROGRAMME STRUCTURE

Programme	Sub-Programme
1. Treasury	<ul style="list-style-type: none"> 1.1 Domestic Economy 1.2 International Economy 1.3 Structural 1.4 Taxation 1.5 Fiscal 1.6 Debt Management 1.7 Investment 1.8 Financial & Currency 1.9 Business Law 1.10 Corporate Direction & Support
2. Royal Australian Mint (Not Budget Funded)	No Sub-Programmes
3. Australian Bureau of Statistics	<ul style="list-style-type: none"> 3.1 Statistical Operations 3.2 Corporate Services
4. Taxation Administration (Australian Taxation Office)	<ul style="list-style-type: none"> 4.1 Income & Other Taxes 4.2 Child Support Agency 4.3 Corporate Support
5. Productivity (Includes Industry Commission, Bureau of Industry Economics and Economic Planning Advisory Commission)	No Sub-Programmes
6. Australian Competition and Consumer Commission	<ul style="list-style-type: none"> 6.1 Compliance with the Trade Practices Act 6.2 Improvement in Market Conduct 6.3 Education & Information 6.4 Corporate Planning & Management
7. Insurance and Superannuation Commission	<ul style="list-style-type: none"> 7.1 Corporate Services 7.2 Life Insurance 7.3 Actuarial 7.4 Superannuation 7.5 General Insurance
8. Business Affairs	<ul style="list-style-type: none"> 8.1 Australian Securities Commission 8.2 Companies & Securities Advisory Committee
9. National Competition Council	No Sub-Programmes

GLOSSARY OF TECHNICAL TERMS

Additional Estimates — where amounts appropriated at budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts. This is the Additional Estimates process.

Additional Estimates Bills or Acts — These are Appropriation Bills 3 and 4, and a separate Bill for the Parliamentary Departments (Appropriations (Parliamentary Departments) Bill (No 2)). These Bills are introduced into Parliament sometime after the Budget Bills. In 1997-98, the Budget was introduced in May 1997, and the Additional Estimates Bills in October 1997.

Appropriation — an authorisation by Parliament to spend moneys from the Consolidated Revenue Fund.

- **Annotated Appropriation** — a form of appropriation which allows a department access to certain money it receives in payment of services. The nature and extent of the amount to be appropriated are specified in agreements made under Section 31 of the *Financial Management and Accountability (FMA) Act 1997* between the financial manager and the responsible Minister. See Section 9, Appropriation Bill (No. 1) 1998-99.
- **Annual Appropriation** — Two appropriation Bills are introduced into Parliament in May and comprise the Budget. Further bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
- **Special Appropriations** — Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.
- **Standing Appropriations** — These are very similar to special appropriations, except that instead of an amount being specified in the appropriation, the act provides for an automatic payment of funds where an entitlement exists, such as age pensions, or for the Minister for Finance to determine an amount in accordance with specified criteria. The terms special and standing are often used interchangeably.

Financial Management and Accountability (FMA) Act 1997 — The principal legislation governing the proper use and management of public money and public property and other Commonwealth resources. FMA Regulations and FMA Orders are made pursuant to the Act.

Budget Measure — a decision by the Cabinet or Ministers that has been finalised since the 1997-98 Budget and has resulted in a cost or savings to underlying outlays in the years 1998-99 to 2001-02. See also Cross Portfolio Budget Measure.

Commonwealth Funds

- **Consolidated Revenue Fund (CRF)** — This is the principal working fund of the Commonwealth and is mainly financed by taxation, fees and other current receipts. The Constitution requires an appropriation of moneys by the Parliament before any expenditure can be made from the CRF (s83).
- **Loan Fund** — Established by the FMA Act 1997, the Loan Fund contains all moneys raised by loan on the public credit of the Commonwealth. Expenditure from the Loan Fund is limited to the purpose for which the moneys were raised.
- **Reserved Money Fund (RMF)** — Accounts for money which the Commonwealth holds on trust for, or otherwise for the benefit of, a person other than the Commonwealth and moneys which are ‘reserved’ for future Commonwealth purposes. Components of the RMF, specifying the nature of receipts that may be credited to, and payments that may be made from each component, may be established by the Finance Minister under section 20 of the FMA Act, or by specific legislation. The transfer of receipts from the CRF to, and payments from, component of the RMF are authorised by standing appropriations in section 20 of the FMA Act.
- **Commercial Activities Fund (CAF)** — Accounts for various activities of agencies which should be accounted for as if they were genuinely commercial. Components of the CAF specifying the nature of receipts that may be credited to, and payments that may be made from, each component, may be established by the Finance Minister under section 21 of the FMA Act. The criteria applied to establishing components of the CAF are:
 - The purpose of the activity to be financed via the CAF involves the provision of goods and services;
 - The organisation undertaking the activity has a management structure that is discrete within the agency and that the costs of that management structure are segregated from the costs of the other activities and programmes of the agency;
 - The activities are funded predominantly from revenue raised from users or purchasers and that there is a ‘profit-making’ objective; and
 - The organisation is, or potentially will be, competing in a commercially contestable environment.

Cross Portfolio Budget Measure — This is a Budget measure which affects programmes administered in a number of Portfolio.

Efficiency Dividend — An annual deduction of a percentage of running costs from an agency’s budget which acts both as an incentive to efficiency and a quantification of some of the efficiency gains made by an agency in the previous year.

Financing transactions — the Government funds shortfalls in revenue over outlays by borrowing from financial markets or running down financial assets. Such activities are

regarded as financing transactions. If a surplus of revenue over outlays is recorded then financing transactions will show how the surplus is used.

Forward estimates — a system of rolling three year financial estimates. After the budget is passed, the first year of the forward estimates becomes the base for next year’s budget bid, and another outyear is added to the forward estimates.

Objective — A statement of rationale behind a programme; they relate to the purpose, as opposed to the nature, of the activities undertaken within programmes.

Outlays (underlying) — is an economic concept that has its roots in international standards for government reporting. In the Budget context it measures the net resources cost of the budget provision of public goods and services.

Not only payments are included in outlays. For example, some receipts are netted off against related payments. Moreover not all payments are outlays, for example, payments of principal to government security holders are classified as financing transactions and as such are not outlays, whereas interest payments are.

It is important to distinguish between appropriations and underlying outlays. Appropriations derive from Acts of Parliament which authorise the drawing down of public money for the functions and activities of Government.

Underlying outlays = total appropriations – adjustments.

Adjustments to appropriations to derive outlays are:

- payments that are not underlying outlays (for example loan payments — these are financial transactions — and tax refunds — netted against taxation revenues);
- receipts that are offset within underlying outlays — these are charges for goods and services, sales of physical assets and repayments of government loans or repayment of equity in government enterprises;
- RMF and CAF transactions regarded as outlays — shows how the components of appropriations are adjusted to derive underlying outlays for each of the Portfolio’s Programmes; and
- net advances — these are government transactions which simply involve the transfer or exchange of financial assets. Net advances include:
 - the sale and purchase of equity assets;
 - the injection and withdrawal of equity from entities outside the Government’s accounts; and
 - public policy lending and repayments to other sectors.

It is important to distinguish between appropriations and underlying outlays. Appropriations derive from Acts of the Parliament which authorise the drawing down of Commonwealth money for the functions and activities of Government.

Programme, Sub-Programme, Component — a Programme is an identifiable group of outlays administered by Portfolios. The Programme structure provides a basis for resource management decisions centred on objectives and results, and for allocation decisions. Programmes are subdivided into Sub-Programmes and Components.

Portfolio Budget Statements — statements prepared by Portfolios to explain the Budget appropriations in terms of programmes.

Receipts — the total or gross amount received by the Commonwealth. Each receipts item is either revenue, an offset within outlays, or a financing transaction. Receipts include taxes, interest, charges for goods and services, borrowings and GBE dividends received.

Revenue — the main way the government funds its outlays. It is mainly tax receipts, fees for regulatory services performed by government and interest and dividends received. Tax refunds are correcting transactions and are regarded as offsets within revenue.

Running Costs — The full current and minor capital costs consumed by an agency in providing government services for which the agency is responsible.

Section 31 receipts — see Annotated Appropriation.

Staff years — An aggregate measure of employment based on the hours worked by employees over the period of one year. It is the unit of measurement for staff resource use.

RMF/CAF components — An account held under the RMF/CAF. They are used as working accounts for commercial activities or to hold moneys in trust for specific purpose under legislation.

Trust fund transactions regarded as outlays — Outlays is a net measure of government activity with other sectors in the economy. Therefore transactions between the Consolidated Revenue Fund, the RMF and CAF, and the Loan Fund are consolidated and inter fund transfers disregarded. Thus, an appropriation from the CRF to a RMF/CAF component would not be an outlay. A payment from a RMF/CAF that flows outside the Commonwealth Public Account would be an outlay, to be taken into account when reconciling total appropriations to total outlays.

Underlying outlays — see Outlays (underlying).

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

AASB	Australian Accounting Standards Board
AARF	Australian Accounting Research Foundation
ABS	Australian Bureau of Statistics
ABSCQ	ABS Standard Classification of Qualifications
ACA	Australian Communications Authority
ACCC	Australian Competition and Consumer Commission
ACEPS	Achieving Cost Effective Personnel Services
ACT	Australian Capital Territory
ADB	Asian Development Bank
ADF	Approved Deposit Fund
AE	Additional Estimates
AG	Attorney-General
ALRC	Australian Law Reform Commission
ANAO	Australian National Audit Office
ANCO	Australian National Classification of Offences
ANR	Australian National Rail
APEC	Asia Pacific Economic Cooperation
APRA	Australian Prudential Regulation Authority
ASC	Australian Securities Commission
ASCO	Australian Standard Classification of Occupations
ASGC	Australian Standard Geographical Classification
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATM	Accounting Theory Monograph
ATO	Australian Taxation Office
AVO	Australian Valuation Office
BIE	Bureau of Industry Economics
CASAC	Companies and Securities Advisory Committee
CBA	Commonwealth Bank of Australia
CDB	Commonwealth Development Bank
CGS	Commonwealth Government securities
CIS Act	<i>Commonwealth Inscribed Stock Act 1911</i>
COAG	Council of Australian Governments
COPO	Commonwealth Own Purpose Outlays
COPs	Centre of Policy Studies
CPI	Consumer Price Index
CRF	Consolidated Revenue Fund
CS	Corporate Services
CSA	Child Support Agency
CSHA	Commonwealth State Housing Agreement
DAA	Development Allowance Authority
DAAS	Development Allowance Authority Secretariat
DIST	Department of Industry, Science and Tourism
DoFA	Department of Finance and Administration
DP	Discussion Paper
DRRTA	Debt Retirement Reserve Trust Account
DSS	Department of Social Security

GLOSSARY OF ABBREVIATIONS AND ACRONYMS (CONTINUED)

DTIs	Deposit-Taking Institutions
EBRD	European Bank for Reconstruction and Development
ED	Exposure Draft
EDF	Employment Declaration Form
ENA	Evolutionary Network Architecture
EPAC	Economic Planning Advisory Commission
ESAF	Enhanced Structural Adjustment Facility
FAC	Federal Airports Corporation
FAG	Financial Assistance Grants
FAME	Forecasting Analysis and Modelling Environment
FBT	Fringe Benefits Tax
FIRB	Foreign Investment Review Board
FIRM	Finance Information on Resource Management
FMA	Financial Management Act
FMIS	Financial Management Information Systems
FS	Financial Services
FSAC	Financial Sector Advisory Council
FSI	Financial System Inquiry
GBE	Government Business Enterprises
GDP	Gross Domestic Product
GTE	Government Trading Enterprise
HECS	Higher Education Contribution Scheme
HIC	Health Insurance Commission
HWIs	High Wealth Individuals
HLIC	Housing Loans Insurance Corporation
IAIS	International Association of Insurance Supervisors
IASC	International Accounting Standards Committee
IBRD	International Bank for Reconstruction and Development
IC	Industry Commission
IDD	Investment and Debt Division
IED	International Economy Division
IEG	Investment Experts Group
IFC	International Finance Corporation
IID	International and Investment Division
IMF	International Monetary Fund
INB	Individuals Non-Business
ISC	Insurance and Superannuation Commission
ITAA	Income Tax Assessment Act
ITS	Information Technology Services
LIASB	Life Insurance Actuarial Standards Board
LB&I	Large Business & International
LCIR	Loan Consolidation and Investment Reserve
LME	Loan Management Expenses
MIB	Managed Investment Bill
MIGA	Multilateral Investment Guarantee Agency
MP	Member of Parliament
NCC	National Competition Council

GLOSSARY OF ABBREVIATIONS AND ACRONYMS (CONTINUED)

NCD	Non-Callable Deposits
NCPR	National Competition Policy Reform
NDSF	National Debt Sinking Fund
NGO	Non Government Organisation
NIES	National Industry Extension Scheme
NPP	New Policy Proposal
NTDSF	Northern Territory Debt Sinking Fund
OECD	Organisation for Economic Cooperation and Development
OGIT	Office of Government Information Technology
ORR	Office of Regulation Review
OTC	Overseas Telecommunications Corporation
PAC	Public Accounts Committee
PATA	Pacific Association of Tax Administrators
PAYE	Pay As You Earn
PBS	Portfolio Budget Statements
PC	Productivity Commission
PDI	Public Debt Interest
PNG	Papua New Guinea
PRISMOD	Price Revenue Incidence Simulation Model
PPS	Prescribed Payments System
PRU	Policy Research Unit
PSA	Prices Surveillance Authority
PSS	Public Sector Superannuation
RAM	Royal Australian Mint
RBA	Reserve Bank of Australia
RBL	Retirement Benefits Limits
RIMTF	Retirement Income Modelling Task Force
RPS	Reportable Payments System
RSA	Retirement Savings Accounts
(SA)	Special Appropriation
SAC	Statement of Accounting Concepts
SATC	Structural Adjustment and Trade Committee
SBI	Small Business Income
SES	Senior Executive Service
SHAR	Superannuation Holding Accounts Reserve
SIS	Superannuation Industry Supervision
SPEED	Standard Processing Environment for Economic Data
SPP	Specific Purpose Payments
SPR	Superannuation
SRA	Special Revenue Assistance
STD	AASB/AAS Standard
SY	Staff Years
TPA	The Pipeline Authority
TPA	Trade Practices Act
TPC	Trade Practices Commission
TPD	Taxation Policy Division
TPG	Taxation Policy Group

GLOSSARY OF ABBREVIATIONS AND ACRONYMS (CONTINUED)

TRG	Tax Reform Group
TRIS	Treasury Resource Information System
UMBER	Unclaimed Moneys and Benefits in Eligible Roll-over Funds
VNMS	Voice Network Management System
WHT	Withholding and Indirect Taxes
WTO	World Trade Organisation