

**PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS
2004-05**

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 Mr President
Dear Mr Speaker

I hereby submit Portfolio Additional Estimates Statements in support of the 2004-05 Additional Estimates for the Treasury Portfolio.

These statements have been developed, and are submitted to the parliament, as a statement on the funding requirements being sought for the Portfolio.

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, appearing to read 'P Costello'.

Peter Costello

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PART A

USER GUIDE

PART A: USER GUIDE

INTRODUCTION

The purpose of the Treasury Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements, is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. They also facilitate understanding of the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2004-05.

STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

Part A: User guide

Provides an introduction explaining the purpose of the PAES as well as information in relation to the styles and conventions used.

Part B: Portfolio overview

Provides an overview of the portfolio. The structure of the portfolio outcomes is depicted in a chart that outlines the structure of the outcomes to which the portfolio contributes.

Part C: Agency additional estimates statements

For each agency within the portfolio that has an impact on additional estimates a statement is presented under the name of the agency.

Section 1: Agency overview, additional estimates and variations to outcomes

This section details the link between the resources appropriated, savings, the impact of any post-Budget measures, and their application to the outputs and administered items (usually programmes) that contribute to the achievement of outcomes. This section also reports changes to revenue from independent sources; changes to estimates of expenses from Special Appropriations; and changes to estimated Special Account flows.

Section 2: Revisions to outcomes and outputs

This section details changes to planned Government outcomes, or to the contributing administered items and agency outputs.

Section 3: Budgeted financial statements

This section contains the budgeted financial statements in accrual format covering budget year, previous year and the three out-years for each agency.

Glossaries are provided at the end of the document.

STYLES AND CONVENTIONS USED

(a) The following notations may be used:

- * The nature of this measure is such that a reliable estimate cannot be provided.
- nil
- .. not zero, but rounded to zero
- \$m \$ million

(b) Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

(c) Negative numbers are shown within brackets.

ENQUIRIES

Should you have any enquiries regarding this publication please contact Ms Kate McCormack in the Treasury on (02) 6263 2111.

A copy of this document can be located on the Treasury website at: <http://www.treasury.gov.au> or the Commonwealth's Budget website at: <http://www.budget.gov.au>

PART B

PORTFOLIO OVERVIEW

PART B: PORTFOLIO OVERVIEW

The Treasury portfolio undertakes a range of activities aimed at achieving strong sustainable economic growth and the improved wellbeing of Australians. This entails the provision of policy advice to portfolio Ministers which seeks to promote a sound macroeconomic environment; effective government spending and taxation arrangements; and well functioning markets. It also entails the effective implementation and administration of policies that fall within the portfolio Ministers' responsibilities.

The **Treasury** produces outputs directed at the achievement of the foregoing outcomes under four output groups — Macroeconomic, Fiscal, Revenue and Markets.

Macroeconomic Group outputs include: domestic economic policy advice and forecasting; and international economic policy advice and assessment.

Fiscal Group outputs include: budget policy advice and coordination; Commonwealth-State financial policy advice; and industry, environment and social policy advice.

Revenue Group output is: taxation and income support policy advice.

Markets Group outputs include: foreign investment policy advice and administration; financial system, financial services and corporate governance policy advice; competition and consumer policy advice; and actuarial services. In addition, the Royal Australian Mint is responsible for producing Australia's circulating coin and like products.

The **Australian Bureau of Statistics** is Australia's official statistical agency. Outputs are directed at informed decision-making, research and discussion within governments and the community, based on the provision of a high quality, objective and responsive national statistical service. Its outputs principally relate to the production of economic, population and social statistics.

The **Australian Competition and Consumer Commission** outputs are directed at enhanced social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets. Outputs are: compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed; and competitive market structures and informed behaviour.

The **Australian Office of Financial Management** is responsible for the management of the Commonwealth's net debt portfolio. Its output – debt management – is directed at ensuring that the Commonwealth net debt portfolio is managed at least cost subject to the Government's policies and risk preferences.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for prudentially regulating the banking, other deposit taking, insurance and superannuation industries. Outputs aim at enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality.

The **Australian Securities and Investments Commission (ASIC)** is the independent government body that enforces and administers the Corporations Law and Consumer Protection Law for investments, life and general insurance, superannuation and banking (except lending). Its outputs aim at a fair and efficient financial market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers. Outputs include: policy and guidance about the laws administered by ASIC; comprehensive and accurate information on companies and corporate activity; compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity; and enforcement activity to give effect to the laws administered by ASIC.

The **Australian Taxation Office** outputs are directed at effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems. Outputs include: shape, design and build administrative systems; management of revenue collection and transfers; compliance assurance and support revenue collection; compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards; and services to governments and agencies.

The **Corporations and Markets Advisory Committee** outputs are directed at confident and informed participation of investors and consumers in the financial system. Outputs include: recommendations to the responsible Minister on the Corporations Law; and the annual report, discussion papers and reports of the Committee.

The **Inspector-General of Taxation** seeks to improve the administration of the tax laws for the benefit of all taxpayers. This is to be achieved by identifying systemic issues in the administration of the tax laws and providing independent advice to the government on the administration of the tax laws.

The **National Competition Council** is an independent advisory body for all Australian governments involved in implementing the National Competition Policy. Its outputs are aimed at the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community. Outputs include: advice provided to governments on competition policy and infrastructure access issues; and clear, accessible public information on competition policy.

The **Productivity Commission** contributes to well informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective. Outputs include or relate to: government commissioned projects; performance reporting and other services to government bodies; regulation review activities; competitive neutrality complaints activities; and supporting research and activities and statutory annual reporting.

ADDITIONAL ESTIMATES AND VARIATIONS — PORTFOLIO LEVEL

Additional estimates are being sought for the Treasury, the Australian Bureau of Statistics, the Australian Office of Financial Management, the Australian Securities and Investments Commission, the Australian Taxation Office and the Productivity Commission. Explanations of additional estimates for these agencies are detailed in their respective sections in the Portfolio Additional Estimates Statements.

Other variations to appropriations have occurred for the Australian Competition and Consumer Commission which is detailed in the relevant section in the Portfolio Additional Estimates Statements.

There are no additional estimates variations for the Australian Prudential Regulation Authority, the Corporations and Markets Advisory Committee, the Inspector-General of Taxation and the National Competition Council.

Map 1: Structure of outcomes for the portfolio

<p>Portfolio Minister - Treasurer The Hon Peter Costello MP</p> <p>Minister for Revenue and Assistant Treasurer The Hon Mal Brough MP</p> <p>Parliamentary Secretary to the Treasurer The Hon Chris Pearce MP</p>
<p>The Treasury Secretary: Dr Ken Henry</p> <p>Outcome 1: Sound macroeconomic environment</p> <p>Outcome 2: Effective government spending and taxation arrangements</p> <p>Outcome 3: Well functioning markets</p>
<p>Australian Bureau of Statistics Statistician: Mr Dennis Trewin</p> <p>Informed decision-making, research and discussion within governments and the community, based on the provision of a high quality, objective and responsive national statistical service</p>
<p>Australian Competition and Consumer Commission Chairperson: Mr Graeme Samuel</p> <p>To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets</p>
<p>Australian Office of Financial Management Chief Executive Officer: Mr Neil Hyden</p> <p>To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time</p>
<p>Australian Prudential Regulation Authority Chairman: Dr John Laker</p> <p>To enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety, efficiency, competition, contestability and competitive neutrality</p>
<p>Australian Securities and Investments Commission Chairman: Mr Jeffrey Lucy</p> <p>A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p>Australian Taxation Office Commissioner: Mr Michael Carmody</p> <p>Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems</p>
<p>Corporations and Markets Advisory Committee Convenor: Mr Richard St John</p> <p>Fair and efficient financial markets characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p>Inspector-General of Taxation Inspector-General: Mr David Vos AM</p> <p>Improved administration of the tax laws for the benefit of all taxpayers</p>
<p>National Competition Council President: Dr Wendy Craik</p> <p>The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community</p>
<p>Productivity Commission Chairman: Mr Gary Banks</p> <p>Well informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective</p>

PART C

AGENCY ADDITIONAL ESTIMATES STATEMENTS

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THE TREASURY

Section 1: Overview, variations and measures

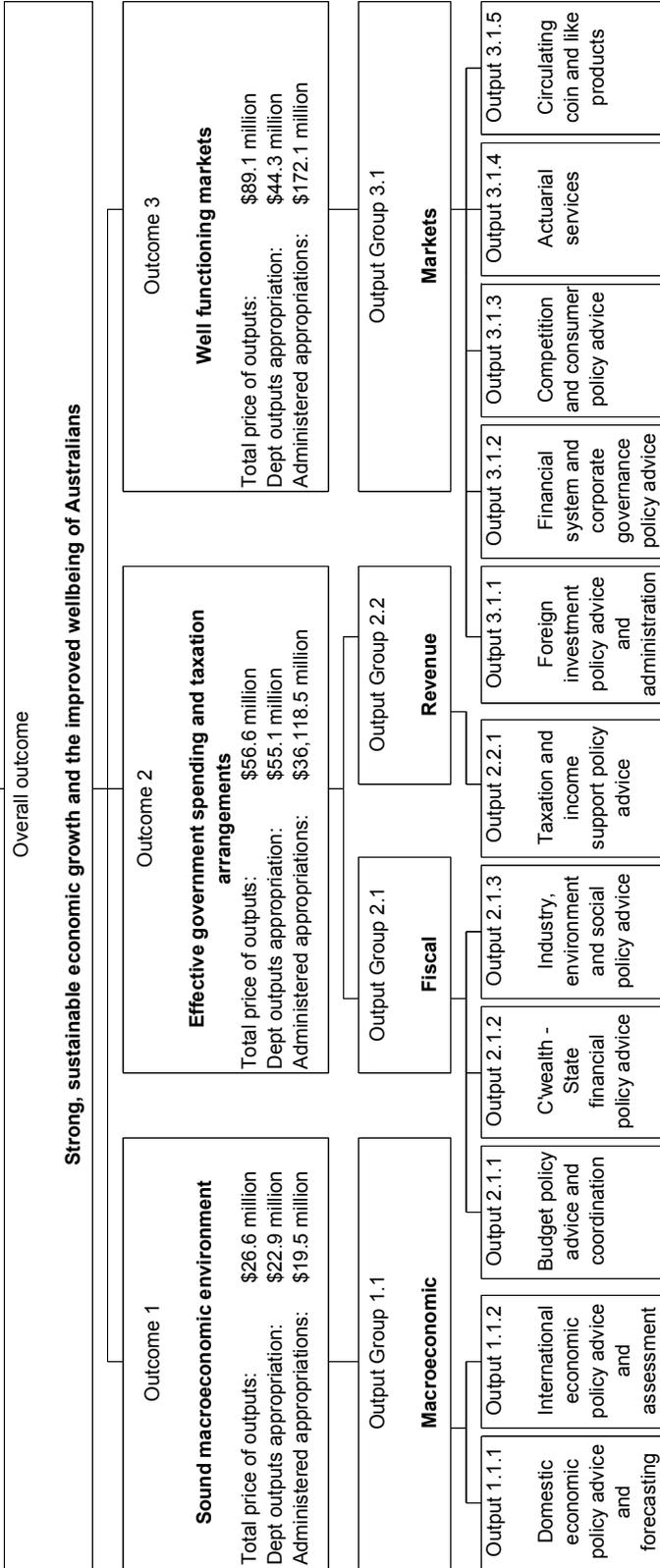
DEPARTMENT OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 9).

Map 2: Outcomes and output groups

The Treasury
Secretary: Dr Ken Henry

Total price of outputs: \$172.3 million
 Departmental outcomes appropriation: \$122.3 million
 Total administered appropriations: \$36,310.1 million



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Treasury is seeking \$13.9 million in departmental outputs through Appropriation Bill (No. 3) 2004-05 for the Review of Aspects of Income Self-Assessment (\$1.6 million), the National Consumer and Financial Literacy Foundation (\$4.2 million), the National Consumer and Financial Literacy Information Programme (\$8.0 million), and revised parameters (\$0.2 million) less an adjustment to the Comcover premium (\$0.06 million).

The Treasury is also seeking \$3.3 million in departmental and administered outputs through Appropriation Bill (No. 4) 2004-05 for the National Consumer and Financial Literacy Foundation (\$0.8 million – departmental), the additional \$7,000 First Home Owners Scheme (\$2.3 million – administered), and commitments to the European Bank for Reconstruction and Development (\$0.2 million – administered).

The Treasury has identified departmental savings of \$0.4 million in relation to previous year's outputs and administered savings of \$0.05 million in relation to revised parameters.

In addition, the Treasury has other variations to appropriations in departmental funding for the transfer of responsibilities for the administration of product safety and related consumer information functions to the Australian Competition and Consumer Commission (ACCC) of \$0.7 million.

Measures

Outcome 1 — Sound macroeconomic environment

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
Australian overseas missions - improved security	-	1	-	4
Australian overseas missions - improved security (Related capital)	-	-	25	100

Outcome 2 — Effective government spending and taxation arrangements

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
Review of Aspects of Income Self-Assessment	1,600	2,100	-	-

Outcome 3 — Well functioning markets

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
National Consumer and Financial Literacy Foundation	4,200	5,100	5,200	5,300
National Consumer and Financial Literacy Foundation (Related capital)	800	-	-	-
National Consumer and Financial Literacy Information Programme	8,000	8,000	-	-

Other variations to appropriations

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
Adjustment to Comcover premium ⁽¹⁾	(59)	-	-	-
Parameter adjustment ⁽¹⁾	203	-	-	-
Transfer of Consumer Safety and related Consumer Information Programmes from the Treasury to the ACCC ⁽²⁾	(664)	(972)	(994)	(1,015)

(1) This is a cross outcome variation and will be allocated between Outcome 1, Outcome 2 and Outcome 3.

(2) This variation relates to Outcome 3.

MEASURES — TREASURY SUMMARY

Table 1.1: Summary of measures since the 2004-05 Budget

Measure	Outcome	Output Groups affected	2004-05 appropriations budget \$'000			2005-06 appropriations forward estimate \$'000			2006-07 appropriations forward estimate \$'000			2007-08 appropriations forward estimate \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Australian overseas missions - improved security	1	1.1	-	-	-	-	1	1	-	-	-	-	4	4
Australian overseas missions - improved security (<i>Related capital</i>)	1	1.1	-	-	-	-	-	-	-	25	25	-	100	100
Review of Aspects of Income														
Self-Assessment	2	2.2	-	1,600	1,600	-	2,100	2,100	-	-	-	-	-	-
National Consumer and Financial Literacy Foundation	3	3.1	-	4,200	4,200	-	5,100	5,100	-	5,200	5,200	-	5,300	5,300
National Consumer and Financial Literacy Foundation (<i>Related capital</i>)	3	3.1	-	800	800	-	-	-	-	-	-	-	-	-
National Consumer and Financial Literacy Information Programme	3	3.1	-	8,000	8,000	-	8,000	8,000	-	-	-	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004-05

	2003-04 available	2004-05 budget (1)	2004-05 budget (2)	2004-05 revised budget	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS						
Outcome 3						
Well functioning markets	10,000	9,000	9,000	9,000	-	-
Total	10,000	9,000	9,000	9,000	-	-
DEPARTMENTAL OUTPUTS						
Outcome 1						
Sound macroeconomic environment	19,321	23,382	23,382	22,926	(456)	-
Outcome 2						
Effective government spending and taxation arrangements	48,943	53,289	53,289	55,121	1,832	-
Outcome 3						
Well functioning markets	31,701	32,393	31,729	44,297	12,568	-
Total	99,965	109,064	108,400	122,344	13,944	-
Total administered and departmental	109,965	118,064	117,400	131,344	13,944	-

(1) Original budget as shown in the 2004-05 Portfolio Budget Statements.

(2) Original budget as shown in the 2004-05 Portfolio Budget Statements less section 32 transfers (\$0.7 million to the ACCC for the consumer safety and related consumer information functions).

Table 1.3: Appropriation Bill (No. 4) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES					
Outcome 2					
Effective government spending and taxation arrangements	25,000	16,414	18,710	2,296	-
Outcome 3					
Well functioning markets	155,853	159,799	159,748	-	(51)
Total	180,853	176,213	178,458	2,296	(51)
Non-operating					
Equity injections	11,127	2,165	2,965	800	-
Previous year's outputs	-	5,216	4,816	-	(400)
Administered assets and liabilities	7,430	7,223	7,395	172	-
Total capital	18,557	14,604	15,176	972	(400)
Total	199,410	190,817	193,634	3,268	(451)

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation ⁽¹⁾
Outcome 1			
Sound macroeconomic environment	134	139	5
Outcome 2			
Effective government spending and taxation arrangements	402	418	16
Outcome 3			
Well functioning markets	298	321	23
Total	834	878	44

(1) Variation is made up of increases in staff numbers due to new measures in addition to a revision of the original estimate.

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2004-05 total approp budget \$'000	2004-05 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue ⁽¹⁾ \$'000
Outcome 1					
Sound macroeconomic environment	23,382	22,926	719	3,727	3,008
Outcome 2					
Effective government spending and taxation arrangements	53,289	55,121	1,638	1,583	(55)
Outcome 3					
Well functioning markets	32,393	44,297	47,693	44,740	(2,953)
Total	109,064	122,344	50,050	50,050	-

(1) Variation in non-government revenue is due to internal re-allocations.

SUMMARY OF TREASURY SAVINGS

S	Savings from annual appropriations	\$0.051 million
T	Transfer appropriation monies across outcomes	-
M	Movements of funding between years	-
A	Savings from capital appropriations	\$0.400 million
Total Treasury savings		\$0.451 million

The Treasury has identified total savings of \$0.451 million. This is represented by administered savings of \$0.05 million for funding that is no longer required for Compensation – Companies Regulation expenses as a result of revised parameters and \$0.4 million in departmental savings relating to previous year’s outputs.

DEPARTMENTAL AND ADMINISTERED REVENUES

Table 1.6: Departmental and administered revenues

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED DEPARTMENTAL REVENUES		
Non-appropriation departmental revenues		
Goods and services	49,970	48,061
Other	80	1,989
Total non-appropriation departmental revenues	50,050	50,050
Appropriation revenue	109,064	122,344
Total estimated departmental revenues	159,114	172,394
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	(35,190,000)	(36,040,000)
GST administration fees	582,300	585,922
Housing Loan Insurance Corporation - recoveries from old book stock and premiums	4,152	4,014
Dividends	746,000	694,000
Receipts under the <i>International Monetary Agreements Act 1947</i>	29,208	37,453
Royal Australian Mint - monies in excess of requirements	65,519	80,823
Seigniorage payments - Gold Corporation	1,100	1,248
Interest from loans	3,637	3,637
Other	110	(839)
Total non-appropriation administered revenues	(33,757,974)	(34,633,742)
Appropriation revenue	35,837,792	36,310,097
Total estimated administered revenues	2,079,818	1,676,355
Total estimated departmental and administered revenues	2,238,932	1,848,749

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.7: Estimates of expenses from special appropriations

	Outcome affected	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED EXPENSES			
Special appropriations			
<i>International Monetary Agreement Act 1947</i>	1	14,867	357,541
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	2	792,712	549,792
<i>Superannuation Industry (Supervision) Act 1993</i>	3	-	3,308
Total estimated expenses		807,579	910,641

ESTIMATED SPECIAL ACCOUNT FLOWS**Table 1.8: Estimated special account flows**

	A ⁽¹⁾	2004-05	2004-05	2004-05	2004-05
	B ⁽¹⁾	2003-04	2003-04	2003-04	2003-04
		opening	receipts	payments	closing
		balance			balance
		\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS⁽²⁾					
Australian Government Actuary		1,284	1,500	1,500	1,284
		1,386	1,307	1,409	1,284
Lloyd's Deposit Fund		2,000	180	180	2,000
		2,000	180	180	2,000
Royal Australian Mint and Coinage		11,527	95,000	95,000	11,527
Trust		5,457	108,062	101,992	11,527
Trustee Companies (ACT) Deposit		120	5	5	120
Trust Fund		120	5	5	120
Other Trust Monies		29	-	-	29
		31	61	63	29
Total special accounts		14,960	96,685	96,685	14,960

(1) The revised opening balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for the year.

(2) The special accounts are departmental in nature and are governed by the *Financial Management and Accountability Act 1997*.

This table identifies estimates of special account flows and balances. All special accounts appear under Outcome 3.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Treasury has not made any changes to its outcomes or outputs since the *2004-05 Portfolio Budget Statements*.

Revised performance information and level of achievement — 2004-05

The variation in funding for Treasury's three outcomes will not affect the performance information since the *2004-05 Portfolio Budget Statements*.

Table 2.1: Total resources for all outcomes

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
Administered appropriations		
Annual appropriations		
Output Group 2.1 - Fiscal		
Australian Capital Territory - special revenue assistance	14,200	14,200
Additional First Home Owners Scheme	2,214	4,510
Output Group 3.1 - Markets		
Compensation - companies regulation	159,799	159,748
Housing Loans Insurance Corporation - payments in respect of insurance claims	9,000	9,000
Special appropriations		
Output Group 1.1 - Macroeconomic		
<i>International Monetary Agreements Act 1947</i>	14,867	19,539
Output Group 2.1 - Fiscal		
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	35,637,712	36,099,792
Output Group 3.1 - Markets		
<i>Superannuation Industry (Supervision) Act 1993</i>	-	3,308
Total administered appropriations	35,837,792	36,310,097
Departmental appropriations		
Output Group 1.1 - Macroeconomic	23,382	22,926
Output Group 2.1 - Fiscal	14,132	14,382
Output Group 2.2 - Revenue	39,157	40,739
Output Group 3.1 - Markets	32,393	44,297
Total revenues from government (appropriations) contributing to price of departmental outputs	109,064	122,344
Revenue from other sources		
Output Group 1.1 - Macroeconomic	719	3,727
Output Group 2.1 - Fiscal	434	394
Output Group 2.2 - Revenue	1,204	1,141
Output Group 3.1 - Markets	47,693	44,788
Total revenue from other sources	50,050	50,050
Total price of departmental outputs		
(Total revenues from government and from other sources)	159,114	172,394
Total estimated resourcing		
(Total price of outputs and administered appropriations)	35,996,906	36,482,491
	2004-05	2004-05
Average staffing level (number)	834	878

Section 3: Budgeted financial statements

A brief analysis of the Treasury's budgeted financial statements is provided below.

Departmental

The Treasury is budgeting towards a breakeven operating result for 2004-05.

The Treasury will have additional net revenues in 2004-05 of \$13.3 million. This increase relates mainly to new funding provided to the Treasury for Budget measures (see Table 1.1) offset by reductions of \$0.7 million from the transfer of the Consumer Safety and related Consumer Information functions to the Australian Competition and Consumer Commission and \$0.06 million for an adjustment to the Comcover premium.

The Treasury will receive an additional \$0.8 million in capital injections relating to new budget measures (see Table 1.3).

The Treasury has a sound financial position and currently has sufficient cash to fund ongoing provisions and payables, and asset replacements, as they fall due.

Administered

For constitutional reasons the goods and services tax (GST) is levied by the Australian Government, and can therefore be technically considered Australian Government revenue under the reporting standards. The clear policy intent of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations, however, is that GST is a State tax collected by the Australian Government in an agency capacity. Accordingly, GST related items recorded in the Treasury's administered budget statements, fully offsets GST related items recorded by the Australian Taxation Office so that at a consolidated level the GST is not recorded by the Australian Government.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted departmental statement of financial performance

This statement provides a picture of the expected financial results for the Treasury by identifying full accrual expenses and revenues, which indicates the sustainability of the Treasury's finances.

Budgeted departmental statement of financial position

This statement shows the financial position of the Treasury. It helps decision-makers to track the management of assets and liabilities.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental capital budget statement

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental non-financial assets — summary of movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

NOTES OF ADMINISTERED ACTIVITY

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Australian Government.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Australian Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Australian Government.

Note of administered capital budget statement

This note shows details of planned administered capital expenditure.

**Table 3.1: Budgeted departmental statement of financial performance
(for the period ended 30 June)**

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	102,370	122,344	120,814	111,924	113,184
Goods and services	44,863	48,061	48,351	48,687	48,561
Interest	236	-	-	-	-
Revenue from sales of assets	37	-	-	-	-
Other revenues	2,301	1,989	1,989	1,989	1,989
Total revenues from ordinary activities	149,807	172,394	171,154	162,600	163,734
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	83,588	87,046	91,219	92,070	94,592
Suppliers	59,387	79,082	73,342	63,464	60,558
Depreciation and amortisation	4,820	5,658	5,985	6,458	7,976
Write-down of assets	1	-	-	-	-
Value of assets sold	545	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	148,341	171,786	170,546	161,992	163,126
Borrowing costs expense	165	158	158	158	158
Operating surplus or (deficit) from ordinary activities	1,301	450	450	450	450
Income tax expense	(990)	(450)	(450)	(450)	(450)
Net surplus or (deficit)	311	-	-	-	-

**Table 3.2: Budgeted departmental statement of financial position
(as at 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	15,405	15,708	16,667	17,794	18,831
Receivables	20,079	26,028	28,228	28,523	29,973
Total financial assets	35,484	41,736	44,895	46,317	48,804
Non-financial assets					
Land and buildings	6,870	6,647	5,849	5,052	4,884
Infrastructure, plant and equipment	11,192	12,280	13,414	14,342	15,633
Inventories	15,532	15,532	15,532	15,532	15,532
Intangibles	2,086	2,168	2,196	3,560	3,083
Other non-financial assets	9,225	9,188	9,183	8,996	8,627
Total non-financial assets	44,905	45,815	46,174	47,482	47,759
Total assets	80,389	87,551	91,069	93,799	96,563
LIABILITIES					
Interest bearing liabilities					
Leases	2,330	2,330	2,330	2,330	2,330
Total interest bearing liabilities	2,330	2,330	2,330	2,330	2,330
Provisions					
Employees	29,032	27,450	28,267	28,763	29,528
Other provisions	117	117	117	117	117
Total provisions	29,149	27,567	28,384	28,880	29,645
Payables					
Suppliers	6,070	7,042	7,038	6,895	6,613
Other payables	3,276	3,244	3,239	3,076	2,757
Total payables	9,346	10,286	10,277	9,971	9,370
Total liabilities	40,825	40,183	40,991	41,181	41,345
EQUITY⁽¹⁾					
Parent equity interest					
Contributed equity	9,241	17,045	19,755	22,295	24,895
Reserves	6,017	6,017	6,017	6,017	6,017
Retained surpluses or accumulated (deficits)	24,306	24,306	24,306	24,306	24,306
Total parent equity interest	39,564	47,368	50,078	52,618	55,218
Total equity	39,564	47,368	50,078	52,618	55,218
Current assets	54,846	50,924	54,078	55,313	57,431
Non-current assets	25,543	36,627	36,991	38,486	39,132
Current liabilities	23,666	24,026	24,377	24,289	24,026
Non-current liabilities	17,159	16,157	16,614	16,892	17,319

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	98,037	117,906	118,741	111,630	111,710
Goods and services	28,438	51,221	53,167	53,675	53,560
GST receipts from the Australian Taxation Office	4,504	7,468	7,291	6,316	6,040
Other	78,190	82,406	82,241	85,589	85,485
Total cash received	209,169	259,001	261,440	257,210	256,795
Cash used					
Employees	78,482	88,508	90,402	91,574	93,827
Suppliers	61,298	85,169	80,234	69,495	66,422
Borrowing costs	-	608	608	608	608
Other	63,708	85,586	85,598	88,993	88,879
Total cash used	203,488	259,871	256,842	250,670	249,736
Net cash from/(used by) operating activities	5,681	(870)	4,598	6,540	7,059
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	25	-	-	-	-
Total cash received	25	-	-	-	-
Cash used					
Purchase of property, plant and equipment	4,226	6,608	6,349	7,953	8,622
Total cash used	4,226	6,608	6,349	7,953	8,622
Net cash from/(used by) investing activities	(4,201)	(6,608)	(6,349)	(7,953)	(8,622)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	11,127	7,781	2,710	2,540	2,600
Other	5,003	-	-	-	-
Total cash received	16,130	7,781	2,710	2,540	2,600
Cash used					
Repayments of debt	1,416	-	-	-	-
Dividends paid	5,000	-	-	-	-
Other	5,000	-	-	-	-
Total cash used	11,416	-	-	-	-
Net cash from/(used by) financing activities	4,714	7,781	2,710	2,540	2,600
Net increase/(decrease) in cash held	6,194	303	959	1,127	1,037
Cash at the beginning of the reporting period	9,211	15,405	15,708	16,667	17,794
Cash at the end of the reporting period	15,405	15,708	16,667	17,794	18,831

Table 3.4: Departmental capital budget statement

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	11,127	2,965	2,710	2,540	2,600
Prior years' output appropriations	-	4,816	-	-	-
Total	11,127	7,781	2,710	2,540	2,600
Represented by					
Purchase of non-current assets	4,226	2,965	2,710	2,540	2,600
Other	6,901	4,816	-	-	-
Total	11,127	7,781	2,710	2,540	2,600
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	2,127	2,965	2,710	2,540	2,600
Funded internally by departmental resources	2,099	3,643	3,639	5,413	6,022
Total	4,226	6,608	6,349	7,953	8,622

Table 3.5: Departmental non-financial assets — Summary of movement (Budget year 2004-05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	6,870	-	11,192	-	2,086	-	20,148
Additions	-	755	-	4,883	-	970	-	6,608
Disposals	-	-	-	(3)	-	-	-	(3)
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	(978)	-	(3,792)	-	(888)	-	(5,658)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	6,647	-	12,280	-	2,168	-	21,095
Total additions								
Self funded	-	755	-	1,918	-	970	-	3,643
Appropriations	-	-	-	2,965	-	-	-	2,965
Total	-	755	-	4,883	-	970	-	6,608

Table 3.6: Note of budgeted financial performance administered on behalf of government (for the period ended 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
REVENUES					
Taxation					
Other taxes, fees and fines	-	(36,040,000)	(37,920,000)	(40,090,000)	(42,290,000)
Total taxation	-	(36,040,000)	(37,920,000)	(40,090,000)	(42,290,000)
Non-taxation					
Revenues from government	33,321,109	36,310,097	38,494,263	39,444,229	41,549,503
Goods and services	541,877	585,922	595,000	608,000	620,160
Interest	8,781	3,637	479	-	-
Dividends	2,264,000	694,000	1,001,000	829,000	890,000
Net foreign exchange gains	440,061	-	-	-	-
Other	106,506	122,699	123,102	125,607	124,572
Total non-taxation	36,682,334	37,716,355	40,213,844	41,006,836	43,184,235
Total revenues administered on behalf of the government	36,682,334	1,676,355	2,293,844	916,836	894,235
EXPENSES					
Grants	34,045,036	1,008,250	1,306,468	187,434	192,690
Borrowing costs	15,310	-	-	-	-
Write-down and impairment of assets	-	(280,000)	(298,000)	(306,000)	(329,000)
Net foreign exchange losses	-	338,002	-	-	-
Other	102,536	31,847	27,795	26,795	26,813
Total expenses administered on behalf of the government	34,162,882	1,098,099	1,036,263	(91,771)	(109,497)

Table 3.7: Note of budgeted financial position administered on behalf of government (as at 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	3,288	3,288	3,288	3,288	3,288
Receivables	1,053,913	(1,976,571)	(2,871,168)	(3,497,538)	(4,181,935)
Investments	15,655,679	15,346,866	15,346,866	15,346,866	15,346,866
Total financial assets	16,712,880	13,373,583	12,478,986	11,852,616	11,168,219
Non-financial assets					
Other non-financial assets	376,762	221,722	2,243	2,227	2,227
Total non-financial assets	376,762	221,722	2,243	2,227	2,227
Total assets administered on behalf of the government	17,089,642	13,595,305	12,481,229	11,854,843	11,170,446
LIABILITIES					
Debt					
Loans	3,882,650	3,952,100	3,949,797	3,948,070	3,946,919
Other	1,002,439	957,560	957,560	957,560	957,560
Total debt	4,885,089	4,909,660	4,907,357	4,905,630	4,904,479
Provisions					
Suppliers	-	797	797	797	797
Other provisions	10,617	(276,322)	(278,746)	(280,250)	(280,250)
Total provisions	10,617	(275,525)	(277,949)	(279,453)	(279,453)
Payables					
Grants	450,483	320,741	221,171	146,910	91,130
Other payables	8,579	3,580	3,580	3,580	3,571
Total payables	459,062	324,321	224,751	150,490	94,701
Total liabilities administered on behalf of the government	5,354,768	4,958,456	4,854,159	4,776,667	4,719,727
Current assets	1,414,692	(1,754,272)	(2,867,723)	(3,494,019)	(4,178,416)
Non-current assets	15,674,950	15,349,577	15,348,952	15,348,862	15,348,862
Current liabilities	150,136	106,371	80,142	60,157	42,410
Non-current liabilities	5,204,632	4,852,085	4,774,017	4,716,510	4,677,317

**Table 3.8: Note of budgeted administered cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	8,781	3,637	479	-	-
Dividends	1,300,000	1,338,000	1,321,000	829,000	890,000
Appropriation receipts	-	36,436,608	38,591,333	39,515,990	41,602,792
Cash from Official Public Account	34,033,498	-	-	-	-
GST input credit receipts	3,293	-	-	-	-
Other	642,548	706,085	716,480	732,728	744,840
Total cash received	35,988,120	38,484,330	40,629,292	41,077,718	43,237,632
Cash used					
Grant payments	33,879,335	1,008,250	1,306,468	187,434	192,690
Cash to Official Public Account	2,368,767	2,047,722	2,037,959	1,561,728	1,634,840
Other	152,491	35,428,358	37,284,865	39,328,556	41,410,102
Total cash used	36,400,593	38,484,330	40,629,292	41,077,718	43,237,632
Net cash from/(used by) operating activities	(412,473)	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Cash from Official Public Account	221,333	231,451	4,803	4,227	3,651
Repayment of advances	-	374,223	219,400	-	-
Other	647,752	-	-	-	-
Total cash received	869,085	605,674	224,203	4,227	3,651
Cash used					
Purchase of equity instruments	-	12,051	4,803	4,227	3,651
Cash to Official Public Account	228,288	374,223	219,400	-	-
Advances to States and Territories	-	219,400	-	-	-
Other	230,701	-	-	-	-
Total cash used	458,989	605,674	224,203	4,227	3,651
Net cash from/(used by) investing activities	410,096	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	64,051	14,804	-	-
Total cash received	-	64,051	14,804	-	-
Cash used					
Cash to Official Public Account	-	64,051	14,804	-	-
Total cash used	-	64,051	14,804	-	-
Net cash from/(used by) financing activities	-	-	-	-	-
Net increase/(decrease) in cash held					
Cash at beginning of reporting period	5,665	3,288	3,288	3,288	3,288
Cash at end of reporting period	3,288	3,288	3,288	3,288	3,288

Table 3.9: Note of administered capital budget

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Administered capital	7,211	7,395	4,803	4,227	3,651
Special appropriations	-	351,298	97,070	71,761	53,280
Represented by:					
Other	7,211	358,693	101,873	75,988	56,931
Total	7,211	358,693	101,873	75,988	56,931

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The Treasury's budget statements have been prepared on an accrual basis and in accordance with the goods and services tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

Departmental and administered financial statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that departments control (departmental transactions) are separately budgeted for and reported on from transactions departments do not have control over (administered transactions). This ensures that departments are only held accountable for the transactions over which they have control.

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the department. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the department in providing its goods and services.

Administered items are assets, liabilities, revenues and expenses which are managed by the department on behalf of the Australian Government according to set government directions. Administered expenses include subsidies, grants, and personal benefit payments and administered revenues include taxes, fees, fines and excises.

Royal Australian Mint

The Treasury's departmental budget statements are aggregated to include the financial operations of the Royal Australian Mint (the Mint). Any profit earned by the Mint, taking into account working capital requirements, is returned to the Australian Government.

Seigniorage is collected by the Mint on behalf of the Australian Government. Seigniorage represents the difference between the face value of coinage sold to the Reserve Bank of Australia and its cost of production to the Mint. Seigniorage is treated as an administered item within the Treasury's administered budget statements.

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 51).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

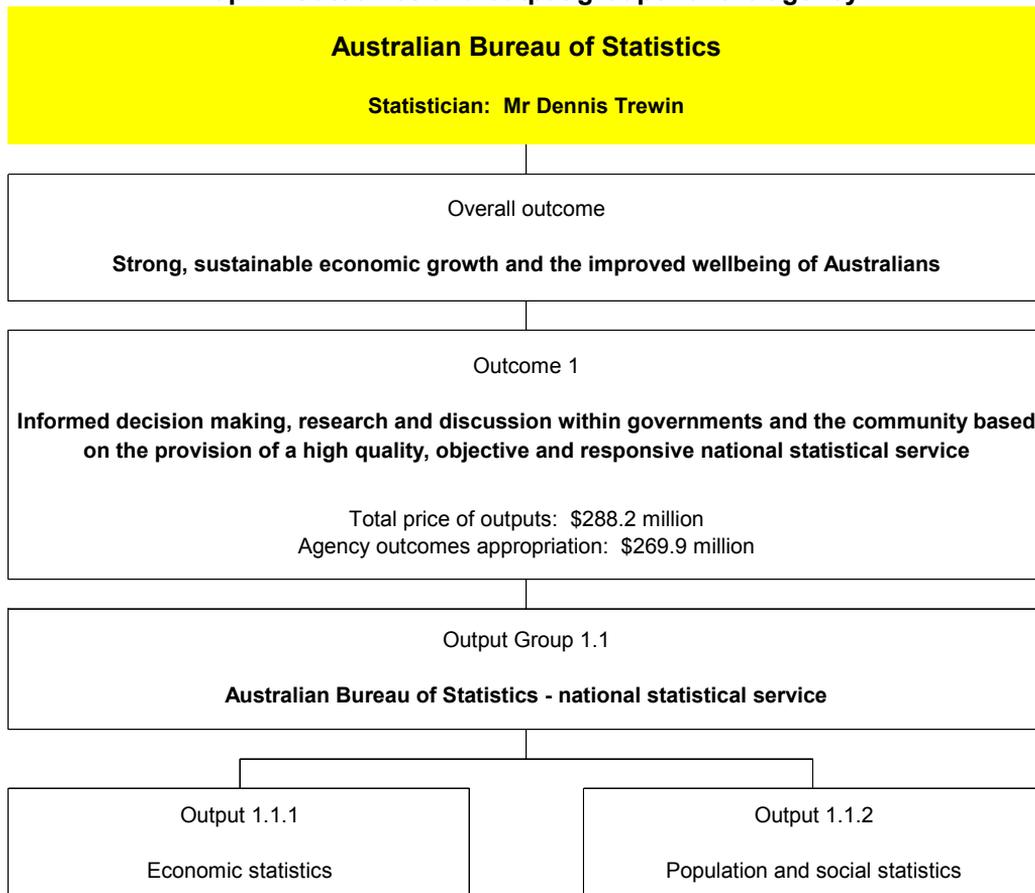
Measures

The Australian Bureau of Statistics (ABS) has had no measures since the 2004-05 Budget.

Other variations to appropriations

The ABS is seeking additional price of outputs funding of \$0.297 million for coverage of indexation adjustments in 2004-05.

Map 2: Outcomes and output groups for the agency



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
Informed decision making, research and discussion within governments and the community based on the provision of a high quality, objective and responsive national statistical service					
	250,981	269,558	269,855	297	-
Total	250,981	269,558	269,855	297	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation
Outcome 1			
Informed decision making, research and discussion within governments and the community based on the provision of a high quality, objective and responsive national statistical service			
	2,684	2,684	-
Total	2,684	2,684	-

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2004-05 total approp budget \$'000	2004-05 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
Informed decision making, research and discussion within governments and the community based on the provision of a high quality, objective and responsive national statistical service	250,981	269,855	17,218	18,368	1,150
Total	250,981	269,855	17,218	18,368	1,150

AGENCY REVENUES

Table 1.6: Agency revenues

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	16,910	18,117
Proceeds from sales of assets	208	151
Other	100	100
Total non-appropriation agency revenues	17,218	18,368
Appropriation revenue	269,558	269,855
Total estimated agency revenues	286,776	288,223

ESTIMATED SPECIAL ACCOUNT FLOWS**Table 1.8: Estimated special account flows**

	A ⁽¹⁾	2004-05	2004-05	2004-05	2004-05
	B ⁽¹⁾	2003-04	2003-04	2003-04	2003-04
		opening balance	receipts	payments	closing balance
		\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS					
Comcare Trust Account ⁽²⁾		30	-	-	30
		30	502	502	30
Other Trust Monies ⁽³⁾		62	-	-	62
		16	122	76	62
Services for other governments and non-agency bodies		-	-	-	-
		-	-	-	-
Total special accounts		92	-	-	92

- (1) The revised Opening Balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for that year.
- (2) This special account is departmental in nature and is governed by the *Safety Rehabilitation and Compensation Act 1998*.
- (3) This special account is departmental in nature and is governed by the *Financial Management and Accountability Act 1997*.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Bureau of Statistics (ABS) has not made any changes to its outcome or outputs since the *2004-05 Portfolio Budget Statements*.

Output cost attribution

The ABS allocates indirect and overhead costs to its various programmes under the outputs of either Population and Social Statistics or Economic Statistics. Costs are generally allocated on the basis of Full-time Equivalents (FTEs) or direct effort recording.

Table 2.1: Total resources — Outcome 1

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
Agency appropriations		
Output Group 1.1 - Australian Bureau of Statistics		
Output 1.1.1 - Economic statistics	140,170	140,324
Output 1.1.2 - Population and social statistics	129,388	129,531
Total revenues from government (appropriations)	269,558	269,855
Contributing to price of agency outputs	94%	94%
Revenue from other sources		
Goods and services	16,910	18,117
Proceeds from sale of assets	208	151
Other	100	100
Total revenue from other sources	17,218	18,368
Total price of agency outputs		
(Total revenues from government and from other sources)	286,776	288,223
Total estimated resourcing for Outcome 1		
(Total price of outputs appropriations)	286,776	288,223
	2004-05	2004-05
Average staffing level (number)	2,684	2,684

Revised performance information and level of achievement — 2004-05

The ABS has not made any changes to its performance information since the *2004-05 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Bureau of Statistics (ABS) 2004-05 Annual Report, and form the basis for the input into the whole-of-government accounts. The financial statements should be read in conjunction with the accompanying notes.

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

In the Statement of Financial Performance, the ABS is budgeting for a nil result for 2004-05, following a deficit of \$1.6 million in 2003-04. Income from the sales of publications and the provision of statistical services is expected to remain steady in the budget year. Departmental appropriations have risen by nearly \$18 million as the ABS prepares for the August 2006 Census, which is its largest statistical collection. In line with Census preparations, employee and supplier expenses have risen by \$16.2 million. Both appropriations and expenditure will increase over the next two out-years in line with the five yearly census cycle.

Overall, the statement of financial position provides a consistent picture between the budget and previous financial years. The net asset position remains constant around \$54.8 million with only minor movements in total assets and total liabilities.

At the beginning of the budget year, a number of new building leases were signed that included rent-free periods. To spread the effects of the rental savings over the term of the leases, other debt will increase in 2004-05 by nearly \$1.5 million and a further \$1.5 million in 2005-06. This liability will then be gradually reduced over the remaining lease periods.

As the first pay for the budget year fell on 1 July, there will be a significant decrease in employee provisions (\$3 million) to account for the reversal of the salary accrual at the end of 2003-04.

The agency cash flow shows that the healthy cash balance in 2003-04 will continue through to the end of the 2004-05 financial year. Increased expenditure is in line with the build up to the 2006 Census, with cash being provided by increases in departmental appropriations.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the ABS by identifying full accrual expenses and revenues, which highlight whether the ABS is operating at a sustainable level.

Budgeted agency statement of financial position

This statement shows the financial position of the ABS. It enables decision-makers to track the management of the ABS's assets and liabilities.

Budgeted agency statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

Shows all planned agency capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or funds from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in ABS's non-financial assets during the budget year.

**Table 3.1: Budgeted agency statement of financial performance
(for the period ended 30 June)**

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	250,981	269,855	301,510	387,356	284,616
Goods and services	18,760	18,117	20,387	16,699	18,255
Revenue from sales of assets	229	151	149	142	151
Other revenues	551	100	100	100	100
Total revenues from ordinary activities	270,521	288,223	322,146	404,297	303,122
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	187,564	191,391	211,972	289,185	199,748
Suppliers	54,036	66,730	79,850	82,402	69,712
Depreciation and amortisation	26,526	25,103	25,643	27,120	28,726
Write-down of assets	3	399	215	915	65
Value of assets sold	320	3	4	9	-
Other expenses	2,903	3,952	2,358	2,689	2,688
Total expenses from ordinary activities (excluding borrowing costs expense)	271,352	287,578	320,042	402,320	300,939
Borrowing costs expense	818	645	532	440	351
Net surplus or (deficit) from ordinary activities	(1,649)	-	1,572	1,537	1,832

**Table 3.2: Budget agency statement of financial position
(as at 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	12,755	9,684	8,595	20,457	31,269
Receivables	4,746	3,994	4,344	8,317	4,569
Accrued revenues	495	275	309	253	277
Total financial assets	17,996	13,953	13,248	29,027	36,115
Non-financial assets					
Infrastructure, plant and equipment	37,091	34,409	40,488	36,683	30,257
Inventories	42	42	42	42	42
Intangibles	80,196	83,263	84,678	85,471	86,214
Other non-financial assets	7,989	7,607	9,061	6,390	10,899
Total non-financial assets	125,318	125,321	134,269	128,586	127,412
Total assets	143,314	139,274	147,517	157,613	163,527
LIABILITIES					
Interest bearing liabilities					
Loans	10,033	8,846	7,585	6,245	4,821
Leases	949	257	79	25	-
Other interest bearing liabilities	30	1,481	3,383	3,919	3,227
Total interest bearing liabilities	11,012	10,584	11,047	10,189	8,048
Provisions					
Employees	67,392	64,345	69,081	75,313	79,180
Total provisions	67,392	64,345	69,081	75,313	79,180
Payables					
Suppliers	3,856	5,174	6,032	5,757	5,884
Other payables	6,311	4,428	5,042	8,502	10,721
Total payables	77,559	73,947	80,155	89,572	95,795
Total liabilities	88,571	84,531	91,202	99,761	103,843
EQUITY⁽¹⁾					
Parent equity interest					
Contributed equity	11,497	11,497	11,497	11,497	11,497
Reserves	7,519	7,519	7,519	7,519	7,519
Retained surpluses or accumulated deficits	35,727	35,727	37,299	38,836	40,668
Total parent equity interest	54,743	54,743	56,315	57,852	59,684
Total equity	54,743	54,743	56,315	57,852	59,684
Current assets	26,027	21,602	22,351	35,459	47,056
Non-current assets	117,287	117,672	125,166	122,154	116,471
Current liabilities	44,235	39,282	43,544	48,862	53,393
Non-current liabilities	44,336	45,249	47,658	50,899	50,450

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted agency statement of cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	250,981	269,805	301,461	387,306	284,567
Goods and services	20,274	17,654	20,434	15,392	19,310
Other	7,756	8,981	9,969	10,080	9,221
Total cash received	279,011	296,440	331,864	412,778	313,098
Cash used					
Employees	183,813	194,437	207,235	282,955	195,885
Suppliers	57,462	68,003	80,515	81,105	72,547
Borrowing costs	818	645	531	440	351
Other	7,808	8,793	10,041	10,147	9,112
Total cash used	249,901	271,878	298,322	374,647	277,895
Net cash from/(used by) operating activities	29,110	24,562	33,542	38,131	35,203
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	229	151	149	142	151
Total cash received	229	151	149	142	151
Cash used					
Purchase of property, plant and equipment	26,143	25,875	33,341	25,017	23,093
Total cash used	26,143	25,875	33,341	25,017	23,093
Net cash from/(used by) investing activities	(25,914)	(25,724)	(33,192)	(24,875)	(22,942)
FINANCING ACTIVITIES					
Cash received					
Other	247	-	-	-	-
Total cash received	247	-	-	-	-
Cash used					
Repayments of debt	3,459	722	178	54	25
Other	-	1,187	1,261	1,340	1,424
Total cash used	3,459	1,909	1,439	1,394	1,449
Net cash from/(used by) financing activities	(3,212)	(1,909)	(1,439)	(1,394)	(1,449)
Net increase/(decrease) in cash held	(16)	(3,071)	(1,089)	11,862	10,812
Cash at the beginning of the reporting period	12,771	12,755	9,684	8,595	20,457
Cash at the end of the reporting period	12,755	9,684	8,595	20,457	31,269

Table 3.4: Agency capital budget statement

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	247	-	-	-	-
Total	247	-	-	-	-
Represented by					
Purchase of non-current assets	247	-	-	-	-
Total	247	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	26,143	25,875	33,341	25,017	23,093
Total	26,143	25,875	33,341	25,017	23,093

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	37,091	-	80,196	-	117,287
Additions	-	-	-	8,344	-	17,531	-	25,875
Disposals	-	-	-	(3)	-	-	-	(3)
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	(384)	-	(384)
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	-	-	(11,023)	-	(14,080)	-	(25,103)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	34,409	-	83,263	-	117,672
Total additions								
Self funded	-	-	-	8,344	-	17,531	-	25,875
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	8,344	-	17,531	-	25,875

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets, which are at valuation.

Budgeted agency financial statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (agency transactions) are budgeted and reported separately from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Agency assets, liabilities, revenues and expenses in relation to an agency are those that are controlled by the agency. Agency expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Budgeted agency statement of financial performance

Revenues

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, the ABS is appropriated only for the price of its outputs, which represent the Australian Government's purchase of these agreed outputs.

Revenue from other sources

Revenue is derived from the sale of ABS publications and census data, as well as the provision of user-funded surveys and consultancy work. The amount of revenue earned in any one year is dependent upon the demand for such products and services by government agencies, business and the community.

Other

This category includes resources received free of charge.

Expenses

Employees

This includes wages and salaries, superannuation, provision for annual leave and long service leave, and workers compensation. Employee entitlements are based on leave patterns of ABS employees. Accrued salaries and employer superannuation contributions are based on daily salary expense and the number of days owing at 30 June in each budget year.

Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives. Depreciation is calculated using the straight-line method, which is consistent with the consumption of the service potential of the depreciable assets of the ABS.

Budgeted agency statement of financial position

Non-financial assets

Intangibles

These include software developed in-house.

Inventory

ABS inventory includes publications of statistics both in print and on CD. These levels are expected to remain stable in the out years.

Other

This category includes prepayments.

Debt

Loans

The ABS received a loan of \$13.2 million in 2001-02. This loan was used to partially fund the fitout of the ABS's new national office accommodation. Loan repayments will be made over a ten-year period and are being met by the ABS from within its ongoing operational funding levels.

Leases

These include lease incentives in the form of a rent-free period and/or a contribution to fitout costs. Lease incentives are recognised as a liability, which is reduced by allocating lease rental payments between interest, rental expense and reduction of the liability. Rent-free lease periods are taken up as a liability during the rent-free period and amortised over the remaining term of the lease. The full amount of the lease is therefore allocated evenly over the total term of the lease.

Provisions and payables

Employees

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows in respect of all employees.

Asset valuation

Australian Government agencies and authorities are required to value property, plant and equipment and other infrastructure assets using the fair value method of valuation. This essentially reflects the current cost the entity would face in replacing that asset.

Capital budget statement

This shows proposed capital expenditure for the ongoing replacement programme of non-financial assets. This asset replacement programme is funded internally.

Purchase of non-financial assets

These include:

- 2004-05 intangibles of \$17.5 million, infrastructure, plant and equipment of \$8.3 million, which includes fitout to the New South Wales, Queensland and Census offices of \$2.5 million;
- 2005-06 intangibles of \$15.3 million, infrastructure, plant and equipment of \$18.0 million, which includes fitout to the Queensland, Victorian and Census offices of \$5.7 million;
- 2006-07 intangibles of \$14.8 million, infrastructure, plant and equipment of \$10.2 million, which includes fitout to the Australian Capital Territory, South Australian and Tasmanian offices of \$4.4 million; and
- 2007-08 intangibles of \$15.5 million, infrastructure, plant and equipment of \$7.6 million, which includes fitout to the Western Australian office of \$0.5 million.

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 73).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$0.6 million for the Australian Competition and Consumer Commission (ACCC).

Other variations to appropriations

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
Outcome 1				
Adjustment to Comcover premium	(40)	-	-	-
Transfer of the Consumer Safety and related Consumer Information Programmes from the Treasury to the ACCC	664	972	994	1,015

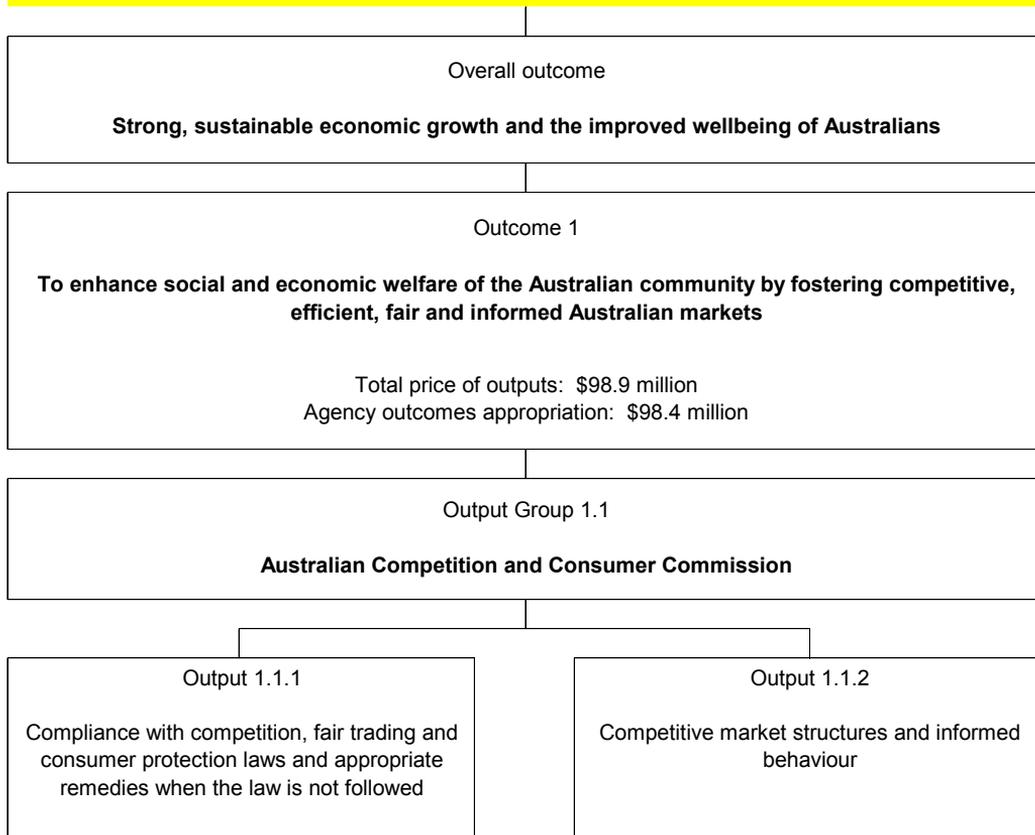
The ACCC has a total variation to the price of outputs funding of \$0.6 million as a result of:

- the transfer of responsibilities for the administration of product safety and related consumer information functions from the Treasury to the ACCC of \$0.7 million; and
- the reduction of insurance premium estimates for Comcover of \$0.04 million.

Map 2: Outcomes and output groups for the agency

Australian Competition and Consumer Commission

Chairperson: Mr Graeme Samuel



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004-05

	2003-04 available	2004-05 budget (1)	2004-05 budget (2)	2004-05 revised budget	Additional estimates	Reduced estimates
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AGENCY OUTPUTS						
Outcome 1						
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed						
Australian markets	74,148	97,807	98,471	98,431	-	(40)
Total	74,148	97,807	98,471	98,431	-	(40)

(1) Original budget as shown in the 2004-05 Portfolio Budget Statements.

(2) Original budget as shown in the 2004-05 Portfolio Budget Statements plus section 32 transfers.

Table 1.3: Appropriation Bill (No. 4) 2004-05

	2003-04 available	2004-05 budget	2004-05 revised	Additional estimates	Reduced estimates
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-operating					
Equity injections	56	23,959	23,959	-	-
Total capital	56	23,959	23,959	-	-
Total	56	23,959	23,959	-	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation
Outcome 1			
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets			
	475	481	6
Total	475	481	6

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	\$0.04 million
T	Transfer appropriation monies across outcomes	-
M	Movements of funding between years	-
A	Savings from capital appropriations	-
Total agency savings		\$0.04 million

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2004-05 total approp budget \$'000	2004-05 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	97,807	98,431	460	460	-
Total	97,807	98,431	460	460	-

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	400	400
Other	60	60
Total non-appropriation agency revenues	460	460
Appropriation revenue	97,807	98,431
Total estimated agency revenues	98,267	98,891
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Other	10,000	10,000
Total non-appropriation administered revenues	10,000	10,000
Total estimated agency and administered revenues	108,267	108,891

ESTIMATED SPECIAL ACCOUNT FLOWS**Table 1.8: Estimated special account flows**

	A ⁽¹⁾	2004-05	2004-05	2004-05	2004-05	2004-05
	B ⁽¹⁾	2003-04	2003-04	2003-04	2003-04	2003-04
		opening balance	receipts	payments	adjustments	closing balance
		\$'000	\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS⁽²⁾						
Other Trust Account		124	-	7	-	117
		382	18	245	31	124
Services for other government and non-agency bodies		-	-	-	-	-
		-	109	109	-	-
Total special accounts		124	-	7	-	117

(1) The revised Opening Balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for the year.

(2) The special accounts are departmental in nature and are governed by the *Financial Management and Accountability Act 1997*.

Note: In the *2004-05 Portfolio Budget Statements* a special account was proposed for the operations of the proposed Australian Energy Regulator. Although the Australian Energy Regulator will be governed by separate enabling legislation it will no longer be treated as a special account.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Competition and Consumer Commission (ACCC) has not made any changes to its outcome or outputs since the *2004-05 Portfolio Budget Statements*.

Output cost attribution

The ACCC uses a process of cost allocation to estimate the costs of each output in Table 2.1.

The cost of each output is comprised of direct and indirect costs. Direct costs are assigned to outputs according to detailed cost profiles. Indirect costs that comprise corporate and overhead items such as information technology, accommodation and human resource management are allocated to outputs based on a consumption (cost driver) basis.

Table 2.1: Total resources for Outcome 1

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
Agency appropriations		
Output Group 1.1 - Australian Competition and Consumer Commission		
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	59,597	60,221
Output 1.1.2 - Competitive market structures and informed behaviour	38,210	38,210
Total revenues from government (appropriations)	97,807	98,431
Contributing to price of agency outputs	100%	100%
Revenue from other sources		
Goods and services	400	400
Other	60	60
Total revenue from other sources	460	460
Total price of agency outputs		
(Total revenues from government and from other sources)	98,267	98,891
Total estimated resourcing for Outcome 1		
(Total price of outputs appropriations)	98,267	98,891
	2004-05	2004-05
Average staffing level (number)	475	481

Revised performance information and level of achievement — 2004-05

The ACCC has not made any changes to its performance information since the *2004-05 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Competition and Consumer Commission's (ACCC) 2004-05 Annual Report, and form the basis for the input into the whole-of-government accounts. The financial statements should be read in conjunction with the accompanying notes.

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the ACCC's budgeted financial statements is provided below.

Statement of financial performance

The ACCC is budgeting for a breakeven operating result in 2004-05. The actual operating result for 2003-04 was an approved operating loss of \$7.0 million. The 2003-04 operating loss was due to the increasing costs of litigation.

Total revenue for 2004-05 is now estimated to be \$98.9 million, a net increase of \$0.6 million on the *2004-05 Portfolio Budget Statements*. The increase is as a result of:

- the transfer of appropriation of \$0.7 million from the Department of the Treasury (the Treasury) to the ACCC for the transfer of responsibilities for the administration of product safety and related consumer information functions; and
- a decrease in the Comcover insurance premium of \$0.04 million.

Total expenses for 2004-05 are estimated to be \$98.9 million, a net increase of \$0.6 million on the *2004-05 Portfolio Budget Statements*. The main increases are as a result of:

- increased employee expenses of \$0.5 million for the transfer of responsibilities of the product safety and consumer information programmes from the Treasury;
- supplier expenses of \$0.2 million for the transfer of responsibilities of the product safety and consumer information programmes from the Treasury to the ACCC; and

- a decrease in the Comcover insurance premium of \$0.04 million.

Statement of financial position

The ACCC's budgeted 2004-05 net asset position will be \$12.4 million, an increase of \$1.3 million from the 2004-05 *Portfolio Budget Statements*. This capital funding adjustment comprises:

- an adjustment of the operating loss estimate for 2003-04 in the 2004-05 *Portfolio Budget Statements* from \$8.4 million to the actual loss of \$7.0 million. A decrease in the accumulated deficits of \$1.4 million;
- \$0.1 million liability provisions for Long Service Leave and Annual Leave transferred from the Treasury to the ACCC for the product safety and consumer information functions; and
- \$0.05 million transfer of cash and non-financial assets from the Treasury to the ACCC for the product safety and related consumer information functions.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the ACCC by identifying full accrual expenses and revenues, which highlights whether the ACCC is operating at a sustainable level.

Budgeted agency statement of financial position

This statement shows the financial position of the ACCC. It enables decision-makers to track the management of the ACCC's assets and liabilities.

Budgeted agency statement of cash flows

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the budget as appropriation or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in the ACCC's non-financial assets over the budget year.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the agency on behalf of the Australian Government are to be shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Australian Government. It also discloses administered revenues from government and transfers to the Official Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Australian Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Australian Government.

**Table 3.1: Budgeted agency statement of financial performance
(for the period ended 30 June)**

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	74,157	98,431	75,355	75,249	75,441
Goods and services	429	400	400	400	400
Revenue from sales of assets	19	-	-	-	-
Other revenues	60	60	60	60	60
Total revenues from ordinary activities	74,665	98,891	75,815	75,709	75,901
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	36,843	43,869	42,680	43,512	44,379
Suppliers	42,741	52,640	30,934	30,014	29,340
Depreciation and amortisation	2,059	2,382	2,201	2,183	2,183
Write-down of assets	6	-	-	-	-
Value of assets sold	7	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	81,656	98,891	75,815	75,709	75,901
Borrowing costs expense	47	-	-	-	-
Operating surplus or (deficit) from ordinary activities	(7,038)	-	-	-	-

**Table 3.2: Budget agency statement of financial position
(as at 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	189	294	294	294	294
Receivables	839	22,795	23,795	24,795	24,795
Total financial assets	1,028	23,089	24,089	25,089	25,089
Non-financial assets					
Land and buildings	1,525	2,156	1,556	2,714	1,814
Infrastructure, plant and equipment	1,185	990	1,973	2,591	2,924
Inventories	95	95	87	87	87
Intangibles	914	1,169	1,324	1,579	1,843
Other non-financial assets	735	736	768	768	768
Total non-financial assets	4,454	5,146	5,708	7,739	7,436
Total assets	5,482	28,235	29,797	32,828	32,525
LIABILITIES					
Interest bearing liabilities					
Leases	4	-	-	-	-
Total interest bearing liabilities	4	-	-	-	-
Provisions					
Employees	9,809	10,607	11,107	11,707	12,307
Total provisions	9,809	10,607	11,107	11,707	12,307
Payables					
Suppliers	6,516	4,705	5,768	8,199	7,296
Other payables	635	468	468	468	468
Total payables	7,151	5,173	6,236	8,667	7,764
Total liabilities	16,964	15,780	17,343	20,374	20,071
EQUITY⁽¹⁾					
Parent equity interest					
Contributed equity	3,156	27,092	27,092	27,092	27,092
Reserves	1,052	1,052	1,052	1,052	1,052
Retained surpluses or accumulated deficits	(15,690)	(15,690)	(15,690)	(15,690)	(15,690)
Total parent equity interest	(11,482)	12,454	12,454	12,454	12,454
Total equity	(11,482)	12,454	12,454	12,454	12,454
Current assets	1,770	23,825	24,857	25,857	25,857
Non-current assets	3,712	4,410	4,940	6,971	6,668
Current liabilities	11,012	10,477	11,790	14,521	13,918
Non-current liabilities	5,952	5,304	5,554	5,854	6,154

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted agency statement of cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	74,148	98,431	75,355	75,249	75,441
Goods and services	680	460	460	460	460
Cash returned from					
Official Public Account	7,439	-	-	-	-
Other	3,643	94	-	-	-
Total cash received	85,910	98,985	75,815	75,709	75,901
Cash used					
Cash returned to					
Official Public Account	-	22,000	1,000	1,000	1,000
Employees	37,088	43,191	40,323	41,751	42,608
Suppliers	49,350	54,575	31,728	28,740	30,410
Borrowing costs	37	-	-	-	-
Total cash used	86,475	119,766	73,051	71,491	74,017
Net cash from/(used by) operating activities	(565)	(20,781)	2,764	4,218	1,884
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	19	-	-	-	-
Total cash received	19	-	-	-	-
Cash used					
Purchase of property, plant and equipment	556	3,073	2,764	4,218	1,884
Purchase of intangibles	305	-	-	-	-
Total cash used	861	3,073	2,764	4,218	1,884
Net cash from/(used by) investing activities	(842)	(3,073)	(2,764)	(4,218)	(1,884)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	56	23,959	-	-	-
Total cash received	56	23,959	-	-	-
Cash used					
Repayments of debt	646	-	-	-	-
Total cash used	646	-	-	-	-
Net cash from/(used by) financing activities	(590)	23,959	-	-	-
Net increase/(decrease) in cash held	(1,997)	105	(0)	(0)	(0)
Cash at the beginning of the reporting period	2,186	189	294	294	294
Cash at the end of the reporting period	189	294	294	294	294

Table 3.4: Agency capital budget statement

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	56	23,959	-	-	-
Total	56	23,959	-	-	-
Represented by					
Purchase of non-current assets	56	1,959	-	-	-
Other	-	22,000	-	-	-
Total	56	23,959	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	56	1,959	-	-	-
Funded internally by agency resources	979	1,114	2,764	4,218	1,884
Total	1,035	3,073	2,764	4,218	1,884

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	1,525	-	1,185	-	914	-	3,624
Additions	-	1,273	-	1,014	-	786	-	3,073
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	(642)	-	(1,209)	-	(531)	-	(2,382)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	2,156	-	990	-	1,169	-	4,315
Total additions								
Self funded	-	50	-	464	-	600	-	1,114
Appropriations	-	1,223	-	550	-	186	-	1,959
Total	-	1,273	-	1,014	-	786	-	3,073

Table 3.6: Note of budgeted financial performance administered on behalf of government (for the period ended 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
REVENUES					
Taxation					
Other taxes, fees and fines	26,654	10,000	10,000	10,000	10,000
Total taxation	26,654	10,000	10,000	10,000	10,000
Total revenues administered on behalf of the government	26,654	10,000	10,000	10,000	10,000
EXPENSES					
Write-down and impairment of assets	843	-	-	-	-
Total expenses administered on behalf of the government	843	-	-	-	-

Table 3.7: Note of budgeted financial position administered on behalf of government (as at 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	573	-	-	-	-
Receivables	6,183	3,704	3,704	3,704	3,704
Total financial assets	6,756	3,704	3,704	3,704	3,704
Total assets administered on behalf of the government	6,756	3,704	3,704	3,704	3,704
LIABILITIES					
Payables					
Suppliers	17	-	-	-	-
Total payables	17	-	-	-	-
Total liabilities administered on behalf of the government	17	-	-	-	-
Current assets	6,756	3,704	3,704	3,704	3,704
Non-current assets	-	-	-	-	-
Current liabilities	17	-	-	-	-
Non-current liabilities	-	-	-	-	-

**Table 3.8: Note of budgeted administered cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	23,616	9,990	9,990	9,990	9,990
Other	10	10	10	10	10
Total cash received	23,626	10,000	10,000	10,000	10,000
Cash used					
Cash to Official Public Account	23,063	10,573	10,000	10,000	10,000
Total cash used	23,063	10,573	10,000	10,000	10,000
Net cash from/(used by) operating activities	563	(573)	-	-	-
Net increase/(decrease) in cash held	563	(573)	-	-	-
Cash at beginning of reporting period	10	573	-	-	-
Cash at end of reporting period	573	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2004));
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

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

Assets and liabilities are recognised in the **statement of financial position** when and only when it is probable that future economic benefit will flow and the amounts of the assets and liabilities can be reliably measured.

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

Administered revenues, expenses, assets and liabilities and cash flows are accounted for on the same basis and using the same policies as for departmental items except where otherwise stated.

Budgeted agency financial statements

Agency assets, liabilities, revenues and expenses are those items that are controlled by the ACCC. They are used by the ACCC in producing its outputs, including:

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from appropriations or independent sources in payment of outputs; and

- employee, supplier and depreciation expenses incurred in producing the ACCC outputs.

Administered items are those items which are controlled by the Australian Government and managed or oversighted by the ACCC on behalf of the Australian Government. These administered items managed or controlled by the ACCC include authorisation fees, fines and costs.

The purpose of the separation of agency and administered items is to enable the assessment of administrative efficiency of the agency in providing goods and services.

Revenue

Revenues from government

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

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

Resources received free of charge

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

Other revenue

Revenue from the sale of goods (that is, seminars/speakers fees, sale of publications, photocopy revenue and sale of non-current assets) is recognised upon the delivery of goods/services to customers.

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

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

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

Interest revenue is no longer received by the ACCC following the government's decision to abolish the Australian Banking Incentive Scheme (ABIS) from 1 July 2003.

Transactions with the government as owner

Equity injections

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

Restructuring of administrative arrangements

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

Employee benefits

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

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

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

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

Leave

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

Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits

incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

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

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

Receivables

Court costs, which are awarded, are not considered as receivables or as creditors, as the case may be, until the costs have been agreed by the concerned parties.

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year end.

Bad debts are written off during the year in which they are identified.

Acquisition of assets

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

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

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

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the **statement of financial position**, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Basis

Property, infrastructure, plant and equipment are carried at valuation. The ACCC revalues all its assets in three year cycles. Revaluations have been undertaken up to 30 June 2002 on a deprival basis. The revaluations were for the cycle which finishes on 30 June 2005.

Future revaluations by the ACCC are to be undertaken at fair value.

Buildings (leasehold improvements) were revalued as at 30 June 2004 at depreciated replacement cost.

Infrastructure, plant and equipment (P&E) assets were revalued as at 30 June 2002 at deprival value.

All valuations are conducted by an independent qualified valuer.

Depreciation and amortisation

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

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

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

Asset class	Total useful life
Fitout	Lesser of the term of the lease or 10 years
Furniture and fittings	10 years
Office equipment	5 years
Computer hardware	3 years
Computer software	3 to 7 years

Impairment of non-current assets

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

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

The non-current assets carried at cost or deprival value, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to that value if greater. No assets were identified as impaired as at 30 June 2004.

Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the ACCC's software is three to seven years.

All software assets were assessed for impairment as at 30 June 2004.

Inventories

Inventories (publications) held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 105).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$0.022 million for the Australian Office of Financial Management (AOFM).

Measures

The AOFM has no measures since the 2004-05 Budget.

Other variations to appropriations

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Wage cost indexation	22	57	65	66

The AOFM is seeking additional price of outputs funding of \$0.022 million in 2004-05 for wage cost indexation.

Map 2: Outcomes and output groups for the agency

Australian Office of Financial Management
Chief Executive Officer: Neil Hyden

Overall outcome
Strong, sustainable economic growth and the improved wellbeing of Australians

Outcome 1
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time
Total price of outputs: \$8.1 million
Total administered expenses: \$5,927.8 million

Output Group 1.1
Australian Office of Financial Management

Output 1.1.1
Debt management

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time					
	10	10	10	-	-
Total	10	10	10	-	-
AGENCY OUTPUTS					
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time					
	8,135	8,097	8,119	22	-
Total	8,135	8,097	8,119	22	-
Total administered and agency	8,145	8,107	8,129	22	-

Table 1.3: Appropriation Bill (No. 4) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Capital					
Equity injections	23	-	-	-	-
Total capital	23	-	-	-	-
Total	23	-	-	-	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation
Outcome 1			
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	38	38	-
Total	38	38	-

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

An estimated increase in net annotated (section 31) receipts of \$0.020 million is expected due to the cost recovery of inscribed stock registry fees.

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2004-05 total approp budget \$'000	2004-05 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	8,097	8,119	-	20	20
Total	8,097	8,119	-	20	20

AGENCY AND ADMINISTERED REVENUES**Table 1.6: Revenue from independent sources**

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	-	20
Total non-appropriation agency revenues	-	20
Appropriation revenue	8,097	8,119
Total estimated agency revenues	8,097	8,139
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
<i>Financial Agreement Act 1994</i> - Interest paid by States and Northern Territory on loans	10,847	10,847
<i>Financial Management and Accountability Act 1997</i> - Interest on financial assets	344,000	669,829
<i>Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts</i> - Advances to the States and Northern Territory (interest)	91,522	91,522
<i>Loans Securities Act 1919</i> - Gain on foreign exchange ⁽¹⁾	-	9,241
<i>Loans Securities Act 1919</i> - Swaps interest	2,191,096	2,161,126
<i>States (Works and Housing Assistance) Acts</i> - Advances to the States (interest)	67,686	67,686
<i>War Service Lands Settlements Acts</i> - Advances to the States (interest)	269	269
Total non-appropriation administered revenues	2,705,420	3,010,520
Total estimated agency and administered revenues	2,713,517	3,018,659

(1) Comprises foreign denominated bonds only.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS**Table 1.7: Estimates of expenses from special appropriations**

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED EXPENSES		
Special appropriations		
<i>Airports (Transitional) Act 1996</i> section 78 - Interest on former debts of the Federal Airports Corporation	-	-
<i>Australian National Railways Commission Sale Act 1997</i> section 67AW - Interest	-	-
<i>Commonwealth Inscribed Stock Act 1911</i> section 6 - Loan flotation expenses	422	150
<i>Commonwealth Inscribed Stock Act 1911</i> section 6 - Interest	3,852,619	3,868,829
<i>Financial Agreement Act 1994</i> section 5 - Assistance for debt redemption	53,745	31,909
<i>Financial Agreement Act 1994</i> section 5 - Commonwealth contributions to the Debt Retirement Reserve Trust Account	595	595
<i>Financial Management and Accountability Act 1997</i> section 39(9) - Net repurchase premia	-	43,771
<i>Loans Redemption and Conversion Act 1921</i> section 5 - Interest	-	-
<i>Loans Securities Act 1919</i> section 4 - Interest	13,000	3,000
<i>Loans Securities Act 1919</i> section 5B(2) - Interest swaps	2,030,616	1,954,111
<i>Moomba-Sydney Pipeline System Sales Act 1994</i> section 19(3) - Interest	-	-
<i>Qantas Sale Act 1992</i> section 18 - Interest	-	-
<i>Snowy Hydro Corporatisation Act 1997</i> section 22 - Interest	25,432	25,417
<i>Treasury Bills Act 1914</i> section 6 - Interest	-	-
Total special appropriations	5,976,429	5,927,782
Other appropriations	10	10
Total estimated expenses	5,976,439	5,927,792

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

	A ⁽¹⁾	2004-05	2004-05	2004-05	2004-05
	B ⁽¹⁾	2003-04	2003-04	2003-04	2003-04
		opening balance	receipts	payments	closing balance
		\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS					
Debt Retirement Reserve Trust		204	76,417	75,005	1,616
Account ⁽²⁾		5,997	291,555	297,348	204
Total special accounts		204	76,417	75,005	1,616

(1) The revised opening balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for the year.

(2) This special account is administered in nature and is governed by the *Financial Agreement Act 1994*.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Office of Financial Management (AOFM) has not made any changes to its outcome or outputs since the *2004-05 Portfolio Budget Statements*.

Output cost attribution

The AOFM delivers a single output – debt management – therefore cost attribution between outputs is not required.

Table 2.1: Total resources for Outcome 1

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
Administered appropriations		
Annual appropriations	10	10
Special appropriations ⁽¹⁾	87,822,424	167,545,982
Total administered appropriations	87,822,434	167,545,992
Agency appropriations		
Output Group 1.1 - Australian Office of Financial Management		
Output 1.1.1 - Debt management	8,097	8,119
Total revenues from government (appropriations)		
Contributing to price of agency outputs	8,097	8,119
Total price of agency outputs		
(Total revenues from government and from other sources)	8,097	8,139
Estimated payments from special account balances		
Debt Retirement Reserve Trust Account	75,005	75,005
Total administered special account outflows	75,005	75,005
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	87,830,531	167,554,131
	2004-05	2004-05
Average staffing level (number)	38	38

(1) The headline cash balance reported in *2003-04 Final Budget Outcome* was \$7.6 billion, against an estimate at budget time of \$4.0 billion. The Mid-Year Economic and Fiscal Outlook reported an increase in the estimated headline cash balance for 2004-05 from \$1.0 billion to \$4.9 billion. The stronger budget position has led to a significant increase in estimated investment activity for 2004-05.

Revised performance information and level of achievement — 2004-05

The AOFM has not made any changes to its performance information since the *2004-05 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

Budgeted agency and administered financial statements and related notes for the Australian Office of Financial Management (AOFM) are presented in this section. The financial statements are produced for 2003-04 (actual results), 2004-05 (revised budget estimate) and three forward years. The financial statements should be read in conjunction with the accompanying notes.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

There have been no changes to the analysis of AOFM's budgeted financial statements since the *2004-05 Portfolio Budget Statements*.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the AOFM by identifying full accrual expenses and revenues.

Budgeted agency statement of financial position

This statement shows the financial position of the AOFM. It enables decision-makers to track the management of the agency's assets and liabilities.

Budgeted agency statement of cash flows

This statement provides information on the amount and nature of budgeted cash flows, categorised into expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure on non-financial assets, whether funded through capital appropriations (equity or borrowings) or from internally sourced funds.

Agency non-financial assets — summary of movement

This statement shows the budgeted movement in the AOFM's non-financial assets during the budget year 2004-05.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the AOFM on behalf of the Australian Government are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This schedule identifies the revenues and expenses administered by the AOFM on behalf of the Australian Government.

Note of budgeted administered financial position

This schedule shows the assets and liabilities administered by the AOFM on behalf of the Australian Government.

Note of budgeted administered cash flows

This note shows cash flows administered by the AOFM on behalf of the Australian Government.

**Table 3.1: Budgeted agency statement of financial performance
(for the period ended 30 June)**

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government ⁽¹⁾	8,388	8,119	8,116	8,197	8,275
Goods and services	288	20	20	-	-
Total revenues from ordinary activities	8,676	8,139	8,136	8,197	8,275
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	3,807	4,073	4,442	4,664	4,888
Suppliers ⁽¹⁾	3,085	3,311	2,939	2,779	2,837
Depreciation and amortisation	794	755	755	754	550
Write-down of assets	17	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	7,703	8,139	8,136	8,197	8,275
Borrowing costs expense	-	-	-	-	-
Operating surplus or (deficit) from ordinary activities	973	-	-	-	-

(1) For 2003-04 only, includes resources received free of charge from Australian National Audit Office.

**Table 3.2: Budget agency statement of financial position
(as at 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	333	1,208	2,200	1,174	1,954
Receivables	6,107	6,107	6,107	6,107	6,107
Total financial assets	6,440	7,315	8,307	7,281	8,061
Non-financial assets					
Infrastructure, plant and equipment	1,184	933	682	1,432	1,182
Intangibles	1,768	1,264	760	1,256	956
Other non-financial assets	165	165	165	165	165
Total non-financial assets	3,117	2,362	1,607	2,853	2,303
Total assets	9,557	9,677	9,914	10,134	10,364
LIABILITIES					
Provisions					
Employees	842	962	1,199	1,419	1,649
Other provisions	100	100	100	100	100
Total provisions	942	1,062	1,299	1,519	1,749
Payables					
Suppliers	140	140	140	140	140
Other payables	112	112	112	112	112
Total payables	252	252	252	252	252
Total liabilities	1,194	1,314	1,551	1,771	2,001
EQUITY⁽¹⁾					
Parent equity interest					
Contributed equity	3,423	3,423	3,423	3,423	3,423
Reserves	138	138	138	138	138
Retained surpluses or accumulated deficits	4,802	4,802	4,802	4,802	4,802
Total parent equity interest	8,363	8,363	8,363	8,363	8,363
Total equity	8,363	8,363	8,363	8,363	8,363
Current assets	786	1,373	2,365	1,339	2,119
Non-current assets	8,771	8,304	7,549	8,795	8,245
Current liabilities	636	493	552	607	664
Non-current liabilities	558	821	999	1,164	1,337

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted agency statement of cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,645	8,119	8,116	8,197	8,275
Goods and services	159	20	20	-	-
Total cash received	6,804	8,139	8,136	8,197	8,275
Cash used					
Employees	3,998	3,953	4,205	4,445	4,658
Suppliers	2,930	3,311	2,939	2,778	2,837
Other	44	-	-	-	-
Total cash used	6,972	7,264	7,144	7,223	7,495
Net cash from/(used by) operating activities	(168)	875	992	974	780
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	106	-	-	2,000	-
Total cash used	106	-	-	2,000	-
Net cash from/(used by) investing activities	(106)	-	-	(2,000)	-
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	153	-	-	-	-
Total cash received	153	-	-	-	-
Net cash from/(used by) financing activities	153	-	-	-	-
Net increase/(decrease) in cash held	(121)	875	992	(1,026)	780
Cash at the beginning of the reporting period	454	333	1,208	2,200	1,174
Cash at the end of the reporting period	333	1,208	2,200	1,174	1,954

Table 3.4: Agency capital budget statement

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	23	-	-	-	-
Total loans	-	-	-	-	-
Total	23	-	-	-	-
Represented by					
Purchase of non-current assets	23	-	-	-	-
Other	-	-	-	-	-
Total	23	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	23	-	-	-	-
Funded internally by agency resources	-	-	-	2,000	-
Total	23	-	-	2,000	-

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	1,184	-	1,768	-	2,952
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	-	-	251	-	504	-	755
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	933	-	1,264	-	2,197
Total additions	-	-	-	-	-	-	-	-
Self funded	-	-	-	-	-	-	-	-
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Table 3.6: Note of budgeted financial performance administered on behalf of government (for the period ended 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
REVENUES					
Non-taxation					
Interest	2,653,583	3,001,279	3,249,356	3,703,488	4,285,842
Net foreign exchange gains	163,280	9,241	-	-	-
Other sources of non-taxation revenues	60	-	-	-	-
Total non-taxation	2,816,923	3,010,520	3,249,356	3,703,488	4,285,842
Total revenues administered on behalf of the government	2,816,923	3,010,520	3,249,356	3,703,488	4,285,842
EXPENSES					
Grants	36,720	32,504	220,365	-	-
Interest	5,577,940	5,895,288	5,639,426	5,412,639	5,099,219
Total expenses administered on behalf of the government	5,614,660	5,927,792	5,859,791	5,412,639	5,099,219

Table 3.7: Note of budgeted financial position administered on behalf of government (as at 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	1,761	1,761	1,761	1,761	1,761
Receivables	3,806,912	3,649,698	3,434,574	3,348,041	3,259,390
Investments	14,850,000	-	-	-	-
Accrued revenues	179,200	94,869	95,655	122,086	145,243
Total financial assets	18,837,873	3,746,328	3,531,990	3,471,888	3,406,394
Total assets administered on behalf of the government	18,837,873	3,746,328	3,531,990	3,471,888	3,406,394
LIABILITIES					
Interest bearing liabilities					
Australian Government Securities	55,392,388	37,017,000	33,545,000	17,966,000	1,028,000
Total interest bearing liabilities	55,392,388	37,017,000	33,545,000	17,966,000	1,028,000
Payables					
Other payables	3,205,735	3,410,000	2,806,000	2,958,000	3,141,000
Total payables	3,205,735	3,410,000	2,806,000	2,958,000	3,141,000
Total liabilities administered on behalf of the government	58,598,123	40,427,000	36,351,000	20,924,000	4,169,000

**Table 3.8: Note of budgeted administered cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	696,176	3,006,444	3,238,746	3,700,945	4,336,625
Cash from Official Public Account ⁽¹⁾	16,527,923	5,768,609	6,662,573	5,506,401	5,227,845
Other	13,718	-	-	-	-
Total cash received	17,237,817	8,775,053	9,901,319	9,207,346	9,564,470
Cash used					
Grant payments	35,310	32,504	220,365	-	-
Interest paid	4,155,033	5,736,105	6,442,208	5,506,401	5,227,845
Cash to Official Public Account ⁽¹⁾	10,629,449	3,006,444	3,238,746	3,700,945	4,336,625
Total cash used	14,819,792	8,775,053	9,901,319	9,207,346	9,564,470
Net cash from/(used by) operating activities	2,418,025	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	79,822	82,209	84,406	86,533	88,651
Total cash received	79,822	82,209	84,406	86,533	88,651
Cash used					
Cash to Official Public Account ⁽¹⁾	-	82,209	84,406	86,533	88,651
Total cash used	-	82,209	84,406	86,533	88,651
Net cash from/(used by) investing activities	79,822	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	4,501,032	158,459,077	188,361,606	175,012,874	170,488,686
Cash from Official Public Account ⁽¹⁾	-	161,775,971	191,494,282	190,370,000	187,189,000
Swaps and associated derivatives	5,259,106	-	-	-	-
Other	290,118	-	-	-	-
Total cash received	10,050,256	320,235,048	379,855,888	365,382,874	357,677,686
Cash used					
Net repayment of borrowings	6,970,831	161,732,200	191,494,282	190,370,000	187,189,000
Cash to Official Public Account ⁽¹⁾	-	158,459,077	188,361,606	175,012,874	170,488,686
Swaps and associated derivatives	5,575,692	-	-	-	-
Other	-	43,771	-	-	-
Total cash used	12,546,523	320,235,048	379,855,888	365,382,874	357,677,686
Net cash from/(used by) financing activities	(2,496,267)	-	-	-	-
Net increase/(decrease) in cash held					
Cash at beginning of reporting period	181	1,761	1,761	1,761	1,761
Cash at end of reporting period	1,761	1,761	1,761	1,761	1,761

(1) The reporting of 2003-04 actual balances under the Finance Minister's Orders requires a presentation different to that required for budget purposes. The key presentation difference relates to the categorisation of cash flows to and from the Official Public Account.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position of the AOFM.

Administered internal transactions

Administered transactions between the AOFM and other agencies within the general government (administered internal transactions) are not reported in the note of budgeted administered financial performance or the note of administered financial position.

However, for the purposes of disclosing all cash flows through AOFM's administered bank accounts, cash flows in the note of budgeted administered cash flows are reported inclusive of administered internal transactions.

Goods and services tax (GST)

All supplies provided by the AOFM are input taxed under *A New Tax System (Goods and Services Tax) Act 1999*.

Budgeted agency and administered financial statements

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

Under the Australian Government's accrual budgeting framework, transactions that agencies control (agency transactions) are separately budgeted for and reported from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Agency assets, liabilities, revenues and expenses are those which are controlled by the agency. Agency expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services to government.

- Administered assets, liabilities, revenues and expenses are those which are managed on behalf of the Australian Government according to set government directions. Administered expenses include interest incurred on Commonwealth debt. Administered revenues include interest earned on housing agreement loans, interest on investments and interest from swaps.

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided to the AOFM for:

- agency price of outputs appropriations: representing the Australian Government's purchase of outputs; and
- administered expense appropriations: for the repayment of interest on lapsed coupons not supported by special appropriation.

Special appropriations continue under the accrual budgeting framework and fund the majority of administered payments made by the AOFM, including debt redemption, interest payments and financial investment activity.

Budgeted agency financial performance

Appropriations

Price of outputs appropriation estimates are not based on market price indicators. The agreed price of outputs appropriation is based on budgeted expenses.

In August 2004 the AOFM applied to, and received approval from the Minister for Finance and Administration to budget for an operating loss of up to \$450,000 for 2004-05 on its departmental activities. The anticipated loss was due to one-off costs associated with the repurchase of foreign currency denominated debt. The AOFM's most recent forecasts point to a break-even result for 2004-05.

Budgeted agency financial position

Cash

The estimated cash reserves will be maintained to ensure that the AOFM is well placed to:

- settle employee liabilities as they fall due;
- make asset replacements (from depreciation funding); and
- repay liabilities.

Budgeted financial statements have been prepared on the assumption that unspent monies will not be withdrawn by the Department of Finance and Administration.

Administered notes of budgeted financial statements

Revenues and expenses

Non-taxation revenue — interest

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
Interest					
Interest on housing agreements	162,844	159,477	155,985	152,382	148,668
Interest on State and Northern Territory debt	19,108	10,847	633	-	-
Interest from other sources	2,471,631	2,830,955	3,092,738	3,551,106	4,137,174
Total interest	2,653,583	3,001,279	3,249,356	3,703,488	4,285,842

Interest from other sources includes interest from swaps and investments.

Expenses — grants

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
Grants					
Grants to State and Northern Territory Governments	36,720	32,504	220,365	-	-
Total grants	36,720	32,504	220,365	-	-

Expenses — interest and financing costs

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
Interest and financing costs					
Interest on Government securities	4,001,254	3,871,839	3,570,888	3,487,136	3,469,108
Interest on swaps	1,576,555	1,954,111	2,054,872	1,923,353	1,629,745
Interest on other debt	-	25,417	13,516	2,000	216
Net repurchase premia	-	43,771	-	-	-
Other financing costs	131	150	150	150	150
Total interest and financing costs	5,577,940	5,895,288	5,639,426	5,412,639	5,099,219

Assets and Liabilities

Debt — Australian Government Securities

For 2004-05 and onwards, Australian Government Securities represent the capital value of government securities on issue, net of investments.

Financial assets — receivables

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
Receivables					
Loans to State and Northern Territory Governments	3,806,912	3,649,698	3,434,574	3,348,041	3,259,390
Total receivables	3,806,912	3,649,698	3,434,574	3,348,041	3,259,390

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 157).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$6.7 million for the Australian Securities and Investments Commission (ASIC) in 2004-05.

Measures

Outcome 1 — A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
Outcome 1				
Strengthening the Australian Securities and Investments Commission's enforcement capabilities	6,887	-	-	-
Strengthening the Australian Securities and Investments Commission's enforcement capabilities <i>(Related capital)</i>	615	-	-	-
Choice of Superannuation Fund - Australian Securities and Investments Commission	-	7,053	5,908	5,177
Choice of Superannuation Fund - Australian Securities and Investments Commission <i>(Related capital)</i>	-	716	-	-
Choice of Superannuation Fund - Superannuation Complaints Tribunal	-	895	900	961
Choice of Superannuation Fund - Superannuation Complaints Tribunal <i>(Related capital)</i>	-	737	-	-

Other variations to appropriations

The following variations contributed to net savings (reduction) in agency departmental outputs of \$0.8 million in 2004-05. Explanations for these variations are detailed below.

HIH Taskforce

ASIC is seeking to recognise \$6.5 million of undrawn 2003-04 HIH Taskforce appropriation in 2004-05.

An amount of \$7.7 million appropriated in 2004-05 for the HIH Taskforce has been reprofiled to 2005-06.

These above two variations will result in a net saving of \$1.2 million in 2004-05.

Increase in the price of outputs

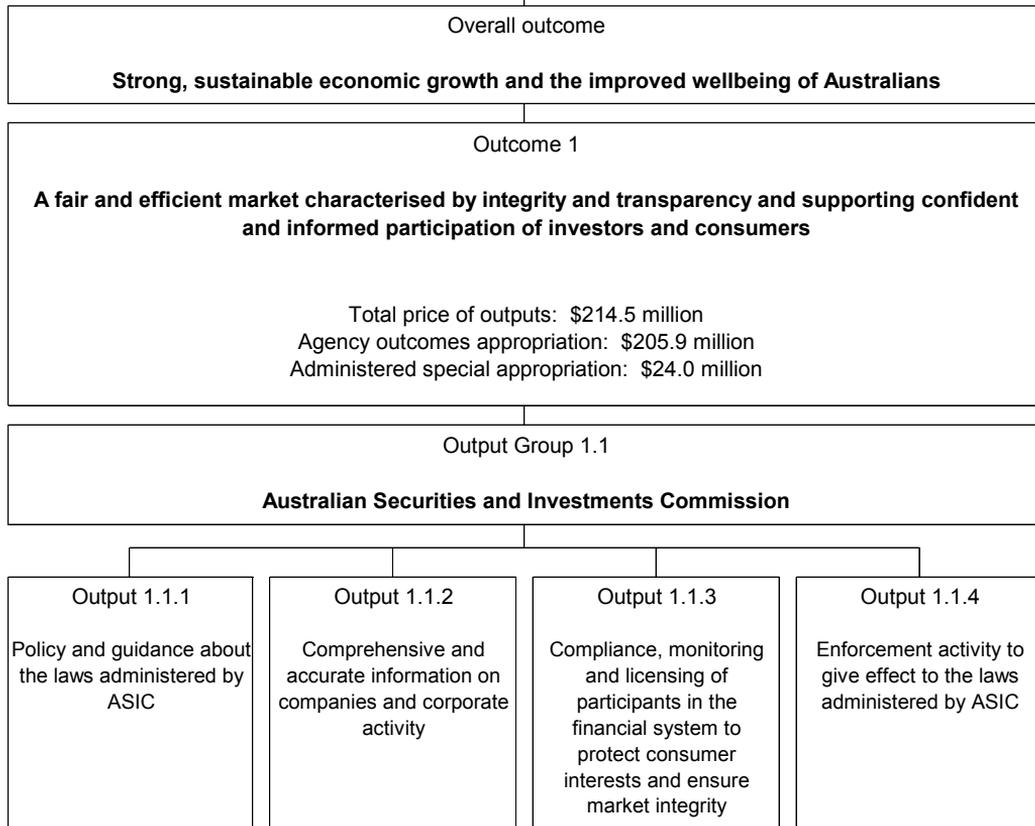
ASIC is seeking additional price of outputs funding of \$0.4 million, being a revision to the Government parameters used to restate the forward estimates.

Table 1.1: Summary of measures since the 2004-05 Budget

Measure	Outcome	Output Groups affected	2004-05 appropriations budget \$'000			2005-06 appropriations forward estimate \$'000			2006-07 appropriations forward estimate \$'000			2007-08 appropriations forward estimate \$'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Strengthening ASIC's enforcement capabilities	1	1.1	-	6,887	6,887	-	-	-	-	-	-	-	-	-
Strengthening ASIC's enforcement capabilities (Related capital)	1	1.1	-	615	615	-	-	-	-	-	-	-	-	-
Choice of Superannuation Fund - ASIC	1	1.1	-	-	-	-	7,053	7,053	-	5,908	5,908	-	5,177	5,177
Choice of Superannuation Fund - ASIC (Related capital)	1	1.1	-	-	-	-	716	716	-	-	-	-	-	-
Choice of Superannuation Fund - SCT	1	1.1	-	-	-	-	895	895	-	900	900	-	961	961
Choice of Superannuation Fund - SCT (Related capital)	1	1.1	-	-	-	-	737	737	-	-	-	-	-	-

**Map 2: Outcomes and output groups for the agency
Australian Securities and Investments Commission**

Chairman: Mr Jeffrey Lucy



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	192,784	199,842	205,888	6,046	-
Total	192,784	199,842	205,888	6,046	-

Note: Special Administered Appropriations that were previously disclosed under this heading are now shown in Table 1.7.

Table 1.3: Appropriation Bill (No. 4) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-operating					
Equity injections	2	11,300	11,915	615	-
Total capital	2	11,300	11,915	615	-
Total	2	11,300	11,915	615	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation
Outcome 1			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,573	1,585	12
Total	1,573	1,585	12

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Services	3,264	3,264
Interest	700	2,450
Other	2,856	2,856
Total non-appropriation agency revenues	6,820	8,570
Appropriation revenue	199,842	205,888
Total estimated agency revenues	206,662	214,458
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Other	499,640	536,540
Total non-appropriation administered revenues	499,640	536,540
Appropriation revenue	23,000	24,000
Total estimated administered revenues	522,640	560,540
Total estimated agency and administered revenues	729,302	774,998

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS**Table 1.7: Estimates of expenses from special appropriations**

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Estimated payments of banking unclaimed monies paid under the <i>Banking Act 1959</i>	20,000	20,000
Estimated payments of life insurance unclaimed monies paid under the <i>Life Insurance Act 1995</i>	3,000	4,000
Total estimated agency expenses	23,000	24,000

Banking Act 1959: Approved Deposit Taking Institutions, being Banks, Building Societies and Credit Unions, are required to remit to the Government, the balance in bank accounts that have remained dormant for seven years. This special appropriation covers repayments estimated to be made to claimants from the Banking Unclaimed Monies Account where the validity of the claim has been established by the relevant institution.

Life Insurance Act 1995: Life Insurance Companies and Friendly Societies are required to remit to the Government amounts payable on matured life insurance policies that have remained unclaimed for seven years. This special appropriation covers estimated payments made to claimants from the Life Unclaimed Monies Account where the validity of the claim has been established by the relevant Life Insurance Companies.

Refund of overpayment of fees paid under the *Corporations Act 2001*: All fees and charges collected in accordance with the *Corporations Act 2001* are banked into consolidated revenue in accordance with Section 81 of the Constitution. In 2004-05 it is forecast that an amount of \$6 million of overpaid fees and charges will be refunded. This requires separate appropriation in accordance with Section 83 of the Constitution (appropriated under Section 28 of the *Financial Management and Accountability Act 1997*).

Refunds of overpayments of fees paid under the *Corporations Act 2001* were previously disclosed in Table 1.7 above. Based on advice received from the Department of Finance and Administration these refunds are not agency expenses, and are now being disclosed as a narrative in the Portfolio Additional Estimates Statements.

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

	A ⁽¹⁾	2004-05	2004-05	2004-05	2004-05
	B ⁽¹⁾	2003-04	2003-04	2003-04	2003-04
		opening balance	receipts	payments	closing balance
		\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS					
Other Trust Monies	-	-	-	-	-
	-	-	-	-	-
Services for other governments and non-agency bodies	-	-	-	-	-
	-	-	-	-	-
Total special accounts	-	-	-	-	-

(1) The revised opening balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for that year.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Securities and Investments Commission (ASIC) has not made any changes to its outcome or outputs since the *2004-05 Portfolio Budget Statements*.

Output cost attribution

Each programme of activity (cost centre) in ASIC is linked to one of the four outputs. Accordingly, expenses against these programmes accrue against the outputs as they occur.

Where an expense relates to more than one output, it is allocated using a predetermined formula. For example, property lease expenses are allocated using staff numbers attributed to each programme.

Table 2.1: Total resources for Outcome 1

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
Administered appropriations		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Monies	20,000	20,000
<i>Life Insurance Act 1995</i> - Life Unclaimed Monies	3,000	4,000
Total administered appropriations	23,000	24,000
Agency appropriations		
Output Group 1.1 - Australian Securities and Investments Commission		
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	9,352	9,369
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	48,002	48,088
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	61,351	61,461
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	81,137	86,970
Total revenues from government (appropriations)		
Contributing to price of agency outputs	199,842	205,888
Revenue from other sources		
Services	3,264	3,264
Interest	700	2,450
Other	2,856	2,856
Total revenue from other sources	6,820	8,570
Total price of agency outputs		
(Total revenues from government and from other sources)	206,662	214,458
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	229,662	238,458
	2004-05	2004-05
Average staffing level (number)	1,573	1,585

Revised performance information and level of achievement — 2004-05

ASIC has not made any changes to its performance information since the 2004-05 Portfolio Budget Statements.

Section 3: Budgeted financial statements

The budgeted agency and financial statements and related notes for the Australian Securities and Investments Commission (ASIC) are presented in this section. The financial statements should be read in conjunction with the accompanying notes. The Budget estimate and three forward years comprise the following statements.

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

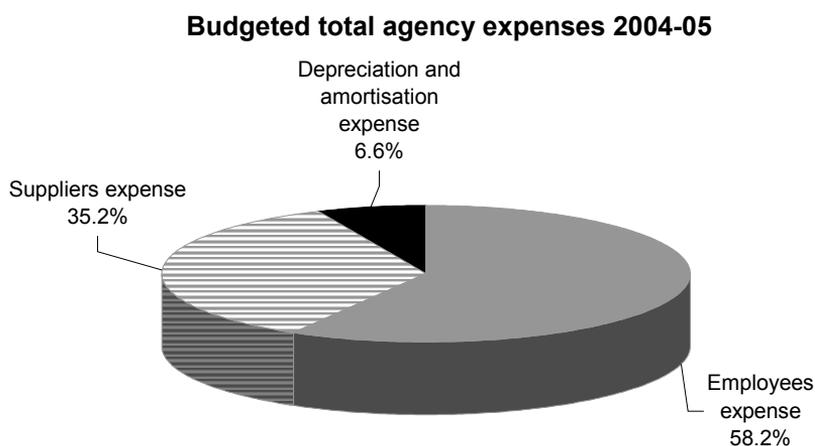
ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

ASIC is budgeting for a break-even operating result for 2004-05 and for the remainder of the forward estimates.

Appropriation for 2004-05 is \$205.9 million, which is an increase of \$22.6 million on the amount recognised in 2003-04. The rise in appropriation is attributed to the transfer of funding received for the HIH Taskforce from 2003-04 and 2004-05 and the Government's decision to fund ASIC for enhanced enforcement activities and consumer protection and corporate regulation.

Total expenses including borrowing costs for 2004-05 are estimated to be \$214.5 million, an increase of \$18.3 million over the prior financial year. The expenditure will be used to fund increased activity levels arising from the increasing demands for ASIC's services including actioning complaints and increased surveillance and enforcement activities.



Budgeted agency statement of financial position

This statement shows the financial position of ASIC. It helps decision-makers to track the management of ASIC's assets and liabilities.

Equity

ASIC's budgeted equity (or net asset position) for 2004-05 has increased by \$11.9 million as a consequence of the Government's decision to provide ASIC with a \$11.3 million equity injection to address past year losses, in addition to capital funding of \$0.6 million for specific enforcement matters.

This equity injection will place ASIC in a positive equity position and is reflected as an increase in cash and in total equity.

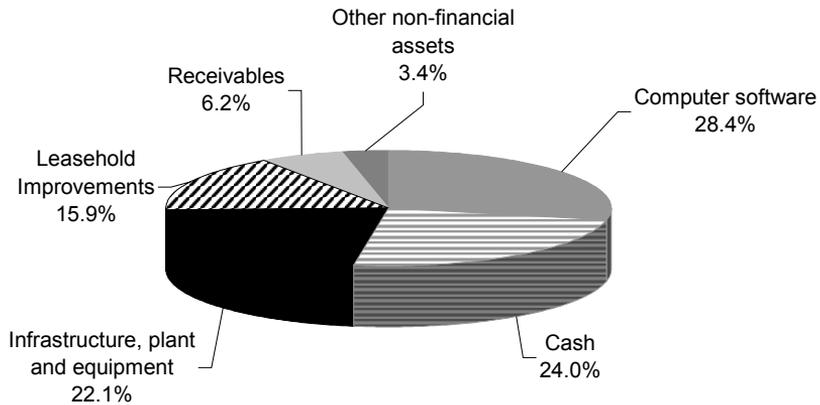
Financial Assets

The increase in cash arising from the equity injection of \$11.3 million referred to above, has resulted in total financial assets increasing by approximately the same amount. The \$0.6 million will be spent on the purchase of capital items.

Non-Financial Assets

A fair value revaluation of plant and equipment is scheduled for 2004-05 in accordance with ASIC's policy to revalue all classes of non-financial assets every three years.

Budgeted total agency assets 2004-05



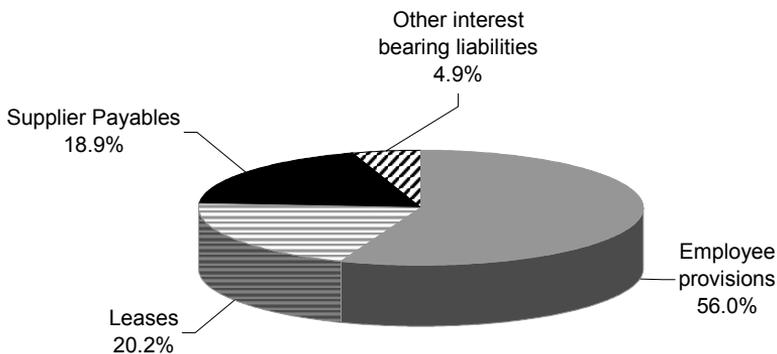
Liabilities — debt

The principal item under this heading is the estimated amount owing by ASIC in respect of finance leases for computer equipment and peripherals. The forward estimates assume that ASIC will continue to lease all future equipment acquisitions made in accordance with its asset replacement program.

Provisions and payables

The principal item under this heading is employee leave provisions and accruals. The amount is expected to remain constant as a percentage of total salaries over the period of the forward estimates.

Budgeted total agency liabilities 2004-05



AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides the expected financial results for ASIC by identifying full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.

Budgeted agency statement of financial position

This statement shows the financial position of ASIC. It helps decision-makers to track the management of ASIC's assets and liabilities.

Budgeted agency statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the Budget as appropriation or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in ASIC's non-financial assets during the budget year.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by ASIC on behalf of the Australian Government are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

The statement of financial performance shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001*, and ASIC's responsibilities in administering unclaimed monies under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Revenues from government include the budgeted amount of appropriation required to pay claimants for unclaimed monies previously transferred to consolidated revenue.

Expenses represent the budget estimated for the payment of unclaimed monies and overpayments referred to above and the budgeted estimate of bad debt expense.

Other revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001*. The increase in 2004-05 is the result of an increase in the number of companies being incorporated and an increase in the annual review fee of \$12. This is the first increase in the annual review fee since 1997.

Note of budgeted administered financial position

Financial Assets

The amount shown for receivables in 2004-05 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid.

Liabilities — payables

The amounts shown in the forward estimates represent the estimated amount of refunds relating to the over payments of annual review and other fees under the *Corporations Act 2001*.

Note of budgeted administered cash flows

Budgeted administered cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

**Table 3.1: Budgeted agency statement of financial performance
(for the period ended 30 June)**

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	183,285	205,888	204,886	195,852	197,903
Goods and services	3,603	3,264	3,329	3,396	3,464
Interest	2,043	2,450	2,450	2,450	2,450
Revenue from sales of assets	11	-	-	-	-
Other revenues	2,396	2,856	2,913	2,971	3,031
Total revenues from ordinary activities	191,338	214,458	213,578	204,669	206,848
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	116,465	124,468	127,320	124,644	124,808
Suppliers	66,066	75,252	71,028	64,371	66,386
Depreciation and amortisation	12,836	14,086	14,522	14,946	14,946
Write-down of assets	99	-	-	-	-
Value of assets sold	87	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	195,553	213,806	212,870	203,961	206,140
Borrowing costs expense	605	652	708	708	708
Operating surplus or (deficit) from ordinary activities	(4,820)	-	-	-	-
Increase in accumulated results on application of transitional provisions of new accounting standard	925	-	-	-	-
Total revenue, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	(3,895)	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	(3,895)	-	-	-	-

**Table 3.2: Budget agency statement of financial position
(as at 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	10,850	13,817	16,190	15,186	15,899
Receivables	10,163	3,547	3,584	3,621	3,659
Total financial assets	21,013	17,364	19,774	18,807	19,558
Non-financial assets					
Leashold Improvements	10,969	9,146	7,367	5,739	4,528
Infrastructure, plant and equipment	12,017	12,792	12,279	10,143	9,433
Intangibles	12,158	16,378	17,808	17,606	17,561
Other non-financial assets	1,970	1,970	1,970	1,970	1,970
Total non-financial assets	37,114	40,286	39,424	35,458	33,492
Total assets	58,127	57,650	59,198	54,265	53,050
LIABILITIES					
Interest bearing liabilities					
Leases	9,496	10,251	8,771	4,705	4,059
Other interest bearing liabilities	9,531	2,485	1,956	1,547	1,289
Total interest bearing liabilities	19,027	12,736	10,727	6,252	5,348
Provisions					
Employees	34,466	28,334	28,079	27,976	28,362
Total provisions	34,466	28,334	28,079	27,976	28,362
Payables					
Suppliers	9,559	9,590	11,949	11,594	10,897
Total payables	9,559	9,590	11,949	11,594	10,897
Total liabilities	63,052	50,660	50,755	45,822	44,607
EQUITY⁽¹⁾					
Parent equity interest					
Contributed equity	2	11,917	13,370	13,370	13,370
Reserves	5,254	5,254	5,254	5,254	5,254
Retained surpluses or (accumulated deficits)	(10,181)	(10,181)	(10,181)	(10,181)	(10,181)
Total parent equity interest	(4,925)	6,990	8,443	8,443	8,443
Total equity	(4,925)	6,990	8,443	8,443	8,443
Current assets	22,983	19,334	21,744	20,777	21,528
Non-current assets	35,144	38,316	37,454	33,488	31,522
Current liabilities	33,923	29,504	30,863	28,321	27,430
Non-current liabilities	29,129	21,156	19,892	17,501	17,177

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted agency statement of cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	186,132	205,888	204,886	195,852	197,903
Goods and services	3,874	3,078	3,142	3,300	3,426
Interest	2,043	2,450	2,450	2,450	2,450
GST recovered	5,395	4,491	4,501	4,411	4,411
Other	3,976	2,856	2,913	2,971	3,031
Total cash received	201,420	218,763	217,892	208,984	211,221
Cash used					
Employees	109,634	131,131	129,117	128,261	132,024
Suppliers	73,136	79,425	72,007	65,973	64,150
Borrowing costs	605	652	708	708	708
Cash to Official Public Account - Appropriation return	3,000	-	-	-	-
Total cash used	186,375	211,208	201,832	194,942	196,882
Net cash from/(used by) operating activities	15,045	7,555	16,060	14,042	14,339
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	11	-	-	-	-
Total cash received	11	-	-	-	-
Cash used					
Purchase of property, plant and equipment	9,845	10,715	9,853	9,400	7,980
Total cash used	9,845	10,715	9,853	9,400	7,980
Net cash from/(used by) investing activities	(9,834)	(10,715)	(9,853)	(9,400)	(7,980)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2	11,915	1,453	-	-
Total cash received	2	11,915	1,453	-	-
Cash used					
Repayments of finance lease principal	5,551	5,788	5,287	5,646	5,646
Total cash used	5,551	5,788	5,287	5,646	5,646
Net cash from/(used by) financing activities	(5,549)	6,127	(3,834)	(5,646)	(5,646)
Net increase/(decrease) in cash held	(338)	2,967	2,373	(1,004)	713
Cash at the beginning of the reporting period	11,188	10,850	13,817	16,190	15,186
Cash at the end of the reporting period	10,850	13,817	16,190	15,186	15,899

Table 3.4: Agency capital budget statement

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	2	11,915	1,453	-	-
Total	2	11,915	1,453	-	-
Represented by					
Purchase of non-current assets	2	615	1,453	-	-
Other	-	11,300	-	-	-
Total	2	11,915	1,453	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	2	615	1,453	-	-
Funded internally by agency resources	9,843	10,100	8,400	9,400	7,980
Total	9,845	10,715	9,853	9,400	7,980

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	Land	Leasehold improvements	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	10,969	-	12,017	-	12,158	-	35,144
Additions	-	1,250	-	10,138	-	5,870	-	17,258
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	3,073	-	9,363	-	1,650	-	14,086
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	9,146	-	12,792	-	16,378	-	38,316
Total additions								
Self funded	-	903	-	9,870	-	5,870	-	16,643
Appropriations	-	347	-	268	-	-	-	615
Total	-	1,250	-	10,138	-	5,870	-	17,258

Table 3.6: Note of budgeted financial performance administered on behalf of government (for the period ended 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
REVENUES					
Non-taxation					
Revenues from government	20,404	24,000	26,000	29,000	31,000
Interest	47	140	140	140	140
Other	493,160	536,400	543,091	551,281	559,611
Total non-taxation	513,611	560,540	569,231	580,421	590,751
Total revenues administered on behalf of the government	513,611	560,540	569,231	580,421	590,751
EXPENSES					
Other	41,409	38,529	41,987	42,000	44,038
Total expenses administered on behalf of the government	41,409	38,529	41,987	42,000	44,038

Table 3.7: Note of budgeted financial position administered on behalf of government (as at 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	3,792	3,116	3,116	2,612	2,674
Receivables	62,777	73,845	73,555	75,000	77,400
Total financial assets	66,569	76,961	76,671	77,612	80,074
Total assets administered on behalf of the government	66,569	76,961	76,671	77,612	80,074
LIABILITIES					
Payables					
Other	5,709	5,600	5,600	5,600	5,600
Total payables	5,709	5,600	5,600	5,600	5,600
Total liabilities administered on behalf of the government	5,709	5,600	5,600	5,600	5,600
Current assets	66,569	76,961	76,671	77,612	80,074
Non-current assets	-	-	-	-	-
Current liabilities	5,709	5,600	5,600	5,600	5,600
Non-current liabilities	-	-	-	-	-

**Table 3.8: Note of budgeted administered cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	47	140	140	140	140
Cash from Official Public Account	20,404	30,000	32,000	35,000	37,000
Other	423,207	516,694	533,394	542,836	550,173
Total cash received	443,658	546,834	565,534	577,976	587,313
Cash used					
Cash to Official Public Account	427,202	517,510	533,534	543,480	550,251
Other	18,042	30,000	32,000	35,000	37,000
Total cash used	445,244	547,510	565,534	578,480	587,251
Net cash from/(used by) operating activities	(1,586)	(676)	-	(504)	62
Net increase/(decrease) in cash held	(1,586)	(676)	-	(504)	62
Cash at beginning of reporting period	5,378	3,792	3,116	3,116	2,612
Cash at end of reporting period	3,792	3,116	3,116	2,612	2,674

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention.

Budgeted agency financial statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions that agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Australian Government according to set government directions. Administered expenses and administered revenues include taxes, fees, fines and expenses that have been earmarked for a specific purpose by government.

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations representing the Australian Government's purchase of outputs from agencies;
- departmental capital appropriations for investments by the Australian Government for either additional equity or loans in agencies;
- administered expense appropriations for the estimated administered expenses relating to an existing outcome or a new outcome; and
- administered capital appropriations for increases in administered equity through funding non-expense administered payments.

Asset valuation

From 1 July 2004, Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to value infrastructure, plant and equipment and leasehold improvements on a three yearly revaluation cycle. ASIC has adopted fair value as a basis for valuing its non-current assets.

Asset recognition threshold

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

Leases

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

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

Operating lease payments are charged to the statement of financial performance on a basis that is representative of the pattern of benefits derived from the lease assets.

Depreciation and amortisation

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

Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised.

Receivables

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year end.

Bad debts are written off during the year in which they are identified.

AUSTRALIAN TAXATION OFFICE

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 185).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency appropriation of \$42.6 million for the Australian Taxation Office (ATO).

Measures

Outcome 1 — Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Review of Aspects of Income Self-Assessment	15,600	16,700	15,600	18,400
Simplified Tax System - extension	200	600	500	900
Introducing a 25 per cent entrepreneurs' tax discount	600	1,900	2,600	2,200
30 per cent Child Care Tax Rebate	1,469	4,120	2,683	1,647
Choice of Superannuation Fund	14,625	18,625	8,025	7,225

Other variations to appropriations

	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
Outcome 1				
Administered				
State, territory and local government organisations - transitional grants as compensation for lost access to a fringe benefits tax concession ⁽¹⁾	60,000	60,000	60,000	60,000
Departmental				
Comcover premium adjustment	(223)	-	-	-
Additional appropriation for GST administration costs for the Australian Customs Service	6,000	7,100	8,100	9,200
Adjustment to parameter indexation of appropriation	4,363	13,341	17,853	20,269

(1) This is additional appropriation for a past measure which was documented in the 2004-05 Budget. Refer to pages 190 and 201 of the *2004-05 Portfolio Budget Statements* for more information.

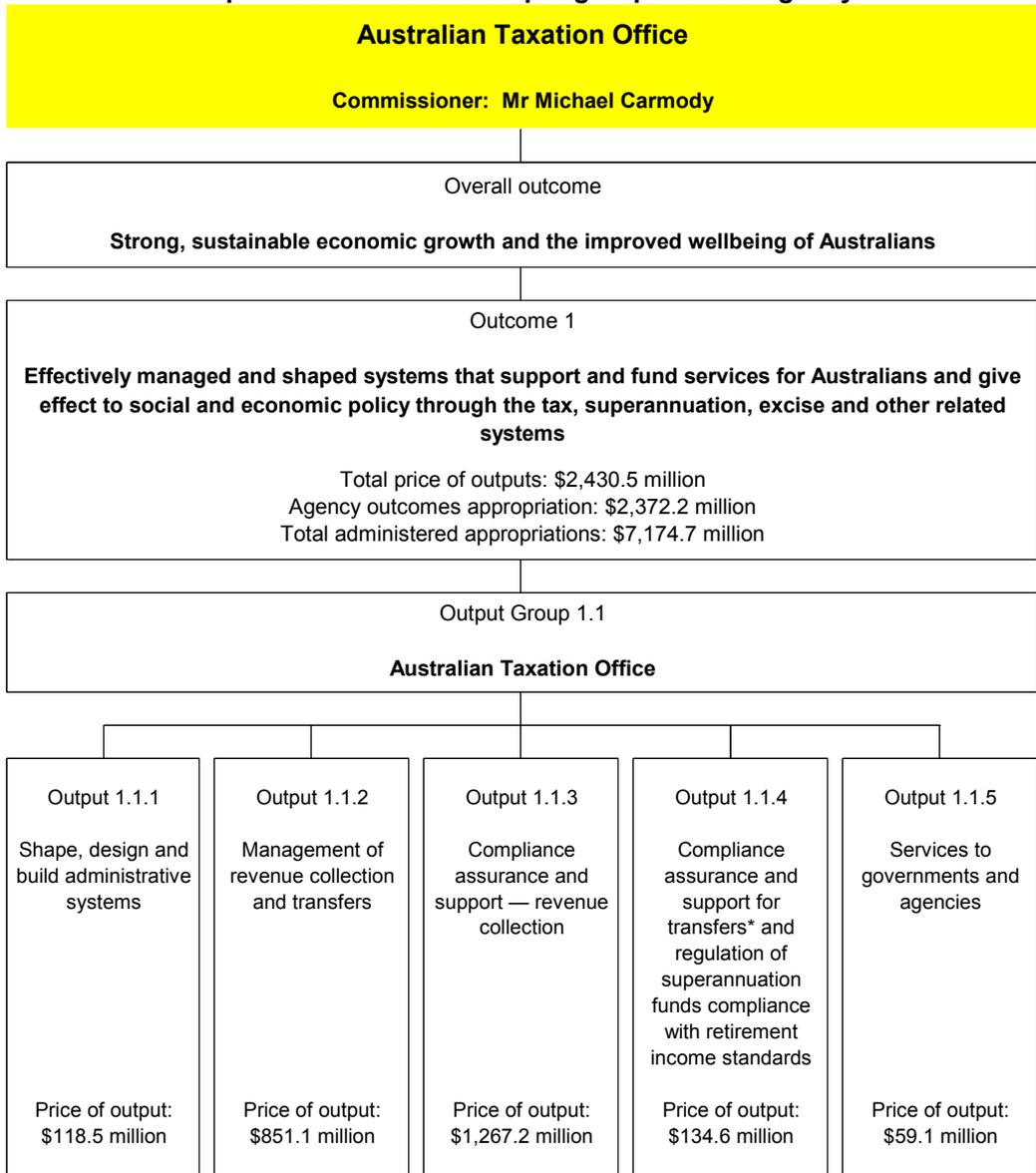
The ATO is seeking additional price of outputs funding of \$10.1 million for variations associated with the administration of GST through the Australian Customs Service (subject to the agreement of the State and Territory governments); a reduction in the supplementation for the ATO's Comcover insurance premium; and adjustments to the indexation of base appropriation.

The ATO is also seeking a variation in administered appropriations of \$60.0 million. This appropriation is for a measure which was announced in the 2004-05 Budget to provide transitional grants to state, territory and local government organisations as compensation for lost access to a fringe benefit tax concession.

Table 1.1: Summary of measures since the 2004-05 Budget

Measure	Outcome	Output Groups affected	2004-05 appropriations budget \$'000		2005-06 appropriations forward estimate \$'000		2006-07 appropriations forward estimate \$'000		2007-08 appropriations forward estimate \$'000	
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs
Review of Aspects of Income										
Self-Assessment Simplified Tax	1	1.1	-	15,600	15,600	-	16,700	16,700	-	18,400
System - extension	1	1.1	-	200	200	-	600	600	-	900
Introducing a 25 per cent entrepreneurs' tax discount	1	1.1	-	600	600	-	1,900	1,900	-	2,200
30 per cent Child Care Tax Rebate	1	1.1	-	1,469	1,469	-	4,120	4,120	-	1,647
Choice of Superannuation Fund	1	1.1	-	14,625	14,625	-	18,625	18,625	-	7,225

Map 2: Outcomes and output groups for the agency



* Transfers — movement of money that is not revenue, for example tax offsets, grants, super guarantee vouchers, and benefits distribution.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL**Table 1.2: Appropriation Bill (No. 3) 2004-05**

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS⁽¹⁾					
Outcome 1					
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems	-	-	60,000	60,000	-
Total	-	-	60,000	60,000	-
AGENCY OUTPUTS					
Outcome 1					
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems	2,241,720	2,329,585	2,372,219	42,634	-
Total	2,241,720	2,329,585	2,372,219	42,634	-
Total administered and agency	2,241,720	2,329,585	2,432,219	102,634	-

(1) \$43 million of the \$60 million Administered Additional Estimate will supersede an Advance from the Finance Minister (received December 2004) in relation to FBT Transitional Grants.

Table 1.3: Appropriation Bill (No. 4) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-operating					
Previous year's outputs	-	9,616	9,616	-	-
Total	-	9,616	9,616	-	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation
Outcome 1			
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems	20,511	20,800	289
Total	20,511	20,800	289

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2004-05 total approp budget \$'000	2004-05 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems	2,329,585	2,372,219	53,420	56,596	3,176
Total	2,329,585	2,372,219	53,420	56,596	3,176

AGENCY AND ADMINISTERED REVENUES**Table 1.6: Agency and administered revenues**

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	53,420	56,596
Other	1,730	1,730
Total non-appropriation agency revenues	55,150	58,326
Appropriation revenue	2,329,585	2,372,219
Total estimated agency revenues	2,384,735	2,430,545
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
<i>Superannuation Guarantee (Administration) Act 1992 - shortfalls, penalties and fines</i>	326,000	298,000
<i>Superannuation Industry (Supervision) Act 1993 - Self Managed Superannuation Fund Levy</i>	13,800	13,800
Total Taxation Revenue	211,160,000	216,442,000
Other non-taxation revenue - miscellaneous	12,000	12,000
Total non-appropriation administered revenues	211,511,800	216,765,800
Appropriation revenue	5,568,660	7,174,740
Total estimated administered revenues	217,080,460	223,940,540
Total estimated agency and administered revenues	219,465,195	226,371,085

Note: The amount showing for administered appropriation revenue represents appropriations to deliver Australian Taxation Office administered programmes and benefits. This amount does not include expenditure against appropriations to pay taxation refunds. Total taxation revenue is shown net of taxation refunds.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS**Table 1.7: Estimates of expenses from special appropriations**

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Refunds - section 16 <i>Tax Administration Act 1953</i>	46,509,000	49,328,300
Family Tax Benefit	523,712	1,932,492
Energy Grants (Credits) Scheme	3,353,000	3,420,000
Fuel Sales Grants Scheme	250,000	250,000
Measure for a Better Environment - Cleaner Fuels	73,000	34,000
Product Stewardship Waste Oil	15,943	15,943
Large Scale Film Production	93,000	83,000
Research and development refundable tax offset for small companies	205,000	205,000
Superannuation Co-contribution	275,000	275,000
<i>Superannuation Guarantee (Administration) Act 1992</i> - distribution of charges	182,000	279,000
<i>Superannuation (Unclaimed Money and Lost Member) Act 1999</i> - repayment of unclaimed monies	5	5
Transitional Grants for State and Territory Government Organisations - Compensation for lost access to a FBT concession	23,000	-
Total estimated agency expenses	51,502,660	55,822,740

Note 1: The total amount showing for special appropriations differs to the \$7,114.7 million shown in Table 2.1 as it includes appropriations for tax refunds. In other tables, taxation refunds are netted off against the tax revenue. Refunds under section 16 of the *Tax Administration Act 1953* are primarily taxation refunds but may include amounts for the Baby bonus, the Private Health Insurance Benefit and interest on overpayments.

Note 2: Amounts required for FBT Transitional Grants are now included in Appropriation Bill No. 3 (see Table 1.2).

ESTIMATED SPECIAL ACCOUNT FLOWS**Table 1.8: Estimated special account flows**

	A ⁽¹⁾	2004-05	2004-05	2004-05	2004-05	2004-05
	B ⁽¹⁾	2003-04	2003-04	2003-04	2003-04	2003-04
		opening balance	receipts	payments	adjustments	closing balance
		\$'000	\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS						
Australian Valuation Office ⁽²⁾		5,089	19,021	18,552	-	5,558
		5,663	19,875	20,449	-	5,089
Excise Security Deposits ⁽³⁾		49	20	20	-	49
		36	26	13	-	49
Other Trust Monies ⁽³⁾		21,228	250	20	-	21,458
		20,352	895	19	-	21,228
Superannuation Holding Accounts		58,531	38,000	34,000	-	62,531
Reserve Trust Accounts ⁽⁴⁾		56,021	28,800	26,290	-	58,531
Total special accounts		84,897	57,291	52,592	-	89,596

(1) The revised opening balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for that year.

(2) This special account is departmental in nature and is governed by the *Financial Management and Accountability Act 1997*. Figures are cash based and include transactions between the Australian Valuation Office and the Australian Taxation Office.

(3) These special accounts are administered in nature and are governed by the *Financial Management and Accountability Act 1997*.

(4) This special account is administered in nature and is governed by the *Superannuation Supervision Act 1995*.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Taxation Office (ATO) has not made any changes to its outcome or outputs since the *2004-05 Portfolio Budget Statements*.

Output cost attribution

The ATO uses a process of cost allocation to estimate its actual costs incurred on each of the five outputs.

Mappings are based on cost centre manager estimates. The costs of corporate services and facilities, for example accommodation and information technology, are attributed to cost centres using relevant cost drivers. The cost drivers generally represent resource usage or FTE. Corporate overhead and some information technology related costs are not attributed to cost centres but are instead attributed to outputs as a final step in the costing process.

Table 2.1: Total resources for Outcome 1

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
Administered appropriations		
Special appropriations ⁽¹⁾	5,568,660	7,114,740
Annual appropriations	-	60,000
Total revenues from government (appropriations)	5,568,660	7,174,740
Agency appropriations		
Output Group 1.1 - Australian Taxation Office		
Output 1.1.1 - Shape, design and build administrative systems	117,430	118,512
Output 1.1.2 - Management of revenue collection and transfers	847,938	851,166
Output 1.1.3 - Compliance assurance and support - revenue collection	1,244,900	1,267,209
Output 1.1.4 - Compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards	115,496	131,579
Output 1.1.5 - Services to government and agencies	3,821	3,753
Total revenues from government (appropriations)		
Contributing to price of agency outputs	2,329,585	2,372,219
Revenue from other sources		
Goods and services	53,420	56,596
Other	1,730	1,730
Total revenue from other sources	55,150	58,326
Total price of agency outputs		
(Total revenues from government and from other sources)	2,384,735	2,430,545
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	7,953,395	9,605,285
	2004-05	2004-05
Average staffing level (number)	20,511	20,800

(1) The amount showing for administered special appropriations represents appropriations to deliver Australian Taxation Office programmes. Amounts disclosed under special appropriations do not include the expenditures to pay refunds under the tax system.

Revised performance information and level of achievement — 2004-05

The ATO has not made any changes to its performance information since the 2004-05 Portfolio Budget Statements.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Taxation Office (ATO) 2004-05 Annual Report, and for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

These budgeted financial statements and administered notes are consistent with the forms of financial statements specified under the 2003-04 Finance Minister's Orders 'Requirements for the Preparation of Financial Statements of Australian Government Entities'.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

There has been no change in the ATO's 2004-05 budgeted operating loss of \$35.0 million outlined in the *2004-05 Treasury Portfolio Budget Statements* (page 209).

Operating Revenues

Total agency revenue is estimated to be \$2,430.5 million and consists of \$2,372.2 million appropriation and revenue from other sources of \$58.3 million. This is an increase of \$117.0 million from the 2003-04 actual.

This rise in revenue is primarily an increase in appropriation as a result of Budget measures shown in Table 1.1 and those published in the *2004-05 Treasury Portfolio Budget Statements*.

Operating Expenses

Total expenses are estimated to be \$2,465.3 million. This is an increase of \$150.3 million from the 2003-04 actual.

Operating expenses consist of \$1,501.7 million in labour expenditure, \$858.9 million in supplier expenditure and \$104.7 million in depreciation and amortisation.

This rise in expenses is driven by additional operational activity as a result of Budget measures shown in Table 1.1 and those published in the *2004-05 Treasury Portfolio Budget Statements*.

Budgeted agency statement of financial position

In 2004-05 the ATO's equity position will be negative \$51.8 million. This is a decline of \$35.3 million from 2003-04, predominantly as a result of the approved operating loss.

Assets

In 2004-05 the ATO will be maintaining its commitment to long term improvement, investing \$124.4 million in capital.

The ATO had an unusually high cash balance on 30 June 2004 to ensure sufficient cash was available for salary payments on 1 July 2004. This accounts for the majority of the \$42.6 million difference in cash.

Liabilities

The ATO's liabilities are predominantly employee entitlements. There is no significant movement in total liabilities from 2003-04.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the ATO by identifying full accrual expenses and revenues, which highlights whether the ATO is operating at a sustainable level.

Budgeted agency statement of financial position

This statement shows the financial position of the ATO. It enables decision-makers to track the management of the ATO's assets and liabilities.

Budgeted agency statement of cash flows

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded either through the Budget as appropriations or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in the ATO's non-financial assets over the budget year.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the ATO on behalf of the Australian Government are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Australian Government. It also discloses administered revenues from government and transfers to the Official Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Australian Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Australian Government.

**Table 3.1: Budgeted agency statement of financial performance
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	2,251,336	2,372,219	2,443,588	2,454,179	2,478,467
Goods and services	60,173	56,596	41,361	41,828	41,869
Other revenues	2,021	1,730	1,820	1,910	1,910
Total revenues from ordinary activities	2,313,530	2,430,545	2,486,769	2,497,917	2,522,246
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,476,607	1,501,654	1,559,301	1,547,996	1,583,570
Suppliers	753,106	858,943	808,976	819,809	808,566
Depreciation and amortisation	73,670	104,697	117,623	129,242	129,242
Write-down of assets	11,396	-	-	-	-
Other expenses	232	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	2,315,011	2,465,294	2,485,900	2,497,047	2,521,378
Borrowing costs expense	176	-	-	-	-
Operating surplus or (deficit) from ordinary activities	(1,657)	(34,749)	869	870	868
Income tax expense	84	252	261	267	267
Net surplus or (deficit)	(1,741)	(35,001)	608	603	601

**Table 3.2: Budget agency statement of financial position
(as at 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	74,719	31,419	28,144	28,972	26,202
Receivables	215,160	206,761	206,261	224,261	239,261
Other receivables	16,737	16,516	13,418	13,586	13,490
Total financial assets	306,616	254,696	247,823	266,819	278,953
Non-financial assets					
Land and buildings	91,550	83,714	81,501	79,117	78,590
Infrastructure, plant and equipment	56,679	52,953	46,909	38,284	34,126
Intangibles	185,732	216,936	249,994	269,071	281,824
Other non-financial assets	31,026	31,130	31,298	31,507	31,716
Total non-financial assets	364,987	384,733	409,702	417,979	426,256
Total assets	671,603	639,429	657,525	684,798	705,209
LIABILITIES					
Interest bearing liabilities					
Other interest bearing liabilities	8,701	8,622	8,543	8,464	8,385
Total interest bearing liabilities	8,701	8,622	8,543	8,464	8,385
Provisions					
Employees	514,904	503,115	528,396	553,052	573,470
Other provisions	34,834	34,567	34,300	34,032	33,765
Total provisions	549,738	537,682	562,696	587,084	607,235
Payables					
Suppliers	128,371	144,958	137,805	140,470	140,519
Other payables	1,341	10	20	27	27
Total payables	129,712	144,968	137,825	140,497	140,546
Total liabilities	688,151	691,272	709,064	736,045	756,166
EQUITY⁽¹⁾					
Parent equity interest					
Contributed equity	185,996	185,996	185,996	185,996	185,996
Reserves	27,209	27,209	27,209	27,209	27,209
Retained surpluses or (accumulated deficits)	(229,753)	(265,048)	(264,744)	(264,452)	(264,162)
Total parent equity interest	(16,548)	(51,843)	(51,539)	(51,247)	(50,957)
Total equity	(16,548)	(51,843)	(51,539)	(51,247)	(50,957)
Current assets	337,597	280,721	273,988	293,159	305,468
Non-current assets	334,006	358,708	383,537	391,639	399,741
Current liabilities	341,942	326,607	331,195	344,763	351,405
Non-current liabilities	346,209	364,665	377,869	391,282	404,761

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted agency statement of cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,269,720	2,380,618	2,448,588	2,456,179	2,478,467
Goods and services	62,691	57,835	43,800	41,753	41,861
GST - input credit receipts	72,654	83,807	81,468	81,766	80,868
GST - receipts from customers	5,138	3,069	2,131	2,175	2,179
Cash transferred from the Official Public Account	1,000	-	-	-	-
Interest	2	-	-	-	-
Total cash received	2,411,205	2,525,329	2,575,987	2,581,873	2,603,375
Cash used					
Employees	1,414,828	1,513,444	1,534,019	1,523,338	1,563,153
Suppliers	764,705	842,415	814,828	815,791	807,159
GST - payments to suppliers	78,340	85,775	80,830	81,894	80,804
GST - payments (agency)	-	2,120	2,106	2,141	2,141
Taxes paid	99	252	261	267	267
Cash transferred to the Official Public Account	1,000	-	4,500	20,000	15,000
Total cash used	2,258,972	2,444,006	2,436,544	2,443,431	2,468,524
Net cash from/(used by) operating activities	152,233	81,323	139,443	138,442	134,851
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	92	-	-	-	-
Total cash received	92	-	-	-	-
Cash used					
Purchase of property, plant and equipment	109,612	124,339	142,424	137,310	137,310
Total cash used	109,612	124,339	142,424	137,310	137,310
Net cash from/(used by) investing activities	(109,520)	(124,339)	(142,424)	(137,310)	(137,310)
FINANCING ACTIVITIES					
Cash used					
Dividends paid	116	284	294	304	311
Total cash used	116	284	294	304	311
Net cash from/(used by) financing activities	(116)	(284)	(294)	(304)	(311)
Net increase/(decrease) in cash held	42,597	(43,300)	(3,275)	828	(2,770)
Cash at the beginning of the reporting period	32,122	74,719	31,419	28,144	28,972
Cash at the end of the reporting period	74,719	31,419	28,144	28,972	26,202

Table 3.4: Agency capital budget statement

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Previous year's outputs	-	9,616	-	-	-
Total	-	9,616	-	-	-
Represented by					
Other	-	9,616	-	-	-
Total	-	9,616	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	108,903	124,339	142,424	137,310	137,310
Total	108,903	124,339	142,424	137,310	137,310

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	91,550	-	56,679	-	185,732	-	333,961
Additions	-	20,040	-	10,105	-	94,194	-	124,339
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	(27,876)	-	(13,831)	-	(62,990)	-	(104,697)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	83,714	-	52,953	-	216,936	-	353,603
Total additions								
Self funded	-	20,040	-	10,105	-	94,194	-	124,339
Appropriations	-	-	-	-	-	-	-	-
Total	-	20,040	-	10,105	-	94,194	-	124,339

Table 3.6: Note of budgeted financial performance administered on behalf of government (for the period ended 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
REVENUES					
Taxation					
Income tax	142,142,690	154,200,000	161,620,000	171,180,000	181,840,000
Indirect tax	55,315,910	57,830,000	60,070,000	62,640,000	65,330,000
Other taxes, fees and fines	4,289,058	4,033,800	4,327,600	4,488,900	4,650,200
Total taxation	201,747,658	216,063,800	226,017,600	238,308,900	251,820,200
Non-taxation					
Revenues from government ⁽¹⁾	4,999,939	7,174,740	7,405,723	7,491,199	7,636,774
Other	791,259	690,000	765,000	751,000	748,000
Total non-taxation	5,791,198	7,864,740	8,170,723	8,242,199	8,384,774
Total revenues administered on behalf of the government	207,538,856	223,928,540	234,188,323	246,551,099	260,204,974
EXPENSES					
Grants and subsidies	3,643,165	4,067,943	4,224,003	4,180,000	4,343,000
Personal benefits ⁽²⁾	710,900	2,647,792	2,664,715	2,815,194	2,808,769
Write-down and impairment of assets	2,503,197	1,700,000	1,825,000	1,900,000	1,940,000
Interest	147,019	180,000	180,000	180,000	180,000
Other	506,397	279,005	337,005	316,005	305,005
Total expenses administered on behalf of the government	7,510,678	8,874,740	9,230,723	9,391,199	9,576,774

(1) The amount showing for 'Revenues from government' represents special appropriations and annual appropriations to deliver Australian Taxation Office administered programs and benefits. This amount does not include amounts to pay taxation refunds. Total taxation revenue is shown net of taxation refunds.

(2) The significant increase in personal benefits expense from 2003-04 to 2004-05 reflects a change in the accounting treatment of the family tax benefit supplementary payment.

Table 3.7: Note of budgeted financial position administered on behalf of government (as at 30 June)

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
ASSETS					
Financial assets					
Cash	183,055	183,055	183,055	183,055	183,055
Receivables	13,961,297	16,373,297	17,917,297	19,997,297	22,234,297
Total financial assets	14,144,352	16,556,352	18,100,352	20,180,352	22,417,352
Non-financial assets					
Other	4,662	4,662	4,662	4,662	4,662
Total non-financial assets	4,662	4,662	4,662	4,662	4,662
Total assets administered on behalf of the government	14,149,014	16,561,014	18,105,014	20,185,014	22,422,014
LIABILITIES					
Provisions					
Taxation refunds provided	1,297,960	1,297,960	1,297,960	1,297,960	1,297,960
Other	541,326	547,326	560,326	568,326	575,326
Total provisions	1,839,286	1,845,286	1,858,286	1,866,286	1,873,286
Payables					
Grants and subsidies	109,605	109,605	109,605	109,605	109,605
Personal benefits payable	-	930,822	969,524	994,915	1,020,855
Other	5,019	5,019	5,019	5,019	5,019
Total payables	114,624	1,045,446	1,084,148	1,109,539	1,135,479
Total liabilities administered on behalf of the government	1,953,910	2,890,732	2,942,434	2,975,825	3,008,765
Current assets	14,149,014	16,561,014	18,105,014	20,185,014	22,422,014
Non-current assets	-	-	-	-	-
Current liabilities	1,953,910	2,890,732	2,942,434	2,975,825	3,008,765
Non-current liabilities	-	-	-	-	-

**Table 3.8: Note of budgeted administered cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	141,450,204	150,780,000	159,110,000	168,150,000	178,710,000
Indirect tax	54,794,810	56,990,000	59,230,000	61,690,000	64,270,000
Other taxes, fees and fines	4,215,169	4,203,800	4,347,600	4,508,900	4,670,200
Cash from Official Public Account - appropriations	4,999,939	6,237,918	7,354,021	7,457,808	7,603,834
Other	654,596	668,000	726,000	731,000	741,000
Total cash received	206,114,718	218,879,718	230,767,621	242,537,708	255,995,034
Cash used					
Interest paid	147,019	180,000	180,000	180,000	180,000
Grants and subsidies	3,643,165	4,067,943	4,224,003	4,180,000	4,343,000
Personal benefits paid	710,900	1,716,970	2,626,013	2,789,803	2,782,829
Cash to Official Public Account	201,015,322	212,641,800	223,413,600	235,079,900	248,391,200
Other	498,855	273,005	324,005	308,005	298,005
Total cash used	206,015,261	218,879,718	230,767,621	242,537,708	255,995,034
Net cash from/(used by) operating activities	99,457	-	-	-	-
Net increase/(decrease) in cash held					
Cash at beginning of reporting period	83,598	183,055	183,055	183,055	183,055
Cash at end of reporting period	183,055	183,055	183,055	183,055	183,055

Note: The amount showing for 'appropriations' represents appropriations to deliver Australian Taxation Office administered programmes and benefits. This amount does not include amounts to pay taxation refunds. Taxation receipts are shown net of taxation refunds.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The budgeted financial statements have been prepared on an accrual basis.

Notes to the agency statements

Details of agency items in the financial statements included in Table 3.1 to 3.5 have been prepared in accordance with the requirements and guidance for the preparation of financial statements.

The budget statements and estimated forward years have been prepared to reflect the following matters.

Australian Valuation Office

The Australian Taxation Office's agency budget statements are consolidated to include the financial operations of the Australian Valuation Office.

Cost of administering goods and services tax

Agency statements include the estimated costs of administering the goods and services tax pursuant to the 'intergovernmental agreement on the reform of Commonwealth-State Financial Relations', the GST revenue is collected on behalf of the states and territories which agree to compensate the Australian Government for the agreed GST administration costs.

The recovery of GST administration costs are reported under the Treasury.

Notes to the administered statements

Details of administered items in the financial statements included in Tables 3.6 to 3.8 have been prepared under the Tax Liability Method (TLM) of revenue recognition, consistent with the Australian Government's recognition of taxation revenue. Under TLM, taxation revenue is recognised at the time a taxpayer makes a self-assessment or when an assessment of a tax liability is raised by the Australian Taxation Office or the Australian Customs Service. This method retains some elements of cash revenue recognition, for example, when a cash payment occurs prior to an assessment being raised.

The budget statements and forward years have been prepared on the basis noted below and to reflect the following matters.

Recognition of taxation revenue

Since 1999-2000 administered taxation revenue has been brought to account on a year by year basis where:

- the client or the client group can be identified in a reliable manner;
- an amount of tax or other statutory charge is payable by the client or client group under legislative provisions; and
- the amount of the tax or statutory charge payable by the client or client group can be reliably measured, and it is probable that the amount will be collected.

This recognition policy does not include the following items as revenue of the period:

- estimates of future collections or refunds from individuals in respect of income tax returns to be lodged for the current financial year ended at 30 June;
- estimates of instalments of tax and final payments for companies due after 30 June;
- estimates of final amounts for petroleum resource rent tax due after 30 June; and
- actual payments for Pay As You Go, GST, excise and withholding taxes for amounts collected or withheld in June but not remitted to the Commissioner until July.

Items recognised as reductions to taxation revenue

The following items are recognised as reductions (increases) to taxation revenue and not as expense:

- refunds of revenue; and
- increase (decrease) in movement of provision for credit amendments.

PRODUCTIVITY COMMISSION

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 275).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$3.705 million for the Productivity Commission (the Commission).

Measures

Outcome 1 — Well-informed policy decision-making and public understanding on matters relating to Australia’s productivity and living standards, based on independent and transparent analysis from a community-wide perspective

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Australian Government micro-economic reform and regulatory agenda - increased support	3,720	3,763	3,806	3,845

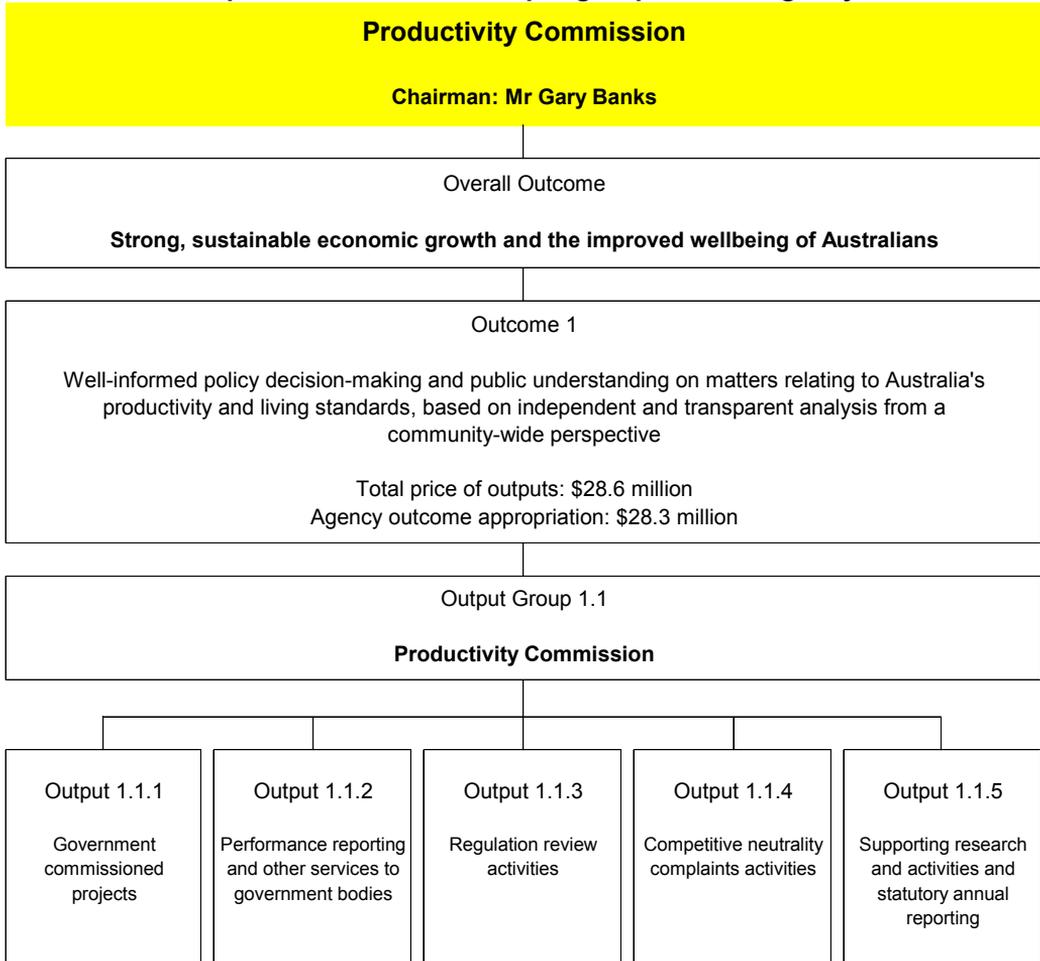
Other variations to appropriations

The Commission is reducing its price of outputs funding by \$0.015 million to reflect a reduction in Comcover insurance premiums in 2004-05.

Table 1.1: Summary of measures since the 2004-05 Budget

Measure	Outcome	Output Groups affected	2004-05 appropriations budget \$'000		2005-06 appropriations forward estimate \$'000		2006-07 appropriations forward estimate \$'000		2007-08 appropriations forward estimate \$'000					
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total			
Australian Government micro-economic reform and regulatory agenda - increased support	1	1.1	-	3,720	3,720	-	3,763	3,763	-	3,806	3,806	-	3,845	3,845

Map 2: Outcomes and output groups for the agency



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective					
	24,346	24,588	28,293	3,705	-
Total	24,346	24,588	28,293	3,705	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation
Outcome 1			
Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective			
	172	200	28
Total	172	200	28

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Productivity Commission (the Commission) has not made any changes to its outcome or outputs since the *2004-05 Portfolio Budget Statements*.

Output cost attribution

Overheads and other indirect expenses that cannot be directly attributed to outputs are allocated to outputs in proportion to the direct costs (principally salaries) of the activities undertaken within each output.

Table 2.1: Total resources — Outcome 1

	2004-05 budget estimate \$'000	2004-05 revised estimate \$'000
Agency appropriations		
Output Group 1.1 - Productivity Commission		
Output 1.1.1 - Government commissioned projects	10,800	14,000
Output 1.1.2 - Performance reporting and other services to government bodies	3,900	3,900
Output 1.1.3 - Regulation review activities	2,500	2,800
Output 1.1.4 - Competitive neutrality complaints activities	300	300
Output 1.1.5 - Supporting research and activities and statutory annual reporting	7,088	7,293
Total revenues from government (appropriations)	24,588	28,293
Contributing to price of agency outputs	99%	99%
Revenue from other sources		
Goods and services	250	250
Other	35	35
Total revenue from other sources	285	285
Total price of agency outputs		
(Total revenues from government and from other sources)	24,873	28,578
Total estimated resourcing for Outcome 1 (Total price of outputs appropriations)	24,873	28,578
	2004-05	2004-05
Average staffing level (number)	172	200

Revised performance information and level of achievement — 2004-05

The Commission has not made any changes to its performance information since the *2004-05 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Productivity Commission's (the Commission) 2004-05 Annual Report and form the basis for the input into the whole-of-government accounts. The financial statements should be read in conjunction with the accompanying notes.

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The additional funding provided by the Government will put the Commission on a sound financial basis and enable it to meet its mandated functions at the required standards. The Commission is budgeting for a break-even operating result in 2004-05 and for the forward estimates years compared to operating losses over the last three years.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the Commission by identifying full accrual expenses and revenues, which highlights whether the Commission is operating at a sustainable level.

Budgeted agency statement of financial position

This statement shows the expected financial position of the Commission. It enables decision-makers to track the management of the Commission's assets and liabilities.

Budgeted agency statement of cash flows

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the Budget as appropriations or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the expected movement in the Commission's non-financial assets over the budget year 2004-05.

**Table 3.1: Budgeted agency statement of financial performance
(for the period ended 30 June)**

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	24,346	28,293	28,235	28,556	28,832
Goods and services	231	250	50	50	50
Revenue from sales of assets	12	-	-	-	-
Other revenues	33	35	35	35	35
Total revenues from ordinary activities	24,622	28,578	28,320	28,641	28,917
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	19,135	21,670	21,938	22,093	22,266
Suppliers	5,756	5,980	5,750	5,850	5,954
Depreciation and amortisation	775	928	632	698	697
Write-down of assets	8	-	-	-	-
Value of assets sold	15	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	25,689	28,578	28,320	28,641	28,917
Operating surplus or (deficit) from ordinary activities	(1,067)	-	-	-	-
Net surplus or (deficit)	(1,067)	-	-	-	-
Outside equity interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to Australian Government	(1,067)	-	-	-	-
Net credit (debit) to asset revaluation reserve	1,076	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	9	-	-	-	-

**Table 3.2: Budget agency statement of financial position
(as at 30 June)**

	2003-04 actual	2004-05 revised budget	2005-06 forward estimate	2006-07 forward estimate	2007-08 forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash	958	250	296	262	257
Receivables	3,498	4,300	4,300	4,900	5,400
Other financial assets	296	302	302	302	302
Total financial assets	4,752	4,852	4,898	5,464	5,959
Non-financial assets					
Infrastructure, plant and equipment	1,920	1,296	1,359	926	589
Intangibles	49	44	39	34	29
Total non-financial assets	1,969	1,340	1,398	960	618
Total assets	6,721	6,192	6,296	6,424	6,577
LIABILITIES					
Provisions					
Employees	7,186	7,261	7,365	7,493	7,646
Total provisions	7,186	7,261	7,365	7,493	7,646
Payables					
Suppliers	724	120	120	120	120
Total payables	724	120	120	120	120
Total liabilities	7,910	7,381	7,485	7,613	7,766
EQUITY⁽¹⁾					
Parent equity interest					
Contributed equity	1,711	1,711	1,711	1,711	1,711
Reserves	1,172	1,172	1,172	1,172	1,172
Retained surpluses or accumulated deficits	(4,072)	(4,072)	(4,072)	(4,072)	(4,072)
Total parent equity interest	(1,189)	(1,189)	(1,189)	(1,189)	(1,189)
Total equity	(1,189)	(1,189)	(1,189)	(1,189)	(1,189)
Current assets	4,752	4,852	4,898	5,464	5,959
Non-current assets	1,969	1,340	1,398	960	618
Current liabilities	4,386	3,822	3,882	3,950	4,033
Non-current liabilities	3,524	3,559	3,603	3,663	3,733

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted agency statement of cash flows
(for the period ended 30 June)**

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	24,346	28,293	28,235	28,556	28,832
Goods and services	231	250	50	50	50
Total cash received	24,577	28,543	28,285	28,606	28,882
Cash used					
Employees	18,523	21,595	21,834	21,965	22,112
Suppliers	5,327	6,565	5,725	5,825	5,930
Cash to Official Public Account	-	802	-	600	500
Total cash used	23,850	28,962	27,559	28,390	28,542
Net cash from/(used by) operating activities	727	(419)	726	216	340
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	12	10	10	10	10
Total cash received	12	10	10	10	10
Cash used					
Purchase of property, plant and equipment	315	299	690	260	355
Total cash used	315	299	690	260	355
Net cash from/(used by) investing activities	(303)	(289)	(680)	(250)	(345)
Net increase/(decrease) in cash held	424	(708)	46	(34)	(5)
Cash at the beginning of the reporting period	534	958	250	296	262
Cash at the end of the reporting period	958	250	296	262	257

Table 3.4: Agency capital budget statement

	2003-04 actual \$'000	2004-05 revised budget \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000	2007-08 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations					
Funded internally by agency resources	315	299	690	260	355
Total	315	299	690	260	355

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	1,920	-	49	-	1,969
Additions	-	-	-	284	-	15	-	299
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	-	-	(908)	-	(20)	-	(928)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	1,296	-	44	-	1,340
Total additions	-	-	-	284	-	15	-	299
Self funded	-	-	-	-	-	-	-	-
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	284	-	15	-	299

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis in accordance with the historical cost convention, except for certain assets which are at valuation.

GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF). The CRF is not a bank account. The Official Public Account reflects most of the operations of the CRF.

Glossary

Departmental items	Assets, liabilities, revenues and expenses which are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes Price, Quality and Quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair value	Valuation methodology: The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Intermediate outcomes	More specific medium-term impacts (trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. Combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes.

Operating result	Equals revenue less expense.
Outcomes	The government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Commonwealth. Actual outcomes are assessments of the results or impacts actually achieved.
Output groups	A logical aggregation of agency outputs, where useful, based either on homogeneity, type of product or beneficiary target group. Aggregation may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Size of an output. Count or volume measures. How many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.

Special Account

Balances existing within the Consolidated Revenue Fund (CRF), that are supported by standing appropriations (section 20 and section 21 of the *Financial Management and Accountability Act 1997* (FMA)). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (section 20 of the FMA) or through an Act of Parliament (referred to in section 21 of the FMA).

Special Appropriations
(including Standing
Appropriations)

An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.

Standing appropriations are a sub-category consisting of ongoing special appropriations—the amount appropriated will depend on circumstances specified in the legislation.

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