

**PORTFOLIO ADDITIONAL  
ESTIMATES STATEMENTS  
2005-06**

**TREASURY PORTFOLIO**

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## **TREASURER**

**PARLIAMENT HOUSE  
CANBERRA ACT 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 2005-06 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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**USER GUIDE  
TO THE  
PORTFOLIO ADDITIONAL  
ESTIMATES STATEMENTS**





# USER GUIDE

## INTRODUCTION

The purpose of the 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. However, unlike the Portfolio Budget Statements, the PAES summarise only the *changes* in resourcing by outcome since the Budget, that is, they do not include a complete resourcing table for the agency. The PAES include new Measures, summarise the changes by Appropriation Bill, and, where relevant, by Special Appropriation and Special Account.

The PAES facilitate understanding of the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2005-06. In this sense the PAES is declared by the Additional Estimates Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the *Mid-Year Economic and Fiscal Outlook 2005-06* is a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for agencies within the portfolio.

## STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

### User guide

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

### Portfolio overview

Provides an overview of the portfolio, including a chart that outlines the outcomes for agencies in the portfolio.

### Agency additional estimates statements

A statement (under the name of the agency) for each agency affected by Additional Estimates.

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#### **Section 1: Agency overview and resources; variations and measures**

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.

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#### **Section 2: Revisions to agency outcomes**

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

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#### **Section 3: Budgeted financial statements**

This section contains revisions to the budgeted financial statements in accrual format covering Budget year, previous year and the three forward years for each agency.

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#### **Glossary**

Explains key terms.

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## **STYLES AND CONVENTIONS USED**

(a) The following notations may be used:

- nil
- .. not zero, but rounded to zero
- \$m \$ million

(b) Figures in tables and in the text may be rounded. Discrepancies in tables between totals and sums of components are due to rounding.

## **ENQUIRIES**

Should you have any enquiries regarding this publication please contact Karen Incher at Treasury on (02) 6263 2111.

A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>.



# **PORTFOLIO OVERVIEW**



## 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 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 and corporate governance policy advice; competition and consumer policy advice; and actuarial services.

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.

### *Portfolio overview*

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 corporate and financial services law and has responsibilities for consumer protection in relation to 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.

The **Royal Australian Mint** satisfies the Reserve Bank of Australia's forecast for circulating coin. Its output is coin production, associated policy and visitor services.

## **ADDITIONAL ESTIMATES AND VARIATIONS — PORTFOLIO LEVEL**

Additional estimates for new Measures are being sought for Treasury, the Australian Competition and Consumer Commission, 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 Treasury, Australian Competition and Consumer Commission, the Australian Office of Financial Management, and the Royal Australian Mint.

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

**Figure 1: Portfolio structure and outcomes**

<p><b>Portfolio Minister - Treasurer</b> The Hon Peter Costello MP</p> <p><b>Minister for Revenue and Assistant Treasurer</b> The Hon Peter Dutton MP</p> <p><b>Parliamentary Secretary to the Treasurer</b> The Hon Chris Pearce MP</p>
<p><b>Department of the Treasury</b> Secretary: Dr Ken Henry</p> <p><b>Outcome 1:</b> Sound macroeconomic environment <b>Outcome 2:</b> Effective government spending and taxation arrangements <b>Outcome 3:</b> Well functioning markets</p>
<p><b>Australian Bureau of Statistics</b> 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><b>Australian Competition and Consumer Commission</b> 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><b>Australian Office of Financial Management</b> 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><b>Australian Prudential Regulation Authority</b> 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><b>Australian Securities and Investments Commission</b> 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><b>Australian Taxation Office</b> Commissioner: Mr Michael D'Ascenzo</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><b>Corporations and Markets Advisory Committee</b> 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><b>Inspector-General of Taxation</b> Inspector-General: Mr David Vos AM</p> <p>Improved administration of the tax laws for the benefit of all taxpayers</p>
<p><b>National Competition Council</b> Acting President: Mr David Crawford</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><b>Productivity Commission</b> 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>
<p><b>Royal Australian Mint</b> Chief Executive Officer: Dr Vivienne Thom</p> <p>Coin production, associated policy advice and visitor services</p>

# **AGENCY ADDITIONAL ESTIMATES STATEMENTS**

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# TREASURY

## Section 1: Department overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 13).

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
Sound macroeconomic environment	A sound macroeconomic environment is an essential foundation for strong sustainable economic growth and the improved wellbeing of Australians. It is characterised by stable prices, low interest rates, healthy economic and employment growth, and a sustainable external position.	Output Group 1.1 Macroeconomic Group
<b>Outcome 2</b>		
Effective government spending and taxation arrangements	Government spending and taxation arrangements contribute to the overall fiscal outcome but also influence strong sustainable economic growth and the improved wellbeing of Australians.	Output Group 2.1 Fiscal Group  Output Group 2.2 Revenue Group
<b>Outcome 3</b>		
Well functioning markets	Well functioning markets contribute to high sustainable economic and employment growth and the improved wellbeing of Australians, by enabling resources to flow to those parts of the economy where they can be used most productively. Well functioning markets operate when investors and consumers have confidence and certainty about the regulatory framework, and are able to make decisions that are informed and free of market distortions and impediments.	Output Group 3.1 Markets Group

## **ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES**

Treasury is seeking an additional \$0.07 million in departmental outputs through Appropriation Bill (No. 3) 2005-06 for the Australia-China Free Trade Agreement – funding for negotiations less adjustment to appropriations for changes in price and wage indices. In addition, Treasury had other variations to appropriations in departmental funding for transfer of remaining funding to the Australian Competition and Consumer Commission (ACCC) for the Consumer Information Programmes (\$0.2 million).

Treasury had other variations to appropriations in departmental capital funding of \$4.2 million for transfer of equity injections to the Royal Australian Mint (the Mint) as it became a prescribed agency effective from 1 July 2005.

Treasury is seeking an additional \$348.6 million in administered outputs through Appropriation Bill (No. 4) 2005-06 for commitments to the European Bank for Reconstruction and Development (\$2.2 million), and Compensation for GST Revenue Foregone (\$346.4 million). The amount relating to Compensation for GST Revenue Foregone was previously classified as a Special Appropriation in the *2005-06 Portfolio Budget Statements*.

Treasury is also seeking \$16.5 million in administered outputs through Special Appropriations (*A New Tax System (Commonwealth-State Financial Arrangements) Act 1999*) for Budget Balancing Assistance measure variations.

Treasury has identified administered savings of \$1.2 million in relation to revised parameters.

## Variations — measures

**Table 1.2: Additional estimates and variations to outcomes — measures**

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
<b>Outcome 2</b>				
Increase in administered appropriations				
Budget Balancing Assistance				
– alignment of import entry thresholds for courier and postal imports	1,736	2,655	2,648	2,641
– changes to the vouchers provisions	-	-	-	-
– GST and representatives of incapacitated entities	-	-	-	-
– GST and the sale of real property - margin scheme	-	-	-	-
– GST and the sale of real property - deferral of integrity measure	-	-	-	-
– GST concession for the Melbourne 2006 Commonwealth Games	289	-	-	-
– Indirect Tax Concession Scheme - GST extension	-	-	-	-
– personal aquatic survival skills	-	365	496	528
– supplies of options and rights offshore - deregistration and change to start date	14,463	-	3,309	-
<b>Outcome 3</b>				
Increase in departmental appropriations				
Australia-China Free Trade Agreement - funding for negotiations	200	200	-	-

## Other variations to appropriations

**Table 1.3: Additional estimates and variations to outcomes — other variations**

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Variations in departmental appropriations				
Adjustment to appropriations to reflect changes in price and wage indices <sup>1</sup>	(128)	-	(227)	(340)
<b>Outcome 3</b>				
Variations in departmental appropriations				
Section 32 transfer of the Consumer Information Programmes from Treasury to the ACCC	(183)	(185)	(189)	(193)
Variations in capital appropriations				
Section 32 transfer to the Mint for building refurbishment and capital equipment replacement programme <sup>2</sup>	(4,210)	(11,015)	(8,600)	-

1 This variation applies to Treasury's three outcomes.

2 The Mint became a prescribed agency effective from 1 July 2005.

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

Measure	Outcome	Output groups affected	2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Budget Balancing Assistance														
– alignment of import entry thresholds for courier and postal imports	2	2.1	1,736	-	1,736	2,655	-	2,655	2,648	-	2,648	2,641	-	2,641
– changes to the vouchers provisions	2	2.1	-	-	-	-	-	-	-	-	-	-	-	-
– GST and representatives of incapacitated entities	2	2.1	-	-	-	-	-	-	-	-	-	-	-	-
– GST and the sale of real property - margin scheme	2	2.1	-	-	-	-	-	-	-	-	-	-	-	-
– GST and the sale of real property - deferral of integrity measure	2	2.1	-	-	-	-	-	-	-	-	-	-	-	-
– GST concession for the Melbourne 2006 Commonwealth Games	2	2.1	289	-	289	-	-	-	-	-	-	-	-	-
– Indirect Tax Concession Scheme - GST extension	2	2.1	-	-	-	-	-	-	-	-	-	-	-	-
– personal aquatic survival skills	2	2.1	-	-	-	365	-	365	496	-	496	528	-	528
– supplies of options and rights offshore - deregistration and change to start date	2	2.1	14,463	-	14,463	-	-	-	3,309	-	3,309	-	-	-
Australia-China Free Trade Agreement - funding for negotiations	3	3.1	-	200	200	-	200	200	-	-	-	-	-	-
<b>Total</b>			<b>16,488</b>	<b>200</b>	<b>16,688</b>	<b>3,020</b>	<b>200</b>	<b>3,220</b>	<b>6,453</b>	<b>-</b>	<b>6,453</b>	<b>3,169</b>	<b>-</b>	<b>3,169</b>



## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget <sup>1</sup> \$'000	2005-06 budget <sup>2</sup> \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ADMINISTERED ITEMS</b>						
<b>Outcome 3</b>						
Well functioning markets	9,000	6,000	6,000	6,000	-	-
<b>Total</b>	<b>9,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>-</b>	<b>-</b>
<b>DEPARTMENTAL OUTPUTS</b>						
<b>Outcome 1</b>						
Sound macroeconomic environment	26,822	31,408	31,408	31,382	(26)	-
<b>Outcome 2</b>						
Effective government spending and taxation arrangements	54,022	57,218	57,218	57,149	(69)	-
<b>Outcome 3</b>						
Well functioning markets	43,300	45,525	45,342	45,509	167	-
<b>Total</b>	<b>124,144</b>	<b>134,151</b>	<b>133,968</b>	<b>134,040</b>	<b>72</b>	<b>-</b>
<b>Total administered and departmental</b>	<b>133,144</b>	<b>140,151</b>	<b>139,968</b>	<b>140,040</b>	<b>72</b>	<b>-</b>

1 Original budget as shown in the 2005-06 Portfolio Budget Statements.

2 Original budget as shown in the 2005-06 Portfolio Budget Statements less section 32 transfers (\$0.2 million to the ACCC).

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

	2004-05 available \$'000	2005-06 budget <sup>1</sup> \$'000	2005-06 budget <sup>2</sup> \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES</b>						
<b>Outcome 2</b>						
Effective government spending and taxation arrangements <sup>3</sup>	18,710	4,272	4,272	350,459	346,400	213
<b>Outcome 3</b>						
Well functioning markets	159,748	164,701	164,701	163,742	-	959
<b>Total</b>	<b>178,458</b>	<b>168,973</b>	<b>168,973</b>	<b>514,201</b>	<b>346,400</b>	<b>1,172</b>
<b>Non-operating</b>						
Equity injections	2,965	4,243	33	33	-	-
Loans	-	-	-	-	-	-
Previous years' outputs	4,816	-	-	-	-	-
Administered assets and liabilities	7,395	2,500	2,500	4,737	2,237	-
<b>Total capital</b>	<b>15,176</b>	<b>6,743</b>	<b>2,533</b>	<b>4,770</b>	<b>2,237</b>	<b>-</b>
<b>Total</b>	<b>193,634</b>	<b>175,716</b>	<b>171,506</b>	<b>518,971</b>	<b>348,637</b>	<b>1,172</b>

1 Original budget as shown in the 2005-06 Portfolio Budget Statements.

2 Original budget as shown in the 2005-06 Portfolio Budget Statements less section 32 transfers (\$4.2 million to the Mint).

3 Schedule 2 of Appropriation Bill (No. 4) shows an additional net appropriation amount of \$346.2 million for Outcome 2. This amount reflects the additional appropriation for Compensation for GST Revenue Foregone programme (\$346.4 million) less the estimated savings for additional \$7,000 First Home Owners Scheme (\$0.2 million).

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation <sup>1</sup>
<b>Outcome 1</b>			
Sound macroeconomic environment	191	191	-
<b>Outcome 2</b>			
Effective government spending and taxation arrangements	405	405	-
<b>Outcome 3</b>			
Well functioning markets	338	228	(110)
<b>Total</b>	934	824	(110)

<sup>1</sup> Variation relates to staff of the Mint which became a prescribed agency effective from 1 July 2005.

## SUMMARY OF AGENCY SAVINGS

The Treasury has identified total administered savings of \$1.2 million represented by funding that is no longer required for Compensation – Companies Regulation expenses (\$1.0 million) as a result of revised parameters and additional \$7,000 First Home Owners Scheme expenses (\$0.2 million) as a result of revised additional data received from the States and Territories.

**Table 1.8: Summary of agency savings**

S	Savings from annual appropriations	<b>\$1.172 million</b>
T	Transfer appropriation monies across outcomes	-
M	Movements of funding between years	-
<b>Total agency savings</b>		<b>\$1.172 million</b>

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include *Financial Management and Accountability Act 1997* (FMA) section 31 receipts, special accounts (non-appropriation receipts) and resources received free of charge. There were no administered receipts available to be used.

**Table 1.9: Other receipts available to be used**

	Budget estimate 2005-06 \$'000	Revised estimate <sup>1</sup> 2005-06 \$'000
<b>Departmental other receipts</b>		
Goods and services	48,351	6,000
Other	1,989	300
<b>Total departmental other receipts available to be used</b>	<b>50,340</b>	<b>6,300</b>

<sup>1</sup> The revised estimates 2005-06 differs significantly as the Mint became a prescribed agency effective from 1 July 2005.

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Estimated expenses</b>		
s8, <i>International Monetary Agreement Act 1947</i> (A)	22,510	24,867
s20, <i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i> (A)	755,602	203,225
s235(2), <i>Superannuation Industry (Supervision) Act 1993</i> (A)	-	1,158
<b>Total estimated expenses</b>	<b>778,112</b>	<b>229,250</b>

(A) = Administered.

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance <b>2005-06</b> <sup>1</sup> 2004-05 <sup>1</sup> \$'000	Receipts <b>2005-06</b> 2004-05 \$'000	Payments <b>2005-06</b> 2004-05 \$'000	Adjustments <sup>2</sup> <b>2005-06</b> 2004-05 \$'000	Closing Balance <b>2005-06</b> 2004-05 \$'000
Australian Government Actuary	1,369	1,500	1,500	-	1,369
- FMA Act 1997 (D)	1,284	1,654	1,569	-	1,369
Lloyds Deposit Fund	2,000	180	180	-	2,000
- FMA Act 1997 (D)	2,000	165	165	-	2,000
Trustee Companies (ACT) Deposit	120	5	5	-	120
Trust Fund - FMA Act 1997 (D)	120	8	8	-	120
Royal Australian Mint Coinage	8,021	-	-	8,021	-
Trust <sup>2</sup> - FMA Act 1997 (D)	11,527	162,777	166,283	-	8,021
Other Trust Monies	-	-	-	-	-
- FMA Act 1997 (D)	-	408	408	-	-
Comcare Account	-	-	-	-	-
- FMA Act 1997 (D)	29	25	54	-	-
Services for other Governments and Non Agency Bodies - FMA Act 1997 (D)	-	-	-	-	-
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>	<b>11,510</b>	<b>1,685</b>	<b>1,685</b>	<b>8,021</b>	<b>3,489</b>
<i>Total special accounts</i>					
<i>2004-05 actual</i>	<i>14,960</i>	<i>165,037</i>	<i>168,487</i>	<i>-</i>	<i>11,510</i>

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

(D) = Departmental.

- 1 The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from the *2005-06 Portfolio Budget Statements* to reflect the 2004-05 actuals.
- 2 The Mint became a prescribed agency effective from 1 July 2005 and is no longer a special account of Treasury. The balances in this note differ from those presented in the Mint's Table 1.11 due to the inclusion of GST.

## Section 2: Revisions to agency outcomes

### OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

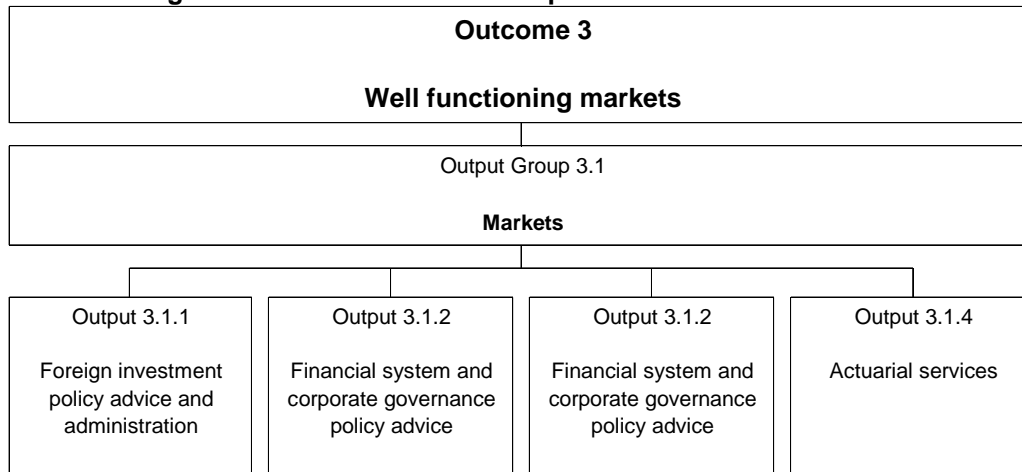
Table 1.1 ‘Agency outcomes and output groups’ lists the outcome statements and output groups for Treasury.

As the Royal Australian Mint (the Mint) became a prescribed agency effective from 1 July 2005, Output 3.1.5 – Circulating coin and like products is no longer an output of Treasury’s. No changes have been made to Outcome 1 or 2.

#### Output cost attribution

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, financial and human resource management are allocated to outputs based on a consumption (cost driver) basis.

**Figure 2: New outcome and output structure for Outcome 3**



#### Revised performance information — 2005-06

The variation in appropriation funding for new Measures will not affect the performance information disclosed in the 2005-06 Portfolio Budget Statements. However, as the Mint became a prescribed agency effective from 1 July 2005 the performance information related to Output 3.1.5 is no longer applicable.

## Section 3: Budgeted financial statements

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Departmental**

Treasury is budgeting towards a breakeven operating result for 2005-06.

Treasury will have reduced net estimated revenues in 2005-06 of \$47.7 million. This decrease relates mainly to revenues earned by the Royal Australian Mint (the Mint) which became a prescribed agency effective from 1 July 2005. The increase in appropriation revenue (\$0.07 million) from the original budget relates to funding received for new Measures offset by section 32 transfers and parameter adjustments.

As a result of the Mint becoming a prescribed agency effective from 1 July 2005, the net assets of Treasury have been reduced in the revised budget (\$35.8 million) and forward years. Table 3.4 provides further details.

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 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.

## **BUDGETED FINANCIAL STATEMENTS**

### **Departmental financial statements**

#### **Budgeted departmental income statement**

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

#### **Budgeted departmental balance sheet**

This statement shows the financial position of 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 statement of changes in equity — summary of movement**

This statement provides information on changes in the amount and nature of equity for the Budget year 2005-06.

#### **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 property, plant, equipment and intangibles — summary of movement**

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

#### **Schedule of administered activity**

##### **Schedule of budgeted income and expenses administered on behalf of government**

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

##### **Schedule of budgeted assets and liabilities administered on behalf of government**

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

**Schedule of budgeted administered cash flows**

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

**Schedule of administered capital budget**

This schedule shows details of planned administered capital expenditure.



**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	126,555	134,040	127,231	119,351	119,301
Goods and services	60,117	5,500	5,638	5,779	5,923
Interest	479	-	-	-	-
Other	623	500	500	500	500
<b>Total revenue</b>	<b>187,774</b>	<b>140,040</b>	<b>133,369</b>	<b>125,630</b>	<b>125,724</b>
<b>Gains</b>					
Net gains from sale of assets	81	-	-	-	-
Other	468	300	300	300	300
<b>Total gains</b>	<b>549</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>
<b>Total income</b>	<b>188,323</b>	<b>140,340</b>	<b>133,669</b>	<b>125,930</b>	<b>126,024</b>
<b>EXPENSE</b>					
Employees	86,951	86,369	87,979	87,634	89,343
Suppliers	79,013	50,188	41,907	34,513	32,898
Depreciation and amortisation	4,888	3,625	3,625	3,625	3,625
Write-down of assets and impairment of assets	189	-	-	-	-
Net losses from sale of assets	80	-	-	-	-
Borrowing costs expense	124	158	158	158	158
<b>Total expenses</b>	<b>171,245</b>	<b>140,340</b>	<b>133,669</b>	<b>125,930</b>	<b>126,024</b>
<b>Operating result from continuing operations</b>	<b>17,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income tax expense	186	-	-	-	-
<b>Operating result</b>	<b>16,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>16,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	12,883	4,941	4,941	4,941	4,941
Receivables	37,509	38,235	38,530	39,980	40,835
<b>Total financial assets</b>	<b>50,392</b>	<b>43,176</b>	<b>43,471</b>	<b>44,921</b>	<b>45,776</b>
<b>Non-financial assets</b>					
Land and buildings	8,128	8,229	8,504	8,779	9,054
Infrastructure, plant and equipment	14,944	8,101	8,201	8,301	8,401
Inventories	21,224	-	-	-	-
Intangibles	1,805	1,234	1,566	1,627	1,687
Other	8,747	1,500	1,500	1,500	1,500
<b>Total non-financial assets</b>	<b>54,848</b>	<b>19,064</b>	<b>19,771</b>	<b>20,207</b>	<b>20,642</b>
<b>Total assets</b>	<b>105,240</b>	<b>62,240</b>	<b>63,242</b>	<b>65,128</b>	<b>66,418</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	1,422	1,422	1,422	1,422	1,422
<b>Total interest bearing liabilities</b>	<b>1,422</b>	<b>1,422</b>	<b>1,422</b>	<b>1,422</b>	<b>1,422</b>
<b>Provisions</b>					
Employees	31,064	29,038	30,003	31,759	32,968
Other	152	-	-	-	-
<b>Total provisions</b>	<b>31,216</b>	<b>29,038</b>	<b>30,003</b>	<b>31,759</b>	<b>32,968</b>
<b>Payables</b>					
Suppliers	2,587	2,500	2,500	2,500	2,500
Other	7,524	2,521	2,523	2,543	2,614
<b>Total payables</b>	<b>10,111</b>	<b>5,021</b>	<b>5,023</b>	<b>5,043</b>	<b>5,114</b>
<b>Total liabilities</b>	<b>42,749</b>	<b>35,481</b>	<b>36,448</b>	<b>38,224</b>	<b>39,504</b>
<b>EQUITY*</b>					
Contributed equity	12,230	3,685	3,720	3,830	3,840
Reserves	9,037	3,644	3,644	3,644	3,644
Retained surpluses	41,224	19,430	19,430	19,430	19,430
<b>Total equity</b>	<b>62,491</b>	<b>26,759</b>	<b>26,794</b>	<b>26,904</b>	<b>26,914</b>
<b>Current assets</b>	<b>71,969</b>	<b>44,676</b>	<b>44,971</b>	<b>46,421</b>	<b>47,276</b>
<b>Non-current assets</b>	<b>33,271</b>	<b>17,564</b>	<b>18,271</b>	<b>18,707</b>	<b>19,142</b>
<b>Current liabilities</b>	<b>25,059</b>	<b>18,974</b>	<b>19,417</b>	<b>20,239</b>	<b>20,862</b>
<b>Non-current liabilities</b>	<b>17,690</b>	<b>16,507</b>	<b>17,031</b>	<b>17,985</b>	<b>18,642</b>

\* '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)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	26,749	6,430	6,753	6,931	7,065
Appropriations	109,597	131,967	126,937	117,877	118,446
GST receipts from ATO	4,802	4,315	3,545	2,791	2,616
Other	137,696	-	-	-	-
<b>Total cash received</b>	<b>278,844</b>	<b>142,712</b>	<b>137,235</b>	<b>127,599</b>	<b>128,127</b>
<b>Cash used</b>					
Employees	84,596	85,458	87,014	85,878	88,134
Suppliers	90,314	53,590	45,766	37,612	35,785
Financing costs	-	158	158	158	158
GST payments to ATO	2,682	-	-	-	-
Other	99,056	-	-	-	-
<b>Total cash used</b>	<b>276,648</b>	<b>139,206</b>	<b>132,938</b>	<b>123,648</b>	<b>124,077</b>
<b>Net cash from or (used by) operating activities</b>	<b>2,196</b>	<b>3,506</b>	<b>4,297</b>	<b>3,951</b>	<b>4,050</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	81	-	-	-	-
<b>Total cash received</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	6,174	3,580	4,332	4,061	4,060
<b>Total cash used</b>	<b>6,174</b>	<b>3,580</b>	<b>4,332</b>	<b>4,061</b>	<b>4,060</b>
<b>Net cash from or (used by) investing activities</b>	<b>(6,093)</b>	<b>(3,580)</b>	<b>(4,332)</b>	<b>(4,061)</b>	<b>(4,060)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	2,965	33	35	110	10
<b>Total cash received</b>	<b>2,965</b>	<b>33</b>	<b>35</b>	<b>110</b>	<b>10</b>
<b>Cash used</b>					
Repayments of debt	1,590	-	-	-	-
Other - restructuring	-	7,901	-	-	-
<b>Total cash used</b>	<b>1,590</b>	<b>7,901</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>1,375</b>	<b>(7,868)</b>	<b>35</b>	<b>110</b>	<b>10</b>
<b>Net increase or (decrease) in cash held</b>					
Cash at the beginning of the reporting period	15,405	12,883	4,941	4,941	4,941
<b>Cash at the end of the reporting period</b>	<b>12,883</b>	<b>4,941</b>	<b>4,941</b>	<b>4,941</b>	<b>4,941</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	41,224	9,037	-	12,230	62,491
<b>Opening balance</b>	41,224	9,037	-	12,230	62,491
<b>Income and expense</b>					
Net operating result	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	-	-	-	-	-
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	33	33
Other:					
Restructuring <sup>1</sup>	(21,794)	(5,393)	-	(8,578)	(35,765)
<b>Sub-total transactions with owners</b>	(21,794)	(5,393)	-	(8,545)	(35,732)
<b>Closing balance as at 30 June 2006</b>	19,430	3,644	-	3,685	26,759

<sup>1</sup> The Mint became a prescribed agency effective from 1 July 2005.

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	2,965	33	35	110	10
Previous years' outputs	4,816	-	-	-	-
<b>Total capital appropriations</b>	<b>7,781</b>	<b>33</b>	<b>35</b>	<b>110</b>	<b>10</b>
<b>Represented by:</b>					
Purchase of non-financial assets	2,965	33	35	110	10
Other	4,816	-	-	-	-
<b>Total represented by</b>	<b>7,781</b>	<b>33</b>	<b>35</b>	<b>110</b>	<b>10</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	2,965	33	35	110	10
Funded internally by					
Departmental resources	3,209	3,547	4,297	3,951	4,050
<b>Total</b>	<b>6,174</b>	<b>3,580</b>	<b>4,332</b>	<b>4,061</b>	<b>4,060</b>

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	11,128	-	17,991	-	6,962	-	36,081
Accumulated depreciation	-	-	(3,000)	-	(3,047)	-	(5,157)	-	(11,204)
<b>Opening net book value</b>	-	-	8,128	-	14,944	-	1,805	-	24,877
Additions:									
by purchase	-	-	1,000	-	2,002	-	578	-	3,580
Depreciation/amortisation expense	-	-	(725)	-	(2,400)	-	(500)	-	(3,625)
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	(174)	-	(6,445)	-	(649)	-	(7,268)
<b>As at 30 June 2006</b>									
Gross book value	-	-	11,954	-	13,548	-	6,891	-	32,393
Accumulated depreciation	-	-	(3,725)	-	(5,447)	-	(5,657)	-	(14,829)
<b>Closing net book value</b>	-	-	8,229	-	8,101	-	1,234	-	17,564

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Goods and services tax	(35,322,670)	(38,120,000)	(40,480,000)	(42,690,000)	(44,950,000)
Other taxes	-	200,000	240,000	280,000	320,000
<b>Total taxation</b>	<b>(35,322,670)</b>	<b>(37,920,000)</b>	<b>(40,240,000)</b>	<b>(42,410,000)</b>	<b>(44,630,000)</b>
<b>Non-taxation</b>					
Revenues from government	36,194,382	38,169,451	39,658,042	41,796,802	43,809,347
Goods and services	591,922	605,900	611,600	619,800	627,900
Interest	3,940	479	-	-	-
Dividends	694,000	1,363,000	1,193,000	1,208,000	1,282,000
Other sources of non-taxation revenues	184,313	31,854	30,438	29,469	29,559
<b>Total non-taxation</b>	<b>37,668,557</b>	<b>40,170,684</b>	<b>41,493,080</b>	<b>43,654,071</b>	<b>45,748,806</b>
<b>Total revenues administered on behalf of government</b>	<b>2,345,887</b>	<b>2,250,684</b>	<b>1,253,080</b>	<b>1,244,071</b>	<b>1,118,806</b>
<b>Gains</b>					
Net foreign exchange gains	-	85,770	-	-	-
<b>Total gains administered on behalf of government</b>	<b>-</b>	<b>85,770</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income administered on behalf of government</b>	<b>2,345,887</b>	<b>2,336,454</b>	<b>1,253,080</b>	<b>1,244,071</b>	<b>1,118,806</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	898,365	1,137,426	427,852	446,612	299,157
Write down and impairment of assets	-	(420,000)	(445,000)	(465,000)	(495,000)
Other	27,673	32,025	30,190	30,190	30,190
<b>Losses</b>					
Net foreign exchange losses	448,386	-	14	-	-
<b>Total expenses administered on behalf of government</b>	<b>1,374,424</b>	<b>749,451</b>	<b>13,056</b>	<b>11,802</b>	<b>(165,653)</b>

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	9,089	9,089	9,089	9,089	9,089
Receivables	719,960	(2,480,919)	(3,439,423)	(4,110,094)	(4,798,553)
Investments	14,954,009	15,054,865	15,054,865	15,054,865	15,054,865
<b>Total financial assets</b>	<b>15,683,058</b>	<b>12,583,035</b>	<b>11,624,531</b>	<b>10,953,860</b>	<b>10,265,401</b>
<b>Non-financial assets</b>					
Other	2,222	2,143	2,127	2,127	2,127
<b>Total non-financial assets</b>	<b>2,222</b>	<b>2,143</b>	<b>2,127</b>	<b>2,127</b>	<b>2,127</b>
<b>Total assets administered on behalf of government</b>	<b>15,685,280</b>	<b>12,585,178</b>	<b>11,626,658</b>	<b>10,955,987</b>	<b>10,267,528</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Loans	3,871,107	3,869,292	3,867,658	3,866,559	3,866,010
Other	899,016	913,680	913,680	913,680	913,680
<b>Total interest bearing liabilities</b>	<b>4,770,123</b>	<b>4,782,972</b>	<b>4,781,338</b>	<b>4,780,239</b>	<b>4,779,690</b>
<b>Provisions</b>					
Other provisions	6,823	(399,906)	(401,410)	(401,410)	(401,410)
<b>Total provisions</b>	<b>6,823</b>	<b>(399,906)</b>	<b>(401,410)</b>	<b>(401,410)</b>	<b>(401,410)</b>
<b>Payables</b>					
Suppliers	605	605	605	605	605
Grants and subsidies	338,050	252,932	187,071	138,990	103,031
Other payables	3,731	4,199	4,199	4,199	4,199
<b>Total payables</b>	<b>342,386</b>	<b>257,736</b>	<b>191,875</b>	<b>143,794</b>	<b>107,835</b>
<b>Total liabilities administered on behalf of government</b>	<b>5,119,332</b>	<b>4,640,802</b>	<b>4,571,803</b>	<b>4,522,623</b>	<b>4,486,115</b>



**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Rendering of services	591,922	605,900	611,600	619,800	627,900
Interest	3,940	479	-	-	-
Dividends	1,338,466	1,383,000	1,492,534	1,208,000	1,282,000
Other	144,262	36,061	29,559	29,559	29,559
<b>Total cash received</b>	<b>2,078,590</b>	<b>2,025,440</b>	<b>2,133,693</b>	<b>1,857,359</b>	<b>1,939,459</b>
<b>Cash used</b>					
Grant payments	36,069,855	38,137,426	39,627,852	41,766,612	43,779,157
Other	111,755	114,175	93,551	75,771	63,649
<b>Total cash used</b>	<b>36,181,610</b>	<b>38,251,601</b>	<b>39,721,403</b>	<b>41,842,383</b>	<b>43,842,806</b>
<b>Net cash from or (used by) operating activities</b>	<b>(34,103,020)</b>	<b>(36,226,161)</b>	<b>(37,587,710)</b>	<b>(39,985,024)</b>	<b>(41,903,347)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Repayments of advances	-	219,400	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>219,400</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of equity instruments	9,222	4,737	4,148	3,599	3,049
<b>Total cash used</b>	<b>9,222</b>	<b>4,737</b>	<b>4,148</b>	<b>3,599</b>	<b>3,049</b>
<b>Net cash from or (used by) investing activities</b>	<b>(9,222)</b>	<b>214,663</b>	<b>(4,148)</b>	<b>(3,599)</b>	<b>(3,049)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	64,051	14,804	-	-	-
Other	-	152,523	-	-	-
<b>Total cash received</b>	<b>64,051</b>	<b>167,327</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Other	-	152,523	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>152,523</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>64,051</b>	<b>14,804</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>					
Cash at beginning of reporting period	3,288	9,089	9,089	9,089	9,089
Cash from Official Public Account for:					
- appropriations	36,194,381	38,256,338	39,725,551	41,845,982	43,845,855
Cash to Official Public Account for:					
- appropriations	2,140,389	2,259,644	2,133,693	1,857,359	1,939,459
<b>Cash at end of reporting period</b>	<b>9,089</b>	<b>9,089</b>	<b>9,089</b>	<b>9,089</b>	<b>9,089</b>

**Table 3.10: Schedule of administered capital budget**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered capital	7,065	4,737	4,148	3,599	3,049
Special appropriations	316,598	82,618	63,361	45,581	33,459
<b>Total capital appropriations</b>	<b>323,663</b>	<b>87,355</b>	<b>67,509</b>	<b>49,180</b>	<b>36,508</b>
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	323,663	87,355	67,509	49,180	36,508
<b>Total represented by</b>	<b>323,663</b>	<b>87,355</b>	<b>67,509</b>	<b>49,180</b>	<b>36,508</b>

**Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to Treasury.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

Treasury's budgeted statements have been prepared on an accrual basis in accordance with:

- Australian Government's financial budgeting and reporting framework;
- Australian Accounting Standards (AAS), being the Australian Equivalent to International Reporting Standards (AEIFRS); and
- Consensus Views of the Urgent Issues Group.

The budgeted income statement and balance sheet have been prepared in accordance with the historical cost convention, except certain assets, which are at valuation.

### **Departmental and administered financial statements**

Under the Australian Government's accrual budgeting framework, and consistent with AAS, transactions that Treasury control (departmental) are separately budgeted for, and reported on than from transactions that Treasury does not have control over (administered). 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 Treasury. 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 Treasury 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 Royal Australian Mint became a prescribed agency effective from 1 July 2005 and is no longer a special account of Treasury.



# AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 83).

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	To bring about greater competitiveness in every sector of the economy.	Output Group 1.1 Australian Competition and Consumer Commission

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$4.3 million and \$1.0 million in related capital for the Australian Competition and Consumer Commission (ACCC).

#### Variations — measures

**Table 1.2: Additional estimates and variations to outcomes — measures**

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
<b>Outcome 1</b>				
Increase in departmental appropriations				
Implementing operational separation of Telstra	4,130	4,862	3,948	4,031
Implementing operational separation of Telstra <i>(Related capital)</i>	975	-	-	-

**Other variations to appropriations**

**Table 1.3: Additional estimates and variations to outcomes — other variations**

	2005-06	2006-07	2007-08	2008-09
	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>				
Variations in departmental appropriations				
Section 32 transfer of the Consumer Information				
Programmes from Treasury to the ACCC	183	185	189	193

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

Measure	Outcome	Output groups affected	2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Implementing operational separation of Telstra	1	1.1	-	4,130	4,130	-	4,862	4,862	-	3,948	3,948	-	4,031	4,031
Implementing operational separation of Telstra <i>(Related capital)</i>	1	1.1	-	975	975	-	-	-	-	-	-	-	-	-
<b>Total</b>			-	5,105	5,105	-	4,862	4,862	-	3,948	3,948	-	4,031	4,031

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget <sup>1</sup> \$'000	2005-06 budget <sup>2</sup> \$'000	2005-06 revised \$'000	Additional estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets					
	98,431	85,481	85,664	89,794	4,130
<b>Total</b>	<b>98,431</b>	<b>85,481</b>	<b>85,664</b>	<b>89,794</b>	<b>4,130</b>

1 Original budget as shown in 2005-06 Portfolio Budget Statements.

2 Original budget as shown in 2005-06 Portfolio Budget Statements plus section 32 transfers (\$0.2 million from Treasury).

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000
<b>Non-operating</b>				
Equity injections	23,959	1,000	1,975	975
<b>Total capital</b>	<b>23,959</b>	<b>1,000</b>	<b>1,975</b>	<b>975</b>
<b>Total</b>	<b>23,959</b>	<b>1,000</b>	<b>1,975</b>	<b>975</b>

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation
<b>Outcome 1</b>			
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets			
	511	533	22
<b>Total</b>	<b>511</b>	<b>533</b>	<b>22</b>

## SUMMARY OF AGENCY SAVINGS

**Table 1.8: Summary of agency savings**

This table is not applicable to the ACCC.



## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include *Financial Management and Accountability Act 1997* (FMA) section 31 receipts, special accounts (non-appropriation receipts) and resources received free of charge.

**Table 1.9: Other receipts available to be used**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Goods and services	460	9,460
<b>Total departmental other receipts available to be used</b>	460	9,460
<b>Administered other receipts</b>		
Other taxes, fees and fines	10,000	10,000
<b>Total administered other receipts available to be used</b>	10,000	10,000

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations**

This table is not applicable to the ACCC.

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance <b>2005-06<sup>1</sup></b> 2004-05 <sup>1</sup> \$'000	Receipts <b>2005-06</b> 2004-05 \$'000	Payments <b>2005-06</b> 2004-05 \$'000	Adjustments <sup>2</sup> <b>2005-06</b> 2004-05 \$'000	Closing Balance <b>2005-06</b> 2004-05 \$'000
Other Trust Account - s20 <i>FMA Act</i> (D)	8,052	1,200	200	9,000	52
	124	8,003	75	-	8,052
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>	<b>8,052</b>	<b>1,200</b>	<b>200</b>	<b>9,000</b>	<b>52</b>
<i>Total special accounts</i>					
2004-05 actual	124	8,003	75	-	8,052

(D)= Departmental

1 The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from that shown in the *2005-2006 Portfolio Budget Statements* as the actual for 2004-05 may have been updated to reflect the final budget outcome for that year.

2 Estimated adjustments include the transfer of funds of \$9.0 million received in 2004-05 and 2005-06 from undertakings made under section 87B of the *Trade Practices Act 1974*, from the special account to the departmental account.

Special Public Monies are held by the ACCC in a Trustee capacity. The Trust monies are a result of court orders of which payments to the beneficiaries are pending. These

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monies are temporarily held for the benefit of a person or entity other than the Australian Government. This special account is departmental in nature and is governed by section 20 of the FMA.

The ACCC transferred \$9.0 million from the special account to the departmental account. This was for undertakings made under section 87B of the *Trade Practices Act 1974*, which are now recognised as section 31 receipts 'in the custody or control of the Commonwealth' and therefore departmental in nature (See Table 1.11 above).

## Section 2: Revisions to agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 'Agency outcomes and output groups' lists the outcome statements and output groups for the Australian Competition and Consumer Commission (ACCC).

The ACCC has not made any changes to its outcome or outputs since the *2005-06 Portfolio Budget Statements*.

#### **Output cost attribution**

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

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.

#### **Outcome 1**

The ACCC has only one outcome, namely, 'to enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets'. The total appropriation for this outcome for 2005-06 is \$89.8 million.

## Section 3: Budgeted financial statements

The financial statements form the basis of the financial statements that will appear in the Australian Competition and Consumer Commission's (ACCC) 2005-06 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 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.

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

The ACCC is estimating an accounting operating loss of \$7.3 million in 2005-06 as a result of timing of expenditure against funds received in 2004-05. The budgeted operating loss for 2005-06 is due to the following factors:

- Initial funding for the Australian Energy Regulator (AER) was provided in the 2004-05 Budget for only one year due to the uncertainty of the timing of the transfer of functions to the AER. Delays were experienced which resulted in surplus funds of \$3.3 million in 2004-05. Since the funds are now expected to be spent in 2005-06 from a previous financial year revenue, a technical accounting operating loss will occur; and
- The Litigation Contingency Fund (LCF) was established in 2001 to fund extraordinary litigation losses. The ACCC has identified a number of potential court losses and anticipate that an estimated \$4.0 million will be required from the accumulated surplus to fund these payments.

##### **Operating Revenues**

Total revenue for 2005-06 including additional estimates is estimated to be \$99.3 million. This is an increase of \$13.4 million as a result of the following movements taking place since the 2005-06 *Portfolio Budget Statements*:

- New funding of \$4.1 million for implementing and maintaining an effective and robust competition regulatory regime in relation to the separate retail, wholesale and network business units of Telstra;
- New funding of \$0.2 million for the transfer of Treasury functions to the ACCC for safety products and consumer information; and
- Transfer of \$9.0 million from the special account to the departmental account to account for undertakings made under Section 87B of the *Trade Practices Act 1974* which are now recognised as section 31 receipts and therefore departmental in nature.

### **Operating expenses**

Total expenses are estimated to be \$106.5 million. This is an increase of \$20.6 million since the *2005-06 Portfolio Budget Statements*, arising largely from:

- increased expenditure of \$3.3 million relating to the AER especially the expenditure funded in 2004-05 but spent in 2005-06 as explained above;
- increased expenditure of \$4.0 million for estimated extraordinary litigation costs;
- increased expenditure of \$4.1 million relating to implementing and maintaining an effective and robust competition regulatory regime in relation to the separate retail, wholesale and network business units of Telstra;
- increased expenditure of \$0.2 million for the transfer of Treasury functions to the ACCC for safety products and consumer information; and
- expenditure of \$9.0 million on a tobacco education programme in accordance with section 87B undertakings from tobacco companies.

### **Budgeted departmental balance sheet**

#### **Equity**

In 2005-06 the ACCC's equity position will be in surplus in the amount of \$21.0 million. This is a decrease of \$5.3 million from 2004-05 actuals resulting from the projected operating loss of \$7.3 million and a capital equity injection of \$2.0 million.

#### **Financial assets**

In 2004-05 the ACCC received an amount of \$22 million to address accumulated past year losses (\$12 million) and to replenish the LCF (\$10 million). The LCF was supplemented by funds not required in 2004-05 for extraordinary litigation costs which have not yet eventuated. This amount was transferred to the Official Public Account, and shown as a Receivable, until required.

### **Non-financial assets**

In 2005-06 the ACCC will be maintaining its commitment to long term improvement, investing \$6.2 million in capital.

A significant proportion of the ACCC's capital investment is directed towards the fitout of the Melbourne office, and the purchase of equipment and computer software for the new Measures shown at Table 1.4.

### **Liabilities**

The ACCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2004-05.

## **BUDGETED FINANCIAL STATEMENTS**

### **Departmental financial statements**

#### **Budgeted departmental income statement**

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 departmental balance sheet**

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 departmental statement of cash flows**

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

#### **Departmental statement of changes in equity — summary of movement**

This statement shows the movement in equity since the 30 June 2005. It shows the approved operating loss of \$7.3 million recognised directly in equity and the appropriated equity injection of \$2.0 million for capital purchases.

#### **Departmental capital budget statement**

This statement shows all proposed capital expenditure funded from appropriations or from internal sources.

#### **Departmental property, plant, equipment and intangibles — summary of movement**

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

**Schedule of administered activity**

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

**Schedule of budgeted income and expenses administered on behalf of government**

This schedule 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.

**Schedule of budgeted assets and liabilities administered on behalf of government**

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

**Schedule of budgeted administered cash flows**

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

**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	98,431	89,794	84,970	84,224	85,279
Goods and services	765	9,460	460	460	460
<b>Total revenue</b>	<b>99,196</b>	<b>99,254</b>	<b>85,430</b>	<b>84,684</b>	<b>85,739</b>
<b>Gains</b>					
Net gains from sale of assets	3	-	-	-	-
<b>Total gains</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>99,199</b>	<b>99,254</b>	<b>85,430</b>	<b>84,684</b>	<b>85,739</b>
<b>EXPENSE</b>					
Employees	40,044	50,040	47,928	48,003	48,572
Suppliers	43,762	53,720	35,076	34,255	34,741
Depreciation and amortisation	1,531	2,744	2,426	2,426	2,426
Write-down of assets and impairment of assets	(5)	-	-	-	-
Net losses from sale of assets	3	-	-	-	-
<b>Total expenses</b>	<b>85,335</b>	<b>106,504</b>	<b>85,430</b>	<b>84,684</b>	<b>85,739</b>
<b>Operating result from continuing operations</b>					
	13,864	(7,250)	-	-	-
Transfer to/from reserves	(84)	-	-	-	-
<b>Operating result</b>	<b>13,780</b>	<b>(7,250)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>13,780</b>	<b>(7,250)</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	1,608	1,608	1,608	1,608	1,608
Receivables	33,833	25,626	26,178	26,730	27,282
<b>Total financial assets</b>	<b>35,441</b>	<b>27,234</b>	<b>27,786</b>	<b>28,338</b>	<b>28,890</b>
<b>Non-financial assets</b>					
Land and buildings	1,166	3,524	2,612	1,700	788
Infrastructure, plant and equipment	2,070	3,596	4,708	5,417	6,379
Inventories	105	105	105	105	105
Intangibles	656	256	56	259	209
Other	920	920	920	920	920
<b>Total non-financial assets</b>	<b>4,917</b>	<b>8,401</b>	<b>8,401</b>	<b>8,401</b>	<b>8,401</b>
<b>Total assets</b>	<b>40,358</b>	<b>35,635</b>	<b>36,187</b>	<b>36,739</b>	<b>37,291</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	10,486	11,038	11,590	12,142	12,694
<b>Total provisions</b>	<b>10,486</b>	<b>11,038</b>	<b>11,590</b>	<b>12,142</b>	<b>12,694</b>
<b>Payables</b>					
Suppliers	3,169	3,169	3,169	3,169	3,169
Other	469	469	469	469	469
<b>Total payables</b>	<b>3,638</b>	<b>3,638</b>	<b>3,638</b>	<b>3,638</b>	<b>3,638</b>
<b>Total liabilities</b>	<b>14,124</b>	<b>14,676</b>	<b>15,228</b>	<b>15,780</b>	<b>16,332</b>
<b>EQUITY*</b>					
Contributed equity	27,092	29,067	29,067	29,067	29,067
Reserves	968	968	968	968	968
Retained surpluses or accumulated deficits	(1,826)	(9,076)	(9,076)	(9,076)	(9,076)
<b>Total equity</b>	<b>26,234</b>	<b>20,959</b>	<b>20,959</b>	<b>20,959</b>	<b>20,959</b>
<b>Current assets</b>	<b>36,361</b>	<b>28,154</b>	<b>28,706</b>	<b>29,258</b>	<b>29,810</b>
<b>Non-current assets</b>	<b>3,997</b>	<b>7,481</b>	<b>7,481</b>	<b>7,481</b>	<b>7,481</b>
<b>Current liabilities</b>	<b>8,881</b>	<b>9,157</b>	<b>9,433</b>	<b>9,709</b>	<b>9,985</b>
<b>Non-current liabilities</b>	<b>5,243</b>	<b>5,519</b>	<b>5,795</b>	<b>6,071</b>	<b>6,347</b>

\* '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)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	573	9,400	400	400	400
Appropriations	98,431	89,794	84,970	84,224	85,279
Cash received from OPA	-	7,250	-	-	-
GST received from ATO	3,540	-	-	-	-
<b>Total cash received</b>	<b>102,544</b>	<b>106,444</b>	<b>85,370</b>	<b>84,624</b>	<b>85,679</b>
<b>Cash used</b>					
Employees	39,158	49,488	47,376	47,451	48,020
Suppliers	50,822	53,660	35,016	34,195	34,681
Other cash returned to OPA	33,014	552	552	552	552
<b>Total cash used</b>	<b>122,994</b>	<b>103,700</b>	<b>82,944</b>	<b>82,198</b>	<b>83,253</b>
<b>Net cash from or (used by) operating activities</b>	<b>(20,450)</b>	<b>2,744</b>	<b>2,426</b>	<b>2,426</b>	<b>2,426</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	3	-	-	-	-
<b>Total cash received</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	2,066	6,228	2,426	2,167	2,426
Purchase of intangibles	121	-	-	259	-
<b>Total cash used</b>	<b>2,187</b>	<b>6,228</b>	<b>2,426</b>	<b>2,426</b>	<b>2,426</b>
<b>Net cash from or (used by) investing activities</b>	<b>(2,184)</b>	<b>(6,228)</b>	<b>(2,426)</b>	<b>(2,426)</b>	<b>(2,426)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	24,053	1,975	-	-	-
Cash received from OPA	-	1,509	-	-	-
<b>Total cash received</b>	<b>24,053</b>	<b>3,484</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>24,053</b>	<b>3,484</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>1,419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	189	1,608	1,608	1,608	1,608
<b>Cash at the end of the reporting period</b>	<b>1,608</b>	<b>1,608</b>	<b>1,608</b>	<b>1,608</b>	<b>1,608</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	(1,826)	968	-	27,092	26,234
<b>Opening balance</b>	(1,826)	968	-	27,092	26,234
<b>Income and expense</b>					
Net operating result	(7,250)	-	-	-	(7,250)
<b>Total income and expenses recognised directly in equity</b>	(7,250)	-	-	-	(7,250)
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,975	1,975
<b>Sub-total transactions with owners</b>	-	-	-	1,975	1,975
<b>Closing balance as at 30 June 2006</b>	(9,076)	968	-	29,067	20,959

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	23,959	1,975	-	-	-
<b>Total capital appropriations</b>	<b>23,959</b>	<b>1,975</b>	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	1,959	1,975	-	-	-
Other	22,000	-	-	-	-
<b>Total represented by</b>	<b>23,959</b>	<b>1,975</b>	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	1,959	1,975	-	-	-
Funded internally by Departmental resources	1,114	4,253	2,426	2,426	2,426
<b>Total</b>	<b>3,073</b>	<b>6,228</b>	<b>2,426</b>	<b>2,426</b>	<b>2,426</b>

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	1,512	-	2,841	-	2,101	-	6,454
Accumulated depreciation	-	-	(346)	-	(771)	-	(1,445)	-	(2,562)
<b>Opening net book value</b>	-	-	1,166	-	2,070	-	656	-	3,892
Additions:									
by purchase	-	-	3,254	-	2,974	-	-	-	6,228
Depreciation/amortisation expense	-	-	(896)	-	(1,448)	-	(400)	-	(2,744)
<b>As at 30 June 2006</b>									
Gross book value	-	-	4,766	-	5,815	-	2,101	-	12,682
Accumulated depreciation	-	-	(1,242)	-	(2,219)	-	(1,845)	-	(5,306)
<b>Closing net book value</b>	-	-	3,524	-	3,596	-	256	-	7,376

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines	12,674	10,000	10,000	10,000	10,000
<b>Total taxation</b>	12,674	10,000	10,000	10,000	10,000
<b>Total revenues administered on behalf of government</b>	12,674	10,000	10,000	10,000	10,000
<b>Total income administered on behalf of government</b>	12,674	10,000	10,000	10,000	10,000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Write down and impairment of assets	1,103	-	-	-	-
<b>Total expenses administered on behalf of government</b>	1,103	-	-	-	-

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	1	-	-	-	-
Receivables	8,030	4,000	4,000	4,000	4,000
<b>Total financial assets</b>	<b>8,031</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>Total assets administered on behalf of government</b>	<b>8,031</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	3	-	-	-	-
<b>Total payables</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities administered on behalf of government</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other taxes, fees and fines					
Fines and costs	9,220	9,220	9,220	9,220	9,220
Authorisation fees	487	777	777	777	777
Other	3	3	3	3	3
<b>Total cash received</b>	<b>9,710</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Net cash from or (used by) operating activities</b>					
	<b>9,710</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Net increase or (decrease) in cash held</b>					
	<b>9,710</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
Cash at beginning of reporting period	573	1	-	-	-
Cash to Official Public Account for:					
- appropriations	(10,282)	(10,001)	(10,000)	(10,000)	(10,000)
<b>Cash at end of reporting period</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.10: Schedule of administered capital budget**

This table is not applicable to the ACCC.

**Table 3.11: Schedule of administered property, plant, equipment and  
intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to the ACCC.



## **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 income statement and balance sheet 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 balance sheet 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 income statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows 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, undertakings made from section 87B of the *Trade Practices Act 1974* 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.

## **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**

### **Asset recognition threshold**

Purchases of property, infrastructure, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (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 has revalued all of its assets at 1 July 2004 and any changes in valuation to 30 June 2005 have been reviewed by the valuers to be nil.

Future revaluations by the ACCC are to be undertaken at fair value. Under fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2005 the ACCC had no assets in this situation.

The ACCC intends to have formal valuations every three years.

Infrastructure, plant and equipment assets were revalued as at 30 June 2004 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.

<b>Asset class</b>	<b>Total useful life</b>
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**

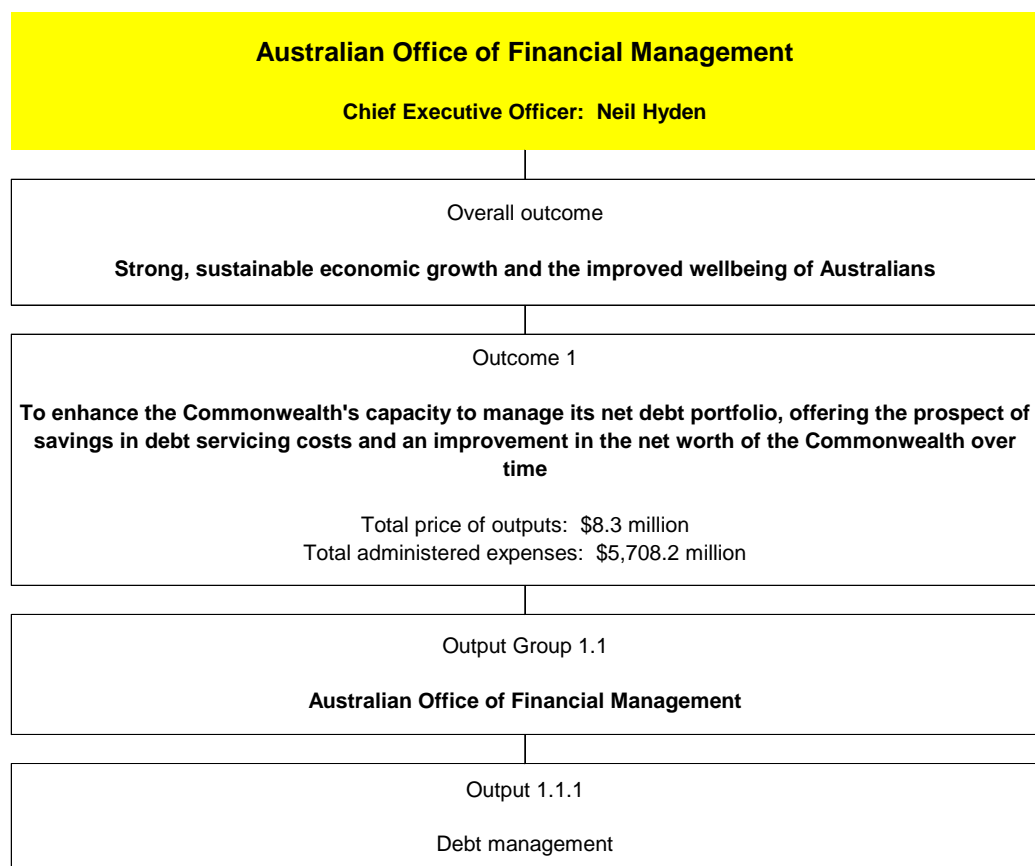
Inventories (publications) held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

# AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 115).



**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
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	The AOFM aims to manage the Australian Government's net debt portfolio at least cost over the medium term, subject to the Government's policies and risk preferences. It also aims to contribute to financial market efficiency by maintaining sufficient Commonwealth Government Securities on issue to support the Treasury bond futures market.	Output Group 1.1 Australian Office of Financial Management

## ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$0.225 million for the Australian Office of Financial Management (AOFM).

### Variations — measures

The AOFM has no measures since the 2005-06 Budget.

**Table 1.2: Additional estimates and variations to outcomes – measures**

This table is not applicable to AOFM.

### Other variations to appropriations

The AOFM is seeking additional price of outputs funding of \$0.225 million in 2005-06. The increase relates to a \$0.240 million retrospective adjustment to wage cost indexation and a saving of \$0.015 million for a revision to economic parameters since the 2005-06 Budget.

**Table 1.3: Additional estimates and variations to outcomes — other variations**

	2005-06	2006-07	2007-08	2008-09
	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>				
Variations in departmental appropriations				
Wage cost indexation	225	216	204	188

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

This table is not applicable to AOFM.



**BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL**

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ADMINISTERED ITEMS</b>					
<b>Outcome 1</b>					
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	-	-
<b>Total</b>	10	10	10	-	-
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
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	8,119	8,089	8,314	225	-
<b>Total</b>	8,119	8,089	8,314	225	-
<b>Total administered and departmental</b>	8,129	8,099	8,324	225	-

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

This table is not applicable to AOFM.

**SUMMARY OF STAFFING CHANGES**

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation
<b>Outcome 1</b>			
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	35	35	-
<b>Total</b>	35	35	-

## SUMMARY OF AGENCY SAVINGS

**Table 1.8: Summary of agency savings**

This table is not applicable to AOFM.

## OTHER REVENUES

Table 1.9 provides details of estimated administered and departmental revenues for the AOFM for 2005-06. Departmental revenues are eligible items under the AOFM's *Financial Management and Accountability Act 1997* (FMA) section 31 net appropriation agreement and as a result can be applied to the AOFM's departmental activities. The AOFM's administered revenues are not available to meet financial commitments of the AOFM and are returned to the Official Public Account.

**Table 1.9: Other revenues**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other revenues (other than appropriations)</b>		
Net annotated (section 31) receipts	20	20
<b>Total departmental other revenues (other than appropriations)</b>	20	20
<b>Administered revenues (other than appropriations)</b>		
<i>Financial Agreement Act 1994</i> - Interest paid by States and Northern Territory on other loans	633	684
<i>Financial Management and Accountability Act 1997</i> - Interest on financial assets	650,000	1,061,798
<i>Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts</i> - Interest on advances to States and Northern Territory	88,863	88,863
<i>Loans Securities Act 1919</i> - Swaps interest	2,326,811	1,983,223
<i>States (Works and Housing Assistance) Acts</i> - Interest on advances to States	66,889	66,889
<i>War Service Lands Settlements Acts</i> - Interest on advances to States	233	233
<b>Total administered revenues (other than appropriations)</b>	3,133,429	3,201,690

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Estimated expenses from special appropriations</b>		
<i>Airports (Transitional) Act 1996, section 78 - Interest</i>	-	-
<i>Australian National Railways Commission Sale Act 1997, section 67AW - Interest</i>	-	-
<i>Commonwealth Inscribed Stock Act 1911, section 6 - Loan flotation expenses</i>	150	150
<i>Commonwealth Inscribed Stock Act 1911, section 6 - Interest</i>	3,606,781	3,636,949
<i>Financial Agreement Act 1994, section 5 - Assistance to States for debt redemption<sup>1</sup></i>	220,040	220,040
<i>Financial Agreement Act 1994, section 5 - Contributions to the DRRTA and interest on State debt</i>	325	1,009
<i>Financial Management and Accountability Act 1997, section 39(9) - Repurchase premia</i>	-	-
<i>Loans Redemption and Conversion Act 1921, section 5 - Interest</i>	-	-
<i>Loans Securities Act 1919, section 4 - Interest</i>	4,000	2,000
<i>Loans Securities Act 1919, section 5B(2) - Interest on swaps</i>	2,225,108	1,844,563
<i>Moomba-Sydney Pipeline System Sale Act 1994, section 19(3) - Interest</i>	-	-
<i>Qantas Sale Act 1992, section 18 - Interest</i>	-	-
<i>Snowy Hydro Corporatisation Act 1997, section 22 - Interest</i>	3,480	3,483
<i>Treasury Bills Act 1914, section 6 - Interest</i>	-	-
<b>Total special appropriation expenses</b>	<b>6,059,884</b>	<b>5,708,194</b>
Annual appropriations	10	10
<b>Total administered expenses</b>	<b>6,059,894</b>	<b>5,708,204</b>

<sup>1</sup> Debt redemption assistance to the States ceases in 2005-06. The figure for 2005-06 represents the payment marking finalisation of the arrangements under the *Financial Agreement Act 1994*.

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	<b>2005-06<sup>1</sup></b>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>
	<i>2004-05<sup>1</sup></i>	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust	<b>1,602</b>	<b>129,116</b>	<b>130,718</b>	-	-
Account - FMA Act 1997 (s21) <sup>2</sup>	204	76,431	75,033	-	1,602
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>	<b>1,602</b>	<b>129,116</b>	<b>130,718</b>	-	-
<i>Total special accounts</i>					
<i>2004-05 actual</i>	204	76,431	75,033	-	1,602

1 The revised opening balance for 2005-06 is the same as the final actual closing balance for 2004-05. This balance has changed from that shown in the *2005-06 Portfolio Budget Statements* as the actual for 2004-05 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 agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 'Agency outcomes and output groups' lists the outcome statements and output groups for the Agency.

The Australian Office of Financial Management (AOFM) has not made any changes to its outcome or outputs since the *2005-06 Portfolio Budget Statements*.

#### **Output cost attribution**

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

Agency Additional Estimates Statements – AOFM

**Total Resourcing for Outcome 1**

	2005-06 Budget estimate \$'000	2005-06 Revised estimate \$'000
<b>Administered appropriations</b>		
Special Appropriation - to Debt Retirement Reserve Trust Account	325	325
Other Special Appropriations <sup>1</sup>	148,684,841	188,164,329
Annual Appropriations	10	10
<b>Total administered appropriations</b>	<b>148,685,176</b>	<b>188,164,664</b>
<b>Special Accounts (estimated payments from Special Account balances)<sup>2</sup></b>		
Debt Retirement Reserve Trust Account - s21 FMA Act <sup>3</sup>	130,677	130,718
<b>Total Special Account outflows</b>	<b>130,677</b>	<b>130,718</b>
<b>Departmental appropriations</b>		
Output Group 1.1 - Australian Office of Financial Management		
Output 1.1.1 - Debt management	8,089	8,314
<b>Total revenue from government (appropriations)</b>		
<b>Contributing to price of departmental outputs</b>	<b>8,089</b>	<b>8,314</b>
<b>Revenue from other sources</b>		
Other revenues	20	20
<b>Total revenue from other sources</b>	<b>20</b>	<b>20</b>
<b>Total price from departmental outputs</b>		
(Total revenue from government and from other sources)	8,109	8,334
<b>Total estimated resourcing for Outcome 2</b>		
(Total price of outputs and administered appropriations)	<b>148,693,285</b>	<b>188,172,998</b>
	2005-06	2005-06
<b>Average staffing level (number)</b>	<b>35</b>	<b>35</b>

- 1 The headline cash balance reported in *2004-05 Final Budget Outcome* was \$12.5 billion, against an estimate at Budget time of \$7.9 billion. The *2005-06 Mid-Year Economic Fiscal Outlook* reported an increase in the estimated headline cash balance for 2005-06 from \$7.9 billion to \$10.2 billion. The stronger budget position has led to a significant increase in estimated investment activity for 2005-06.
- 2 Special Account outflows are shown in the payments column of the Special Account table in Table 1.11. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.
- 3 Where names of Acts have been abbreviated, the full name of the Act can be found in the Acts Glossary.

**Revised performance information — 2005-06**

The AOFM has not made any changes to its performance information since the *2005-06 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 2004-05 (actual results), 2005-06 (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 significant changes to the analysis of AOFM's budgeted financial statements since the *2005-06 Portfolio Budget Statements*.

### **BUDGETED FINANCIAL STATEMENTS**

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

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

##### **Budgeted departmental balance sheet**

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 departmental 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.

##### **Departmental statement of changes in equity — summary of movement**

This statement provides information on changes in the amount and nature of equity for the Budget year 2005-06.

##### **Departmental 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.

**Departmental property, plant, equipment and intangibles — summary of movement**

This statement shows the budgeted movement in the AOFM's non-financial assets during the Budget year 2005-06.

**Schedule of administered activity**

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

**Schedule of budgeted income and expenses administered on behalf of government**

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

**Schedule of budgeted assets and liabilities administered on behalf of government**

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

**Schedule of budgeted administered cash flows**

This schedule shows cash flows administered by the AOFM on behalf of the Australian Government, categorised into expected cash flows from operating activities, investing activities and financing activities.

**Schedule of administered capital budget**

This schedule shows all proposed capital expenditure on net debt management activities sourced from special appropriations.



**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	8,119	8,314	8,365	8,410	8,490
Goods and services <sup>1</sup>	248	-	-	-	-
Other	640	20	-	-	-
<b>Total income</b>	<b>9,007</b>	<b>8,334</b>	<b>8,365</b>	<b>8,410</b>	<b>8,490</b>
<b>EXPENSE</b>					
Employees	4,138	4,111	4,383	4,647	4,914
Suppliers	3,173	3,468	3,227	3,213	3,026
Depreciation and amortisation	805	755	755	550	550
Write-down of assets and impairment of assets	5	-	-	-	-
<b>Total expenses</b>	<b>8,121</b>	<b>8,334</b>	<b>8,365</b>	<b>8,410</b>	<b>8,490</b>
<b>Operating result from continuing operations</b>	<b>886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1 For 2004-05, the amount comprises services received free of charge from the Australian National Audit Office.

**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	102	625	76	739	1,461
Receivables <sup>1</sup>	7,971	7,971	7,971	7,971	7,971
<b>Total financial assets</b>	<b>8,073</b>	<b>8,596</b>	<b>8,047</b>	<b>8,710</b>	<b>9,432</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	1,043	1,192	1,442	1,292	1,042
Intangibles	1,178	674	1,170	870	570
Other	50	50	50	50	50
<b>Total non-financial assets</b>	<b>2,271</b>	<b>1,916</b>	<b>2,662</b>	<b>2,212</b>	<b>1,662</b>
<b>Total assets</b>	<b>10,344</b>	<b>10,512</b>	<b>10,709</b>	<b>10,922</b>	<b>11,094</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	902	1,070	1,267	1,480	1,652
Other	110	110	110	110	110
<b>Total provisions</b>	<b>1,012</b>	<b>1,180</b>	<b>1,377</b>	<b>1,590</b>	<b>1,762</b>
<b>Payables</b>					
Suppliers	83	83	83	83	83
<b>Total payables</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>
<b>Total liabilities</b>	<b>1,095</b>	<b>1,263</b>	<b>1,460</b>	<b>1,673</b>	<b>1,845</b>
<b>EQUITY*</b>					
Contributed equity	3,423	3,423	3,423	3,423	3,423
Reserves	138	138	138	138	138
Retained surpluses	5,688	5,688	5,688	5,688	5,688
<b>Total equity</b>	<b>9,249</b>	<b>9,249</b>	<b>9,249</b>	<b>9,249</b>	<b>9,249</b>
<b>Current assets</b>	<b>332</b>	<b>855</b>	<b>306</b>	<b>969</b>	<b>1,691</b>
<b>Non-current assets</b>	<b>10,012</b>	<b>9,657</b>	<b>10,403</b>	<b>9,953</b>	<b>9,403</b>
<b>Current liabilities</b>	<b>490</b>	<b>290</b>	<b>317</b>	<b>347</b>	<b>325</b>
<b>Non-current liabilities</b>	<b>605</b>	<b>973</b>	<b>1,143</b>	<b>1,326</b>	<b>1,520</b>

<sup>1</sup> Receivables balance includes \$7.8 million of undrawn appropriations held in the Official Public Account.

\* '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)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	6,146	8,314	8,365	8,410	8,490
Other	709	20	-	-	-
<b>Total cash received</b>	<b>6,855</b>	<b>8,334</b>	<b>8,365</b>	<b>8,410</b>	<b>8,490</b>
<b>Cash used</b>					
Employees	3,807	3,943	4,186	4,435	4,742
Suppliers	3,176	3,468	3,228	3,212	3,026
Other	24	-	-	-	-
<b>Total cash used</b>	<b>7,007</b>	<b>7,411</b>	<b>7,414</b>	<b>7,647</b>	<b>7,768</b>
<b>Net cash from or (used by) operating activities</b>	<b>(152)</b>	<b>923</b>	<b>951</b>	<b>763</b>	<b>722</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	79	400	1,500	100	-
<b>Total cash used</b>	<b>79</b>	<b>400</b>	<b>1,500</b>	<b>100</b>	<b>-</b>
<b>Net cash from or (used by) investing activities</b>	<b>(79)</b>	<b>(400)</b>	<b>(1,500)</b>	<b>(100)</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(231)</b>	<b>523</b>	<b>(549)</b>	<b>663</b>	<b>722</b>
Cash at the beginning of the reporting period	333	102	625	76	739
<b>Cash at the end of the reporting period</b>	<b>102</b>	<b>625</b>	<b>76</b>	<b>739</b>	<b>1,461</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>				
Balance carried forward from previous period	5,688	138	3,423	9,249
<b>Opening balance</b>	5,688	138	3,243	9,249
<b>Income and expense</b>				
Net operating result	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	-	-	-	-
<b>Closing balance as at 30 June 2006</b>	5,688	138	3,243	9,249

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	-	-	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total represented by</b>	-	-	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	79	400	1,500	100	-
<b>Total</b>	79	400	1,500	100	-

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	-	-	1,631	-	2,680	-	4,311
Accumulated depreciation/amortisation	-	-	-	-	(588)	-	(1,502)	-	(2,090)
<b>Opening net book value</b>	-	-	-	-	1,043	-	1,178	-	2,221
Additions:									
by purchase	-	-	-	-	400	-	-	-	400
Depreciation/amortisation expense	-	-	-	-	(251)	-	(504)	-	(755)
<b>As at 30 June 2006</b>									
Gross book value	-	-	-	-	2,031	-	2,680	-	4,711
Accumulated depreciation/amortisation	-	-	-	-	(839)	-	(2,006)	-	(2,845)
<b>Closing net book value</b>	-	-	-	-	1,192	-	674	-	1,866

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Non-taxation</b>					
Interest	3,121,564	3,201,690	2,724,903	2,992,926	3,057,172
Other sources of non-taxation revenues	88	-	-	-	-
<b>Total non-taxation</b>	<b>3,121,652</b>	<b>3,201,690</b>	<b>2,724,903</b>	<b>2,992,926</b>	<b>3,057,172</b>
<b>Total revenues administered on behalf of government</b>	<b>3,121,652</b>	<b>3,201,690</b>	<b>2,724,903</b>	<b>2,992,926</b>	<b>3,057,172</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	32,507	220,365	-	-	-
Interest	5,887,833	5,487,839	5,112,315	4,847,138	4,323,232
<b>Total expenses administered on behalf of government</b>	<b>5,920,340</b>	<b>5,708,204</b>	<b>5,112,315</b>	<b>4,847,138</b>	<b>4,323,232</b>
<b>Gains/(Losses)</b>					
Net foreign exchange gains/(losses)	9,729	-	-	-	-
<b>Total gains/(losses)</b>	<b>9,729</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES LESS EXPENSES BEFORE REMEASUREMENTS</b>	<b>(2,788,959)</b>	<b>(2,506,514)</b>	<b>(2,387,412)</b>	<b>(1,854,212)</b>	<b>(1,266,060)</b>
<b>REMEASUREMENTS</b>					
Net market valuation gains	-	587,037	339,763	265,867	171,127
<b>Total remeasurements<sup>1</sup></b>	<b>-</b>	<b>587,037</b>	<b>339,763</b>	<b>265,867</b>	<b>171,127</b>
<b>Comprehensive income</b>	<b>(2,788,959)</b>	<b>(1,919,477)</b>	<b>(2,047,649)</b>	<b>(1,588,345)</b>	<b>(1,094,933)</b>

1 Since 1 July 2005 the AOFM's administered financial statements have been prepared on a fair value basis. Prior to that the financial statements were prepared in accordance with the historical cost convention. Under fair value accounting, changes in the valuation of financial assets and financial liabilities due to changes in interest rates are reflected through the schedule of income and expenses (net market valuation gains).

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)<sup>1</sup>**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	609	609	609	609	609
Receivables	3,648,378	3,798,691	3,631,988	3,469,167	3,312,737
Investments (s.39 FMA Act)	25,450,000	14,911,000	23,968,000	34,844,000	44,323,000
Accrued revenues	212,608	-	-	-	-
<b>Total financial assets</b>	<b>29,311,595</b>	<b>18,710,300</b>	<b>27,600,597</b>	<b>38,313,776</b>	<b>47,636,346</b>
<b>Total assets administered on behalf of government</b>	<b>29,311,595</b>	<b>18,710,300</b>	<b>27,600,597</b>	<b>38,313,776</b>	<b>47,636,346</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Commonwealth government securities	55,760,541	59,854,000	59,648,000	61,466,000	61,125,000
<b>Total interest bearing liabilities</b>	<b>55,760,541</b>	<b>59,854,000</b>	<b>59,648,000</b>	<b>61,466,000</b>	<b>61,125,000</b>
<b>Provisions</b>					
Interest	3,413,665	-	-	-	-
<b>Total provisions</b>	<b>3,413,665</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities administered on behalf of government</b>	<b>59,174,206</b>	<b>59,854,000</b>	<b>59,648,000</b>	<b>61,466,000</b>	<b>61,125,000</b>

<sup>1</sup> Under fair value accounting (adopted since 1 July 2005) the aggregate value of a financial asset or financial liability is recorded against a single financial statement class. Under historical cost accounting the value of a financial asset or financial liability was disaggregated and recorded against several financial statement classes.



**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest	1,143,205	3,399,106	2,727,652	3,054,190	3,117,337
Other	93	-	-	-	-
<b>Total cash received</b>	<b>1,143,298</b>	<b>3,399,106</b>	<b>2,727,652</b>	<b>3,054,190</b>	<b>3,117,337</b>
<b>Cash used</b>					
Grant payments	31,913	220,365	-	-	-
Interest and other costs	3,862,539	6,265,033	5,119,607	4,938,793	4,503,862
<b>Total cash used</b>	<b>3,894,452</b>	<b>6,485,398</b>	<b>5,119,607</b>	<b>4,938,793</b>	<b>4,503,862</b>
<b>Net cash from or (used by) operating activities</b>	<b>(2,751,154)</b>	<b>(3,086,292)</b>	<b>(2,391,955)</b>	<b>(1,884,603)</b>	<b>(1,386,525)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Repayments of advances	82,209	84,576	86,703	88,821	91,430
<b>Total cash received</b>	<b>82,209</b>	<b>84,576</b>	<b>86,703</b>	<b>88,821</b>	<b>91,430</b>
<b>Net cash from or (used by) investing activities</b>	<b>82,209</b>	<b>84,576</b>	<b>86,703</b>	<b>88,821</b>	<b>91,430</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	5,717,179	6,404,095	6,309,306	5,089,258	5,087,592
Term deposit maturities	135,100,000	185,874,000	166,255,000	164,446,000	165,847,000
Other	75,817	-	-	-	-
<b>Total cash received</b>	<b>140,892,996</b>	<b>192,278,095</b>	<b>172,564,306</b>	<b>169,535,258</b>	<b>170,934,592</b>
<b>Cash used</b>					
Net repayment of borrowings	5,211,802	7,156,460	6,103,000	2,923,000	5,098,000
Term deposit investments	145,700,000	175,300,000	175,300,000	175,300,000	175,300,000
<b>Total cash used</b>	<b>150,911,802</b>	<b>182,456,460</b>	<b>181,403,000</b>	<b>178,223,000</b>	<b>180,398,000</b>
<b>Net cash from or (used by) financing activities</b>	<b>(10,018,806)</b>	<b>9,821,635</b>	<b>(8,838,694)</b>	<b>(8,687,742)</b>	<b>(9,463,408)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(12,687,751)</b>	<b>6,819,919</b>	<b>(11,143,946)</b>	<b>(10,483,524)</b>	<b>(10,758,503)</b>
Cash at beginning of reporting period	1,761	609	609	609	609
Cash from Official Public Account for:					
- appropriations	154,730,070	188,940,256	186,522,607	183,161,793	184,901,862
- special accounts	75,033	130,718	-	-	-
Cash to Official Public Account for:					
- receipts	(142,042,687)	(195,761,777)	(175,378,661)	(172,678,269)	(174,143,359)
- special accounts	(75,817)	(129,116)	-	-	-
<b>Cash at end of reporting period</b>	<b>609</b>	<b>609</b>	<b>609</b>	<b>609</b>	<b>609</b>

**Table 3.10: Schedule of administered capital budget**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered capital	-	-	-	-	-
Special appropriations	150,836,769	182,456,460	181,403,000	178,223,000	180,398,000
<b>Total capital appropriations</b>	150,836,769	182,456,460	181,403,000	178,223,000	180,398,000
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	150,836,769	182,456,460	181,403,000	178,223,000	180,398,000
<b>Total represented by</b>	150,836,769	182,456,460	181,403,000	178,223,000	180,398,000

**Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to AOFM.

## NOTES TO THE FINANCIAL STATEMENTS

### Basis of accounting

The departmental financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for infrastructure, plant and equipment assets and employee entitlements. Infrastructure, plant and equipment assets are revalued every three years using a fair value methodology. Employee entitlements are measured at the present value of estimated future cash flows based on periodic actuarial assessment.

Since 1 July 2005, the administered financial statements have been prepared on a fair value basis in accordance with Australian Equivalents to International Financial Reporting Standards. Prior to 1 July 2005 the administered financial statements were prepared on an accrual basis in accordance with the historical cost convention. A one-off adjustment of \$2,542 million (unfavourable) for the change in accounting treatment was made as at 1 July 2005. The adjustment relates to the following financial assets and financial liabilities:

	<b>As at 1 July 2005</b>		
	Book value on a fair value basis	Book value on a historic cost basis	Change in accounting policy
	\$m	\$m	\$m
Interest rate swaps	676	28	648
Loans to States and Territories	3,654	3,652	2
Commonwealth Government Securities	(62,366)	(59,174)	(3,192)
	(58,036)	(55,494)	(2,542)

Fair value is synonymous with market value and represents the estimated exchange equivalent price using relevant inputs from reference markets and valuation techniques. Fair value is determined on the presumption of normal market conditions and the reporting entity is not undertaking transactions on adverse terms.

On behalf of the Department of Communications, Information Technology and the Arts (DCITA), the AOFM currently oversees the investments made by the newly created Communications Fund. These are currently being held as deposits with the Reserve Bank of Australia. These investments and their earnings are reported by DCITA and not the AOFM.

### Budgeted departmental 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 (departmental 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.

- Departmental 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 Government Securities. Administered revenues include interest earned on housing agreement loans, interest on investments and interest from swaps.

### **Administered internal transactions**

Administered transactions between the AOFM and other agencies within the general government (administered internal transactions) are not reported in the schedule of budgeted administered income and expenses or the schedule of budgeted administered assets and liabilities.

However, for the purposes of disclosing all cash flows through AOFM's administered bank accounts, cash flows in the schedule 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*.

### **Appropriations in the accrual budgeting framework**

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

- departmental price of outputs appropriations: representing the Australian Government's purchase of outputs from the AOFM; 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 departmental income statement

### Appropriations

Price of outputs appropriation estimates are not based on market price indicators. The agreed price of outputs appropriation is based on Budget Process Operational Rules, whereby the AOFM's output appropriation is adjusted for wage cost indexation less efficiency dividend.

For financial years from 2005-06 to 2007-08 (inclusive), the government has imposed an additional 0.25 per cent efficiency dividend on agencies, bringing the efficiency dividend to 1.25 per cent for these financial years. The government is expecting to review the efficiency dividend arrangements in the 2008-09 Budget.

## Budgeted departmental balance sheet

### Cash and undrawn appropriations

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

- settle employee liabilities as they fall due;
- make asset replacements; 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 schedule of budgeted income and expenses

### Non-taxation revenue — interest

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Interest</b>					
Interest on housing agreements	159,467	155,985	152,382	148,668	144,838
Interest on State and Northern Territory debt	11,124	684	-	-	-
Interest from other sources	2,950,973	3,045,021	2,572,521	2,844,258	2,912,334
<b>Total interest</b>	<b>3,121,564</b>	<b>3,201,690</b>	<b>2,724,903</b>	<b>2,992,926</b>	<b>3,057,172</b>

Interest from other sources includes interest from swaps and investments.

Agency Additional Estimates Statements – AOFM

**Expenses – grants**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Grants</b>					
Grants to State and Northern Territory Governments	32,507	220,365	-	-	-
<b>Total grants</b>	32,507	220,365	-	-	-

**Expenses – interest and financing costs**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Interest</b>					
Interest on Commonwealth Government Securities	3,879,875	3,639,643	3,533,704	3,516,536	3,336,202
Interest on swaps	1,964,085	1,844,563	1,576,461	1,330,236	986,664
Interest on other debt	-	3,483	2,000	216	216
Net repurchase premia	43,771	-	-	-	-
Other	102	150	150	150	150
<b>Total interest and financing costs</b>	5,887,833	5,487,839	5,112,315	4,847,138	4,323,232

**Net market valuation gains**

Net market valuation gains represents the estimated unrealised fair value gains on the net debt portfolio. This valuation gain represents the change in financial exposures due to changes in market conditions and the passage of time.

In a passive 'issue and hold to maturity' strategy, such as that relating to the AOFM's debt issuance and management activities, the revaluation effect will net to zero over the life of a financial instrument.

**Administered schedule of budgeted assets and liabilities**

**Financial assets – receivables**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Receivables</b>					
Loans to State and Northern Territory Governments	3,648,378	3,433,691	3,346,988	3,258,167	3,166,737
Swaps <sup>1</sup>	-	365,000	285,000	211,000	146,000
<b>Total receivables</b>	3,648,378	3,798,691	3,631,988	3,469,167	3,312,737

<sup>1</sup> For 2004-05 swaps are included in 'Accrued revenues'.

**Financial assets — investments**

The AOFM, on behalf of the Australian Government, holds surplus funds as term deposits with the Reserve Bank of Australia. Estimates of the fair value of these asset holdings are disclosed as administered investments. The asset holdings of the Future Fund and other government agencies are not included in these estimates.

**Interest bearing liabilities — Commonwealth Government Securities**

Commonwealth Government Securities represent the fair value of government securities on issue.





# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 179).

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	Through ASIC, the Government seeks to ensure that consumers and investors receive honest and competent financial advice that is untainted by conflicts of interest, and that information about corporations is current and accurate.	Output Group 1.1 Australian Securities and Investments Commission
	ASIC also has an enforcement and regulatory role designed to deal with misconduct in order to promote a confident and informed market.	

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$8.6 million for the Australian Securities and Investments Commission (ASIC) in 2005-06.

## Variations — measures

**Table 1.2: Additional estimates and variations to outcomes — measures**

	2005-06	2006-07	2007-08	2008-09
	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>				
Increase in administered appropriations				
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers	1,460	2,984	3,196	3,416
Increase in departmental appropriations				
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers	2,089	3,167	3,352	3,453
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers ( <i>Related capital</i> )	300	-	-	-
Strengthening of ASIC's enforcement capabilities	3,306	-	-	-
Operation Wickenby Investigation and Prosecution	1,026	2,667	2,611	-
Operation Wickenby Investigation and Prosecution ( <i>Related capital</i> )	375	-	-	-

## Other variations to appropriations

### Increase in the price of outputs

There was no revision to Government parameters to restate the current year.

**Table 1.3: Additional estimates and variations to outcomes — other variations**

This table is not applicable to ASIC.

## MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2005-06 Budget

Measure	Outcome	Output groups affected	2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers	1	1.1	1,460	2,089	3,549	2,984	3,167	6,151	3,196	3,352	6,548	3,416	3,453	6,869
Corporate insolvency law reform - strengthening creditor protection and deterring misconduct by company officers <i>(Related capital)</i>	1	1.1	-	300	300	-	-	-	-	-	-	-	-	-
Strengthening the Australian Securities and Investments Commission's enforcement capabilities	1	1.1	-	3,306	3,306	-	-	-	-	-	-	-	-	-
Operation Wickenby Investigation and Prosecution	1	1.1	-	1,026	1,026	-	2,667	2,667	-	2,611	2,611	-	-	-
Operation Wickenby Investigation and Prosecution <i>(Related capital)</i>	1	1.1	-	375	375	-	-	-	-	-	-	-	-	-
<b>Total</b>			<b>1,460</b>	<b>7,096</b>	<b>8,556</b>	<b>2,984</b>	<b>5,834</b>	<b>8,818</b>	<b>3,196</b>	<b>5,963</b>	<b>9,159</b>	<b>3,416</b>	<b>3,453</b>	<b>6,869</b>

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ADMINISTERED ITEMS</b>					
<b>Outcome 1</b>					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	-	-	1,460	1,460	-
<b>Total</b>	-	-	1,460	1,460	-
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	205,888	213,656	220,077	6,421	-
<b>Total</b>	205,888	213,656	220,077	6,421	-
<b>Total administered and departmental</b>	205,888	213,656	220,077	7,881	-

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>Non-operating</b>					
Equity injections	11,915	1,490	2,165	675	-
<b>Total capital</b>	11,915	1,490	2,165	675	-
<b>Total</b>	11,915	1,490	2,165	675	-

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation
<b>Outcome 1</b>			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,534	1,476	(58)
<b>Total</b>	1,534	1,476	(58)

## SUMMARY OF AGENCY SAVINGS

There were no savings in agency departmental outputs in 2005-06.

### Table 1.8: Summary of agency savings

This table is not applicable to ASIC.

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include *Commonwealth Authorities and Companies Act 1997* (CAC) body receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

### Table 1.9: Other receipts available to be used

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Services	3,329	3,349
Interest	2,450	2,603
Other	2,613	2,792
<b>Total departmental other receipts available to be used</b>	<b>8,392</b>	<b>8,744</b>

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

### Table 1.10: Estimates of expenses from special appropriations

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Estimated expenses</b>		
Estimated payments of banking unclaimed monies paid under the <i>Banking Act 1959 - section 69</i>	22,000	18,000
Estimated payments of life insurance unclaimed monies paid under the <i>Life Insurance Act 1995 - section 216</i>	4,000	3,000
<b>Total estimated expenses</b>	<b>26,000</b>	<b>21,000</b>

*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 2005-06 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*).

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>
	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>	<i>2004-05</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>SPECIAL ACCOUNTS</b>					
Other Trust Monies	-	-	-	-	-
- <i>FMA Act 1997</i>	-	-	-	-	-
Services from Other Government and Non-Agency Bodies	-	-	-	-	-
- <i>FMA Act 1997</i>	-	-	-	-	-
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>	-	-	-	-	-
<i>Total special accounts</i>					
<i>2004-05 actual</i>	-	-	-	-	-

The special accounts are governed by section 20 of the *Financial Management and Accountability Act 1997* (FMA Act 1997).

## Section 2: Revisions to agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 ‘Agency outcomes and output groups’ lists the outcome statements and output groups for Australian Securities and Investments Commission (ASIC).

ASIC has not made any changes to its outcome or outputs since the *2005-06 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.

#### **Outcome 1**

##### **Revised performance information — 2005-06**

ASIC has not made any changes to its performance information since the *2005-06 Portfolio Budget Statements*.

## **Section 3: Budgeted financial statements**

The budgeted departmental and administered 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 (incorporating the Australian Equivalents to International Financial Reporting Standards (AEIFRS)) and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

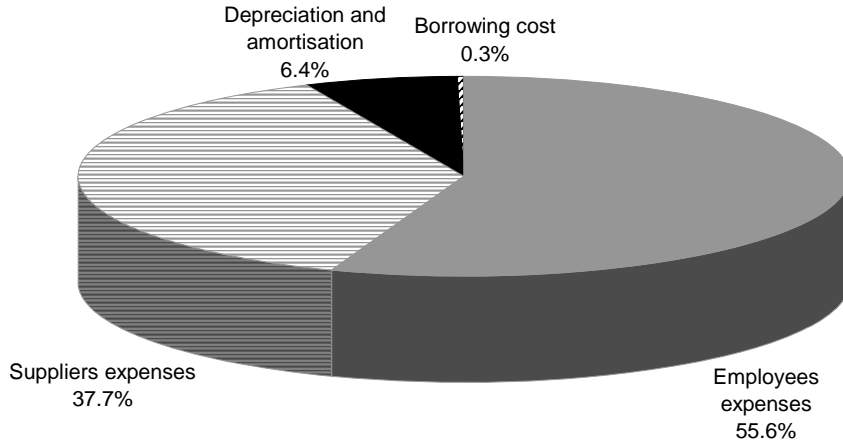
ASIC is budgeting for a break-even operating result for 2005-06 and for the remainder of the forward estimates.

Appropriation for 2005-06 is \$226.8 million, which is an increase of \$27.6 million on the amount recognised in 2004-05. The rise in appropriation is attributed to the Government's decision to fund ASIC for corporate insolvency law reform – strengthening creditor protection and deterring misconduct by company officers, the implementation of the Choice of Superannuation Fund, funding for the implementation of the United States-Australian Audit Regulation programme, increased funding for ongoing litigation and funding for the operation Wickenby investigation and prosecution. In addition, \$6.7 million appropriated to ASIC in 2004-05 was reprofiled to 2005-06.

Total expenses including borrowing costs for 2005-06 are estimated to be \$235.5 million, an increase of \$26.9 million over the prior financial year. The expenditure will be used to fund activities that contribute towards achieving output objectives.



**Budgeted total agency expenses 2005-06**



**Budgeted departmental balance sheet**

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

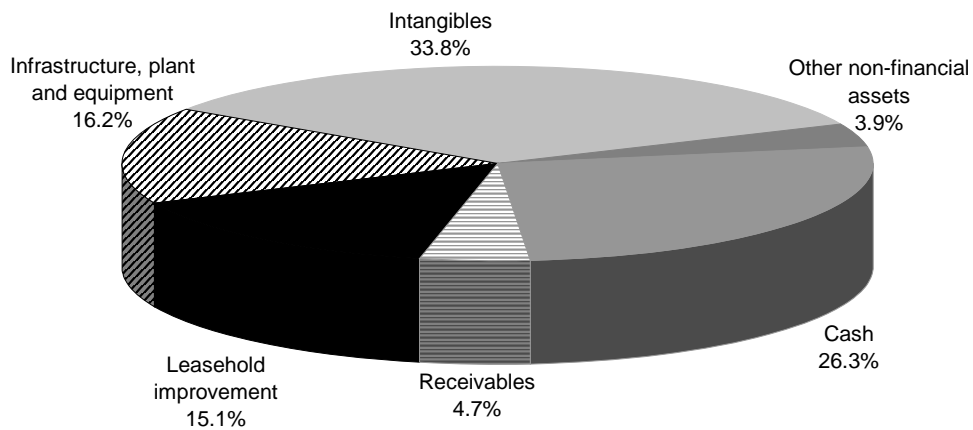
**Equity**

ASIC's budgeted equity (or net asset position) for 2005-06 is expected to be \$13.7 million. This includes capital funding of \$2.2 million for specific enforcement matters.

**Financial assets**

The \$2.2 million (referred to in the equity section above) will be spent on the purchase of capital items. Accounts receivable for 2005-06 is expected to be \$2.7 million, a reduction of \$3.5 million. Of this reduction, \$3.1 million relates to 2004-05 appropriation receivable, received in 2005-06.

**Budgeted total agency assets 2005-06**



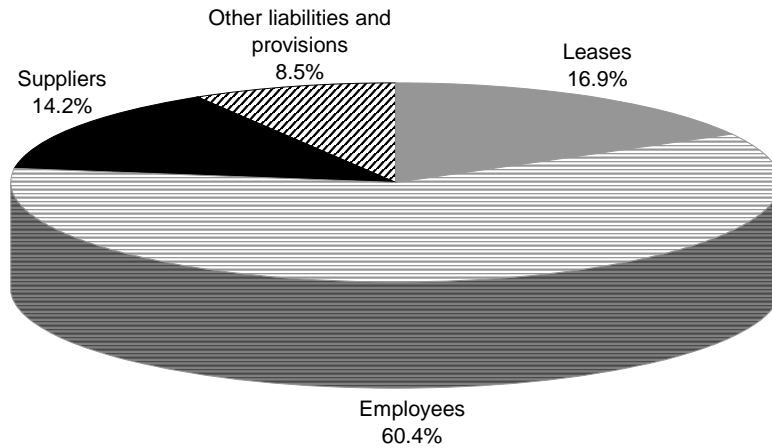
**Liabilities — interest bearing**

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 have been prepared having regard to the estimated cost of equipment that will be leased under ASIC's asset replacement program. Other interest bearing liabilities consists of amortised lease incentives, which decreases gradually over the expected life of the related leases.

**Provisions and payables**

The principal item under this heading is employee leave provisions and accruals which include annual and long service leave. Other provisions and payables consist of a make-good provision for leased premises, which decreases gradually over the expected life of the related leases.

**Budgeted total agency liabilities 2005-06**



**BUDGETED FINANCIAL STATEMENTS**

**Departmental financial statements**

**Budgeted departmental income statement**

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 departmental balance sheet**

This statement shows the financial position of ASIC. It helps decision-makers track the management of ASIC's 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 statement of changes in equity — summary of movement**

This statement shows the changes in the equity position of ASIC. It helps decision-makers track the management of ASIC's equity.

**Departmental capital budget statement**

This statement shows all proposed capital expenditure funded from appropriations or from internal sources.

**Departmental property, plant, equipment and intangibles — summary of movement**

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

**Schedule 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.

**Schedule of budgeted income and expenses administered on behalf of government**

The schedule 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, and to establish a fund to finance investigations of breaches of directors' duties and fraudulent conduct under the corporate insolvency law reform legislation.

Expenses represent the budget estimated for the payment of unclaimed monies and overpayments referred to above, the budgeted estimate for bad debt expense and payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct under the corporate insolvency law reform legislation.

Other revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001*. The increase in 2005-06 is the result of an increase in the number of companies being incorporated.

**Schedule of budgeted assets and liabilities administered on behalf of government**

**Financial Assets**

The amount shown for receivables in 2005-06 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*.

**Schedule 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 departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	199,200	226,765	202,568	203,940	200,645
Goods and services	3,155	3,349	3,396	3,464	3,533
Interest	2,622	2,603	2,450	2,450	2,450
Other	3,182	2,792	2,671	2,731	2,792
<b>Total revenue</b>	<b>208,159</b>	<b>235,509</b>	<b>211,085</b>	<b>212,585</b>	<b>209,420</b>
<b>Gains</b>					
Net gains from sale of assets	33	-	-	-	-
<b>Total gains</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>208,192</b>	<b>235,509</b>	<b>211,085</b>	<b>212,585</b>	<b>209,420</b>
<b>EXPENSE</b>					
Employees	125,264	131,037	127,259	126,997	127,385
Suppliers	68,540	88,758	67,927	69,925	66,538
Depreciation and amortisation	14,012	15,067	15,196	15,133	14,909
Finance costs	549	647	703	530	588
Write-down of assets and impairment of assets	245	-	-	-	-
<b>Total expenses</b>	<b>208,610</b>	<b>235,509</b>	<b>211,085</b>	<b>212,585</b>	<b>209,420</b>
<b>Operating result from ordinary activities</b>	<b>(418)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>(418)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Changes in Accounting Policies	(4,079)	-	-	-	-
<b>Total changes in equity excluding transaction with owners</b>	<b>(4,497)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	14,907	15,421	14,096	13,388	15,213
Receivables <sup>1</sup>	6,207	2,747	2,719	2,735	2,752
<b>Total financial assets</b>	<b>21,114</b>	<b>18,168</b>	<b>16,815</b>	<b>16,123</b>	<b>17,965</b>
<b>Non-financial assets</b>					
Leasehold Improvement	11,046	8,844	7,844	7,261	5,813
Infrastructure, plant and equipment	6,937	9,473	6,009	8,416	10,205
Intangibles	16,879	19,780	19,548	16,673	17,273
Other non-finance assets	2,268	2,268	2,268	2,268	2,268
<b>Total non-financial assets</b>	<b>37,130</b>	<b>40,365</b>	<b>35,669</b>	<b>34,618</b>	<b>35,559</b>
<b>Total assets</b>	<b>58,244</b>	<b>58,533</b>	<b>52,484</b>	<b>50,741</b>	<b>53,524</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	4,052	9,318	5,958	4,214	7,424
Other	2,286	1,466	1,015	716	432
<b>Total interest bearing liabilities</b>	<b>6,338</b>	<b>10,784</b>	<b>6,973</b>	<b>4,930</b>	<b>7,856</b>
<b>Provisions</b>					
Employees	32,379	33,321	32,265	32,198	32,483
Other	3,210	3,049	3,088	3,256	2,987
<b>Total provisions</b>	<b>35,589</b>	<b>36,370</b>	<b>35,353</b>	<b>35,454</b>	<b>35,470</b>
<b>Payables</b>					
Suppliers	8,250	7,835	6,614	6,813	6,654
Other	6,903	215	215	215	215
<b>Total payables</b>	<b>15,153</b>	<b>8,050</b>	<b>6,829</b>	<b>7,028</b>	<b>6,869</b>
<b>Total liabilities</b>	<b>57,080</b>	<b>55,204</b>	<b>49,155</b>	<b>47,412</b>	<b>50,195</b>
<b>EQUITY*</b>					
Contributed equity	11,510	13,675	13,675	13,675	13,675
Reserves	5,254	5,254	5,254	5,254	5,254
Accumulated deficits	(15,600)	(15,600)	(15,600)	(15,600)	(15,600)
<b>Total equity</b>	<b>1,164</b>	<b>3,329</b>	<b>3,329</b>	<b>3,329</b>	<b>3,329</b>
<b>Current assets</b>	<b>23,382</b>	<b>20,436</b>	<b>19,083</b>	<b>18,391</b>	<b>20,233</b>
<b>Non-current assets</b>	<b>34,862</b>	<b>38,097</b>	<b>33,401</b>	<b>32,350</b>	<b>33,291</b>
<b>Current liabilities</b>	<b>30,834</b>	<b>37,905</b>	<b>34,099</b>	<b>33,301</b>	<b>34,890</b>
<b>Non-current liabilities</b>	<b>26,246</b>	<b>17,299</b>	<b>15,056</b>	<b>14,111</b>	<b>15,305</b>

<sup>1</sup> The reduction in receivable from 2004-05 to 2005-06 is mainly attributable to the drawdown in 2005-06 of Appropriation Receivable recognised in 2004-05.

\* '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)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	3,154	3,575	3,365	3,448	3,568
Appropriations	202,957	223,161	202,568	203,940	200,645
Interest	2,622	2,603	2,450	2,450	2,450
Other	11,779	11,318	9,896	9,783	10,021
<b>Total cash received</b>	<b>220,512</b>	<b>240,657</b>	<b>218,279</b>	<b>219,621</b>	<b>216,684</b>
<b>Cash used</b>					
Employees	127,225	131,637	131,829	134,670	131,173
Suppliers	70,408	89,262	66,787	63,051	64,029
Financing costs	370	647	703	530	588
Other	8,260	7,726	6,425	6,252	6,429
<b>Total cash used</b>	<b>206,263</b>	<b>229,272</b>	<b>205,744</b>	<b>204,503</b>	<b>202,219</b>
<b>Net cash from or (used by) operating activities</b>	<b>14,249</b>	<b>11,385</b>	<b>12,535</b>	<b>15,118</b>	<b>14,465</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	33	-	-	-	-
Other	-	1,836	-	-	-
<b>Total cash received</b>	<b>33</b>	<b>1,836</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	6,090	2,204	2,700	5,112	4,050
Other	10,281	8,878	7,150	6,350	4,600
<b>Total cash used</b>	<b>16,371</b>	<b>11,082</b>	<b>9,850</b>	<b>11,462</b>	<b>8,650</b>
<b>Net cash from or (used by) investing activities</b>	<b>(16,338)</b>	<b>(9,246)</b>	<b>(9,850)</b>	<b>(11,462)</b>	<b>(8,650)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	11,508	2,165	-	-	-
<b>Total cash received</b>	<b>11,508</b>	<b>2,165</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Repayments of debt	5,362	3,790	4,010	4,364	3,990
<b>Total cash used</b>	<b>5,362</b>	<b>3,790</b>	<b>4,010</b>	<b>4,364</b>	<b>3,990</b>
<b>Net cash from or (used by) financing activities</b>	<b>6,146</b>	<b>(1,625)</b>	<b>(4,010)</b>	<b>(4,364)</b>	<b>(3,990)</b>
<b>Net increase or (decrease) in cash held</b>	<b>4,057</b>	<b>514</b>	<b>(1,325)</b>	<b>(708)</b>	<b>1,825</b>
Cash at the beginning of the reporting period	10,850	14,907	15,421	14,096	13,388
<b>Cash at the end of the reporting period</b>	<b>14,907</b>	<b>15,421</b>	<b>14,096</b>	<b>13,388</b>	<b>15,213</b>



**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	(11,521)	5,254	-	11,510	5,243
Adjustment for changes in accounting policies	(4,079)	-	-	-	(4,079)
<b>Adjusted opening balance</b>	<b>(15,600)</b>	<b>5,254</b>	<b>-</b>	<b>11,510</b>	<b>1,164</b>
<b>Income and expense</b>					
Net operating result	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	2,165	2,165
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,165</b>	<b>2,165</b>
<b>Closing balance as at 30 June 2006</b>	<b>(15,600)</b>	<b>5,254</b>	<b>-</b>	<b>13,675</b>	<b>3,329</b>

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	11,508	2,165	-	-	-
<b>Total capital appropriations</b>	11,508	2,165	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	208	2,165	-	-	-
Other	11,300	-	-	-	-
<b>Total represented by</b>	11,508	2,165	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	208	2,165	-	-	-
Funded internally by					
Departmental resources	15,740	8,917	9,850	11,462	8,650
<b>Total</b>	15,948	11,082	9,850	11,462	8,650

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	Leasehold Improvement	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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	31,260	-	11,383	-	32,960	-	75,603
Accumulated depreciation	-	-	(20,214)	-	(4,446)	-	(16,081)	-	(40,741)
<b>Opening net book value</b>	-	-	11,046	-	6,937	-	16,879	-	34,862
Additions:									
by purchase	-	-	916	-	1,288	-	8,878	-	11,082
by finance lease	-	-	-	-	9,056	-	-	-	9,056
Depreciation/amortisation expense	-	-	(3,118)	-	(5,972)	-	(5,977)	-	(15,067)
Disposals:									
other disposals	-	-	-	-	(1,836)	-	-	-	(1,836)
<b>As at 30 June 2006</b>									
Gross book value	-	-	32,176	-	19,891	-	41,838	-	93,905
Accumulated depreciation	-	-	(23,332)	-	(10,418)	-	(22,058)	-	(55,808)
<b>Closing net book value</b>	-	-	8,844	-	9,473	-	19,780	-	38,097

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Revenue</b>					
<b>Non-taxation</b>					
Revenues from government	23,795	28,460	30,984	33,196	34,416
Interest	49	50	50	50	50
Other	568,365	587,268	594,871	602,554	610,316
<b>Total non-taxation</b>	<b>592,209</b>	<b>615,778</b>	<b>625,905</b>	<b>635,800</b>	<b>644,782</b>
<b>Total income administered on behalf of government</b>	<b>592,209</b>	<b>615,778</b>	<b>625,905</b>	<b>635,800</b>	<b>644,782</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	-	1,460	2,984	3,196	3,416
Write down and impairment of assets	28,440	29,053	27,396	27,725	28,058
Other	20,572	21,000	22,000	24,000	25,000
<b>Total expenses administered on behalf of government</b>	<b>49,012</b>	<b>51,513</b>	<b>52,380</b>	<b>54,921</b>	<b>56,474</b>

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	4,479	3,939	3,989	4,039	4,089
Receivables	68,950	75,703	82,914	90,140	97,380
<b>Total financial assets</b>	<b>73,429</b>	<b>79,642</b>	<b>86,903</b>	<b>94,179</b>	<b>101,469</b>
<b>Total assets administered on behalf of government</b>	<b>73,429</b>	<b>79,642</b>	<b>86,903</b>	<b>94,179</b>	<b>101,469</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Other payables	4,652	5,600	5,600	5,600	5,600
<b>Total payables</b>	<b>4,652</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>
<b>Total liabilities administered on behalf of government</b>	<b>4,652</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>

**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	23,768	28,460	30,984	33,196	34,416
Interest	49	50	50	50	50
Other	532,670	558,543	566,535	573,894	581,328
<b>Total cash received</b>	<b>556,487</b>	<b>587,053</b>	<b>597,569</b>	<b>607,140</b>	<b>615,794</b>
<b>Cash used</b>					
Cash to Official Public Account	535,254	559,000	566,264	573,603	581,018
Suppliers		1,460	2,984	3,196	3,416
Other	20,546	27,133	28,271	30,291	31,310
<b>Total cash used</b>	<b>555,800</b>	<b>587,593</b>	<b>597,519</b>	<b>607,090</b>	<b>615,744</b>
<b>Net cash from or (used by) operating activities</b>	<b>687</b>	<b>(540)</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Net increase or (decrease) in cash held</b>	<b>687</b>	<b>(540)</b>	<b>50</b>	<b>50</b>	<b>50</b>
Cash at beginning of reporting period	3,792	4,479	3,939	3,989	4,039
<b>Cash at end of reporting period</b>	<b>4,479</b>	<b>3,939</b>	<b>3,989</b>	<b>4,039</b>	<b>4,089</b>

**Table 3.10: Schedule of administered capital budget**

This table is not applicable to ASIC.

**Table 3.11: Schedule of administered property, plant, equipment and  
intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to ASIC.

## **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 lower of fair value or 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 income statement on a basis that is representative of the pattern of benefits derived from the lease assets.

### **Depreciation and amortisation**

Computer equipment is depreciated using the declining-balance method whilst, for all other plant and equipment, the straight-line method of depreciation is applied. 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.

### **Provisions and payables**

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements and provisions for



making-good leased premises. No provision for sick leave is required as all sick leave is non-vesting.

**Schedule of budgeted revenues and expenses administered on behalf of government**

**Revenues**

Non-taxation revenues are predominately comprised of revenues from government, required for refunds paid under the *Banking Act 1959* and the *Life Insurance Act 1995*, and *Corporations Act 2001* fees and charges.

**Write down and impairment of assets**

Write down and impairment of assets represents waivers and write-offs of Corporations Law fees.

**Schedule of budgeted assets and liabilities administered on behalf of government**

**Financial assets**

The financial assets include Corporations Law debt invoiced and still outstanding at year-end.

**Schedule of budgeted administered cash flows**

All cash collected by ASIC for Corporations Law revenue, is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed monies and *Life Insurance Act 1995* unclaimed monies is transferred to the OPA when received.



# AUSTRALIAN TAXATION OFFICE

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 215).

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
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	The provision of an integrated platform for a viable and sustainable revenue administration.	Output Group 1.1 Australian Taxation Office

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$15.5 million for the Australian Taxation Office (Tax Office).

**Variations — measures**

**Table 1.2: Additional estimates and variations to outcomes — measures**

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
<b>Outcome 1</b>				
Increase in departmental appropriations				
Expanded promotion of 30 per cent Child Care Tax Rebate	1,122	1,170	-	-
Operation Wickenby - Investigations and Prosecutions	14,304	36,991	36,763	34,576
Operation Wickenby - Investigations and Prosecutions ( <i>Related capital</i> )	100	2,121	1,119	-
Increase in administered revenue				
Operation Wickenby - Investigations and Prosecutions ( <i>Related revenue</i> ) <sup>1</sup>	-	91,000	98,000	100,000

<sup>1</sup> This measure will increase revenue over the forward estimates.

**Other variations to appropriations**

**Table 1.3: Additional estimates and variations to outcomes — other variations**

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
<b>Outcome 1</b>				
Variations in departmental appropriations				
Parameter movements	-	(2)	(4,562)	(6,934)

The Tax Office's appropriation is reduced from 2006-07 to 2008-09 due to adjustments to the indexation of base appropriation.

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

Measure	Outcome	Output groups affected	2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expanded promotion of 30 per cent Child Care Tax Rebate	1	1.1	-	1,122	1,122	-	1,170	1,170	-	-	-	-	-	-
Operation Wickenby - Investigations and Prosecutions	1	1.1	-	14,304	14,304	-	36,991	36,991	-	36,763	36,763	-	34,576	34,576
Operation Wickenby - Investigations and Prosecutions (Related capital)	1	1.1	-	100	100	-	2,121	2,121	-	1,119	1,119	-	-	-
Total expense and related capital			-	15,526	15,526	-	40,282	40,282	-	37,882	37,882	-	34,576	34,576
Operation Wickenby - Investigations and Prosecutions (Related revenue) <sup>1</sup>	1	1.1	-	-	-	91,000	-	91,000	98,000	-	98,000	100,000	-	100,000
Total revenue			-	-	-	91,000	-	91,000	98,000	-	98,000	100,000	-	100,000

1 This measure will increase revenue in the forward estimates.

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
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	2,372,219	2,443,613	2,459,039	15,426	-
<b>Total Departmental</b>	2,372,219	2,443,613	2,459,039	15,426	-

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>Non-operating</b>					
Equity injections	-	-	100	100	-
<b>Total</b>	-	-	100	100	-

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation <sup>1</sup>
<b>Outcome 1</b>			
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	20,792	20,854	62
<b>Total</b>	20,792	20,854	62

<sup>1</sup> Movement in ASL is due to additional activity flowing from Operation Wickenby and the Expanded 30 per cent Child Care Tax Rebate campaign.

**SUMMARY OF AGENCY SAVINGS**

**Table 1.8: Summary of agency savings**

This table is not applicable to the Tax Office.

**OTHER RECEIPTS AVAILABLE TO BE USED**

Table 1.9 provides details of other receipts available to be used and include *Financial Management and Accountability Act 1997* (FMA) section 31 receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

**Table 1.9: Other receipts available to be used**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Sales of goods and service	42,169	42,169
<b>Total departmental other receipts available to be used</b>	42,169	42,169
<b>Administered other receipts</b>		
<i>Superannuation Guarantee (Administration) Act, 1992</i> - shortfalls, penalties and fines	149,000	200,000
<i>Superannuation Industry (Supervision) Act, 1993</i> - Self Managed Superannuation Fund Levy	17,600	17,600
Miscellaneous receipts	11,000	30,000
<b>Total administered other receipts available to be used</b>	177,600	247,600

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations<sup>1</sup>**

	Budget estimate	Revised estimate
	2005-06	2005-06
	\$'000	\$'000
<b>Estimated expenses</b>		
Refunds - s16 <i>Tax Administration Act, 1953</i>	52,761,000	54,789,000
Family Tax Benefit	1,614,082	1,768,000
Energy Grants (Credits) Scheme	3,712,000	3,535,783
Fuel Sales Grants Scheme	270,000	270,000
Measure for a Better Environment - Cleaner Fuels	8,000	8,000
Product Stewardship Waste Oil	19,000	19,000
Large Scale Film Production	95,000	95,000
R & D refundable tax offset for small companies	247,000	298,000
Superannuation Co-contribution	1,016,000	1,016,000
<i>Superannuation Guarantee (Administration) Act, 1992</i>		
Distribution of charges	217,000	190,000
<i>Superannuation (Unclaimed Money and Lost Member) Act, 1999 - Repayment of unclaimed monies</i>	5	5
<b>Total estimated expenses</b>	<b>59,959,087</b>	<b>61,988,788</b>

<sup>1</sup> All estimated expenses from special appropriations are administered expenses.

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
	2005-06 <sup>1</sup>	2005-06	2005-06	2005-06	2005-06
	2004-05 <sup>1</sup>	2004-05	2004-05	2004-05	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Valuation Office (D)	6,453	19,806	21,336	-	4,923
	5,089	24,264	22,900	-	6,453
Excise Security Deposits (A)	46	5	1	-	50
	48	515	517	-	46
Other Trust Monies (A)	21,276	4,216	24,216	-	1,276
	21,228	4,019	3,971	-	21,276
Superannuation Holding Accounts	59,300	9,000	20,000	-	48,300
Reserve Trust Accounts <sup>2</sup>	58,531	13,434	12,665	-	59,300
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>	<b>87,075</b>	<b>33,027</b>	<b>65,553</b>	<b>-</b>	<b>54,549</b>
<i>Total special accounts 2004-05 actual</i>	<i>84,896</i>	<i>42,232</i>	<i>40,053</i>	<i>-</i>	<i>87,075</i>

These special accounts are governed by the *Financial Management and Accountability Act 1997* and figures are cash based and include transactions between the Australian Valuation Office and the Tax Office.

(A) = Administered, (D) = Departmental.

<sup>1</sup> The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from that shown in the *2005-06 Portfolio Budget Statements* as the actual for 2004-05 may have been updated to reflect the final budget outcome for that year.

<sup>2</sup> This special account is administered in nature and is governed by the *Superannuation Supervision Act 1995*.



## Section 2: Revisions to agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 'Agency outcomes and output groups' lists the outcome statements and output groups for the Australian Taxation Office (Tax Office).

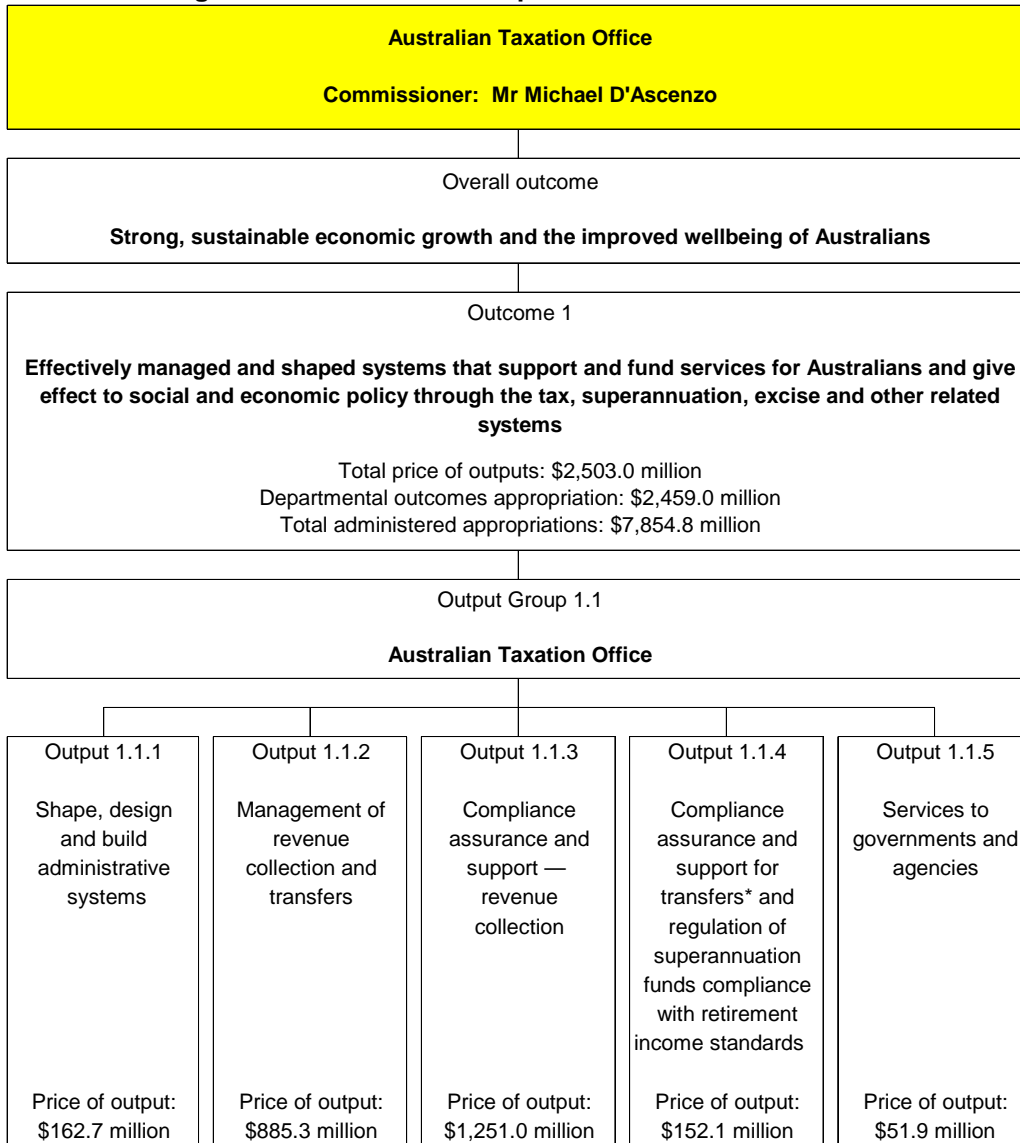
The Tax Office has not made any changes to its outcome or outputs since the *2005-06 Portfolio Budget Statements*.

#### **Output cost attribution**

The Tax Office 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 Full Time Employees (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.

**Figure 1: Outcome and output structure for Outcome 1**



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

**Revised performance information — 2005-06**

The Tax Office has not made any changes to its performance information since the 2005-06 *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 (Tax Office) 2005-06 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 schedules are consistent with the forms of financial statements specified under the 2004-05 Finance Minister's Orders *Requirements for the Preparation of Financial Statements of Australian Government Entities*.

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

There has been no change in the Tax Office's 2005-06 budgeted operating loss of \$15.1 million outlined in the *2005-06 Treasury Portfolio Budget Statements* (page 236).

##### **Operating Revenues**

Total departmental revenue is estimated to be \$2,503.0 million and consists of \$2,459.0 million appropriation and revenue from other sources of \$44.0 million. This is an increase of \$68.0 million from the 2004-05 actual revenue.

This rise in revenue is driven by additional operational activity as a result of Budget measures shown in Table 1.4 and those published in the *2005-06 Treasury Portfolio Budget Statements*, the *2004-05 Treasury Portfolio Additional Estimates Statements* and the *2004-05 Treasury Portfolio Budget Statements*.

##### **Operating Expenses**

Total expenses are estimated to be \$2,517.9 million. This is an increase of \$58.7 million from the 2004-05 actual expenditure.

Operating expenses consist of \$1,576.6 million in labour expenditure, \$823.7 million in supplier expenditure and \$117.6 million in depreciation and amortisation.

This rise in expenses is driven by additional operational activity as a result of Budget Measures shown in Table 1.4 and those published in the *2005-06 Treasury Portfolio Budget Statements*, the *2004-05 Treasury Portfolio Additional Estimates Statements* and the *2004-05 Treasury Portfolio Budget Statements*.

**Budgeted departmental balance sheet**

In 2005-06 the Tax Office's equity position will be negative \$56.7 million. This is a decline of \$15.3 million predominantly from 2004-05 as a result of the approved operating loss.

**Assets**

In 2005-06 the Tax Office will be maintaining its commitment to long-term improvement, investing \$154.5 million in capital.

**Liabilities**

The Tax Office's liabilities are predominantly employee entitlements. There is no significant movement in total liabilities from 2004-05.

**BUDGETED FINANCIAL STATEMENTS**

**Departmental financial statements**

**Budgeted departmental income statement**

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

**Budgeted departmental balance sheet**

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

**Budgeted departmental statement of cash flows**

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

**Departmental statement of changes in equity — summary of movement**

This statement shows the movement in the Tax Office's equity over the Budget year.

**Departmental capital budget statement**

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

**Departmental property, plant, equipment and intangibles — summary of movement**

This statement shows the movement in the Tax Office's non-financial assets over the Budget year.

**Schedule of administered activity**

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

**Schedule of budgeted income and expenses administered on behalf of government**

This schedule 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.

**Schedule of budgeted assets and liabilities administered on behalf of government**

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

**Schedule of budgeted administered cash flows**

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

**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	2,372,219	2,459,039	2,479,377	2,491,559	2,519,740
Goods and services	59,540	42,169	41,828	41,869	42,610
Interest	287	-	-	-	-
Other Revenue	2,941	1,820	1,910	1,910	1,910
<b>Total revenue</b>	<b>2,434,987</b>	<b>2,503,028</b>	<b>2,523,115</b>	<b>2,535,338</b>	<b>2,564,260</b>
<b>Total income</b>	<b>2,434,987</b>	<b>2,503,028</b>	<b>2,523,115</b>	<b>2,535,338</b>	<b>2,564,260</b>
<b>EXPENSE</b>					
Employees	1,540,940	1,576,527	1,565,314	1,595,357	1,617,312
Suppliers	822,738	823,698	827,461	809,323	816,177
Depreciation and amortisation	89,140	117,633	129,472	129,792	129,902
Write-down of assets and impairment of assets	143	-	-	-	-
Net losses from sale of assets	6,153	-	-	-	-
Borrowing costs expense	726	-	-	-	-
<b>Total expenses</b>	<b>2,459,840</b>	<b>2,517,858</b>	<b>2,522,247</b>	<b>2,534,472</b>	<b>2,563,391</b>
<b>Operating result from continuing operations</b>	<b>(24,853)</b>	<b>(14,830)</b>	<b>868</b>	<b>866</b>	<b>869</b>
Income tax expenses	611	261	267	267	267
<b>Net surplus/(deficit)</b>	<b>(25,464)</b>	<b>(15,091)</b>	<b>601</b>	<b>599</b>	<b>602</b>
Total Revenues, Expenses and Valuation Adjustments	2,509	-	-	-	-
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>(22,955)</b>	<b>(15,091)</b>	<b>601</b>	<b>599</b>	<b>602</b>

**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	43,884	42,859	43,772	44,139	44,311
Receivables	205,544	173,044	170,044	173,044	173,044
Other receivables	21,186	18,961	19,040	18,974	19,276
<b>Total financial assets</b>	<b>270,614</b>	<b>234,864</b>	<b>232,856</b>	<b>236,157</b>	<b>236,631</b>
<b>Non-financial assets</b>					
Land and buildings	89,485	87,272	84,888	84,361	83,834
Infrastructure, plant and equipment	113,751	107,707	99,082	94,924	90,766
Intangibles	231,592	276,740	317,708	339,030	351,123
Other non-financial assets	27,523	27,691	27,900	28,109	28,109
<b>Total non-financial assets</b>	<b>462,351</b>	<b>499,410</b>	<b>529,578</b>	<b>546,424</b>	<b>553,832</b>
<b>Total assets</b>	<b>732,965</b>	<b>734,274</b>	<b>762,434</b>	<b>782,581</b>	<b>790,463</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	52,176	52,176	52,176	52,176	52,176
Other	6,682	6,603	6,524	6,445	6,445
<b>Total interest bearing liabilities</b>	<b>58,858</b>	<b>58,779</b>	<b>58,700</b>	<b>58,621</b>	<b>58,621</b>
<b>Provisions</b>					
Employees	497,187	522,391	546,944	567,079	574,866
Other	40,085	29,818	29,550	29,283	29,283
<b>Total provisions</b>	<b>537,272</b>	<b>552,209</b>	<b>576,494</b>	<b>596,362</b>	<b>604,149</b>
<b>Payables</b>					
Suppliers	174,359	176,096	177,630	176,578	176,381
Other	3,892	3,900	3,907	3,907	3,907
<b>Total payables</b>	<b>178,251</b>	<b>179,996</b>	<b>181,537</b>	<b>180,485</b>	<b>180,288</b>
<b>Total liabilities</b>	<b>774,381</b>	<b>790,984</b>	<b>816,731</b>	<b>835,468</b>	<b>843,058</b>
<b>EQUITY*</b>					
Contributed equity	184,796	184,896	187,017	188,136	188,136
Reserves	29,718	29,718	29,718	29,718	29,718
Retained surpluses or accumulated deficits	(255,930)	(271,324)	(271,032)	(270,741)	(270,449)
<b>Total equity</b>	<b>(41,416)</b>	<b>(56,710)</b>	<b>(54,297)</b>	<b>(52,887)</b>	<b>(52,595)</b>
<b>Current assets</b>	<b>298,114</b>	<b>258,014</b>	<b>256,180</b>	<b>259,656</b>	<b>260,130</b>
<b>Non-current assets</b>	<b>434,851</b>	<b>476,260</b>	<b>506,254</b>	<b>522,925</b>	<b>530,333</b>
<b>Current liabilities</b>	<b>397,661</b>	<b>375,518</b>	<b>387,855</b>	<b>393,101</b>	<b>398,288</b>
<b>Non-current liabilities</b>	<b>376,720</b>	<b>415,466</b>	<b>428,876</b>	<b>442,367</b>	<b>444,770</b>

\* '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)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	2,372,219	2,491,539	2,482,377	2,488,559	2,519,740
Goods and services	54,798	44,479	41,882	41,861	42,912
Interest	280	-	-	-	-
GST - input credit receipts	77,505	84,139	85,551	84,936	85,425
GST - receipts from customers	4,799	2,212	2,175	2,179	4,261
Cash transferred from OPA	1,000	-	-	-	-
Other	99	-	-	-	-
<b>Total cash received</b>	<b>2,510,700</b>	<b>2,622,369</b>	<b>2,611,985</b>	<b>2,617,535</b>	<b>2,652,338</b>
<b>Cash used</b>					
Employees	1,558,851	1,551,322	1,540,756	1,575,223	1,609,524
Suppliers	770,536	830,661	824,575	809,018	816,370
GST payments	83,619	86,432	87,860	87,039	88,384
Income tax equivalent payment	584	261	267	267	267
Borrowing costs	726	-	-	-	-
Cash transferred to OPA	1,000	-	-	-	-
<b>Total cash used</b>	<b>2,415,316</b>	<b>2,468,676</b>	<b>2,453,458</b>	<b>2,471,547</b>	<b>2,514,545</b>
<b>Net cash from or (used by) operating activities</b>	<b>95,384</b>	<b>153,693</b>	<b>158,527</b>	<b>145,988</b>	<b>137,793</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	732	-	-	-	-
<b>Total cash received</b>	<b>732</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	124,856	154,524	159,431	146,429	137,310
<b>Total cash used</b>	<b>124,856</b>	<b>154,524</b>	<b>159,431</b>	<b>146,429</b>	<b>137,310</b>
<b>Net cash from or (used by) investing activities</b>	<b>(124,124)</b>	<b>(154,524)</b>	<b>(159,431)</b>	<b>(146,429)</b>	<b>(137,310)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	9,616	100	2,121	1,119	-
<b>Total cash received</b>	<b>9,616</b>	<b>100</b>	<b>2,121</b>	<b>1,119</b>	<b>-</b>
<b>Cash used</b>					
Dividends paid	98	294	304	311	311
Return of contributed equity	1,200	-	-	-	-
Finance lease - principal amount	10,413	-	-	-	-
<b>Total cash used</b>	<b>11,711</b>	<b>294</b>	<b>304</b>	<b>311</b>	<b>311</b>
<b>Net cash from or (used by) financing activities</b>	<b>(2,095)</b>	<b>(194)</b>	<b>1,817</b>	<b>808</b>	<b>(311)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(30,835)</b>	<b>(1,025)</b>	<b>913</b>	<b>367</b>	<b>172</b>
Cash at the beginning of the reporting period	74,719	43,884	42,859	43,772	44,139
<b>Cash at the end of the reporting period</b>	<b>43,884</b>	<b>42,859</b>	<b>43,772</b>	<b>44,139</b>	<b>44,311</b>



**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	(255,929)	29,718	-	184,796	(41,415)
<b>Opening balance</b>	(255,929)	29,718	-	184,796	(41,415)
<b>Income and expense</b>					
Net operating result	(15,091)	-	-	-	(15,091)
<b>Total income and expenses recognised directly in equity</b>	(15,091)	-	-	-	(15,091)
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	100	100
Returns on capital - Dividends	(304)	-	-	-	(304)
<b>Sub-total transactions with owners</b>	(304)	-	-	100	(204)
<b>Closing balance as at 30 June 2006</b>	(271,324)	29,718	-	184,896	(56,710)

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	(1,200)	100	2,121	1,119	-
Previous year's outputs	9,616	-	-	-	-
<b>Total capital appropriations</b>	<b>8,416</b>	<b>100</b>	<b>2,121</b>	<b>1,119</b>	<b>-</b>
<b>Represented by:</b>					
Other	8,416	-	-	-	-
Purchase of non-financial assets	-	100	2,121	1,119	-
<b>Total represented by</b>	<b>8,416</b>	<b>100</b>	<b>2,121</b>	<b>1,119</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	100	2,121	1,119	-
Funded internally by					
Departmental resources	124,856	154,424	157,310	145,310	137,310
<b>Total</b>	<b>124,856</b>	<b>154,524</b>	<b>159,431</b>	<b>146,429</b>	<b>137,310</b>

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	89,619	-	140,388	-	438,200	-	668,207
Accumulated depreciation	-	-	(134)	-	(26,637)	-	(206,608)	-	(233,379)
<b>Opening net book value</b>	-	-	89,485	-	113,751	-	231,592	-	434,828
Additions:									
by purchase	-	-	25,040	-	13,150	-	116,334	-	154,524
Depreciation/amortisation expense	-	-	(27,253)	-	(19,194)	-	(71,186)	-	(117,633)
<b>As at 30 June 2006</b>									
Gross book value	-	-	114,659	-	153,538	-	554,534	-	822,731
Accumulated depreciation	-	-	(27,387)	-	(45,831)	-	(277,794)	-	(351,012)
<b>Closing net book value</b>	-	-	87,272	-	107,707	-	276,740	-	471,719

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Income tax	159,212,232	169,700,000	178,211,000	187,588,000	197,390,000
Indirect tax	57,919,866	59,820,000	62,560,000	65,210,000	67,860,000
Other taxes, fees and fines	4,111,655	4,677,600	4,898,900	5,130,200	5,361,500
<b>Total taxation</b>	<b>221,243,753</b>	<b>234,197,600</b>	<b>245,669,900</b>	<b>257,928,200</b>	<b>270,611,500</b>
<b>Non-taxation</b>					
Revenues from government	10,404,125	7,854,788	7,738,762	7,922,643	8,513,430
Other sources of non-taxation revenues	706,828	685,000	680,000	710,000	760,000
<b>Total non-taxation</b>	<b>11,110,953</b>	<b>8,539,788</b>	<b>8,418,762</b>	<b>8,632,643</b>	<b>9,273,430</b>
<b>Total revenues administered on behalf of government</b>	<b>232,354,706</b>	<b>242,737,388</b>	<b>254,088,662</b>	<b>266,560,843</b>	<b>279,884,930</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Subsidies	5,091,472	4,225,783	4,093,757	4,267,638	4,860,425
Personal benefits	4,866,818	3,224,000	3,250,000	3,250,000	3,223,000
Write down and impairment of assets	5,673,818	1,810,000	1,870,000	1,980,000	2,105,000
Interest	215,230	215,000	215,000	215,000	215,000
Other	230,605	190,005	180,005	190,005	215,005
<b>Total expenses administered on behalf of government</b>	<b>16,077,943</b>	<b>9,664,788</b>	<b>9,608,762</b>	<b>9,902,643</b>	<b>10,618,430</b>

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	69,350	69,350	69,350	69,350	69,350
Receivables	14,120,104	15,815,104	17,934,104	20,026,104	22,189,104
<b>Total financial assets</b>	<b>14,189,454</b>	<b>15,884,454</b>	<b>18,003,454</b>	<b>20,095,454</b>	<b>22,258,454</b>
<b>Non-financial assets</b>					
Other non-financial assets	9,368	9,369	9,369	9,369	9,369
<b>Total non-financial assets</b>	<b>9,368</b>	<b>9,369</b>	<b>9,369</b>	<b>9,369</b>	<b>9,369</b>
<b>Total assets administered on behalf of government</b>	<b>14,198,822</b>	<b>15,893,823</b>	<b>18,012,823</b>	<b>20,104,823</b>	<b>22,267,823</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions</b>					
Taxation refunds provided	1,392,334	1,392,334	1,392,334	1,392,334	1,392,334
Other provisions	489,164	529,164	569,164	609,164	654,164
<b>Total provisions</b>	<b>1,881,498</b>	<b>1,921,498</b>	<b>1,961,498</b>	<b>2,001,498</b>	<b>2,046,498</b>
<b>Payables</b>					
Grants and subsidies	1,140,750	1,112,533	1,046,385	1,022,387	1,135,608
Personal benefits payable	3,051,563	3,323,563	3,359,563	3,357,563	3,326,563
Other payables	18,062	18,062	18,062	18,062	18,062
<b>Total payables</b>	<b>4,210,375</b>	<b>4,454,158</b>	<b>4,424,010</b>	<b>4,398,012</b>	<b>4,480,233</b>
<b>Total liabilities administered on behalf of government</b>	<b>6,091,873</b>	<b>6,375,656</b>	<b>6,385,508</b>	<b>6,399,510</b>	<b>6,526,731</b>

**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Income tax	154,297,288	167,430,000	175,552,000	184,946,000	194,662,000
Indirect tax	57,024,219	58,900,000	61,520,000	64,120,000	66,710,000
Other taxes, fees and fines	4,292,215	4,467,600	4,708,900	4,900,200	5,091,500
Cash from Official Public Account - appropriations	6,331,033	7,571,005	7,728,911	7,908,641	8,386,208
Other non-taxation	300,357	580,000	580,000	600,000	640,000
<b>Total cash received</b>	<b>222,245,112</b>	<b>238,948,605</b>	<b>250,089,811</b>	<b>262,474,841</b>	<b>275,489,708</b>
<b>Cash used</b>					
Interest paid	215,230	215,000	215,000	215,000	215,000
Subsidies paid	4,072,250	4,254,000	4,159,906	4,291,636	4,747,203
Personal benefits	1,814,000	2,952,000	3,214,000	3,252,000	3,254,000
Cash to Official Public Account - other	216,027,784	231,377,600	242,360,900	254,566,200	267,103,500
Other	229,553	150,005	140,005	150,005	170,005
<b>Total cash used</b>	<b>222,358,817</b>	<b>238,948,605</b>	<b>250,089,811</b>	<b>262,474,841</b>	<b>275,489,708</b>
<b>Net cash from or (used by) operating activities</b>	<b>(113,705)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(113,705)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	183,055	69,350	69,350	69,350	69,350
<b>Cash at end of reporting period</b>	<b>69,350</b>	<b>69,350</b>	<b>69,350</b>	<b>69,350</b>	<b>69,350</b>

**Table 3.10: Schedule of administered capital budget**

This table is not applicable to the Tax Office.

**Table 3.11: Schedule of administered property, plant, equipment and  
intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to the Tax Office.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

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

### **Notes to the departmental statements**

Details of departmental items in the financial statements included in Table 3.1 to 3.6 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 Tax Office's departmental budget statements are consolidated to include the financial operations of the Australian Valuation Office.

### **Cost of administering goods and services tax**

Departmental 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 Treasury.

### **Notes to the administered schedules**

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 budgeted 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: Agency overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 315).

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
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	To enhance understanding and community awareness of how Australia's productivity and living standards can be improved.	Output Group 1.1 Productivity Commission

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variation contributed to a net increase in agency outputs of \$0.2 million for the Productivity Commission (the Commission).

#### Variations — measures

**Table 1.2: Additional estimates and variations to outcomes – measures**

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
<b>Outcome 1</b>				
Increase in departmental appropriations				
Taskforce on reducing the regulatory burden on business	202	-	-	-

#### Other variations to appropriations

**Table 1.3: Additional estimates and variations to outcomes — other variations**

This table is not applicable to the Commission.

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

Measure	Outcome	Output groups affected	2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
			Taskforce on reducing the regulatory burden on business	1	1.1	-	202	202	-	-	-	-	-	-
<b>Total</b>			-	202	202	-	-	-	-	-	-	-	-	-

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
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	28,293	28,247	28,449	202	-
<b>Total</b>	28,293	28,247	28,449	202	-

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

This table is not applicable to the Commission.

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation
<b>Outcome 1</b>			
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	200	200	-
<b>Total</b>	200	200	-

## SUMMARY OF AGENCY SAVINGS

**Table 1.8: Summary of agency savings**

This table is not applicable to the Commission.

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include *Financial Management and Accountability Act 1997* section 31 receipts and resources received free of charge.

**Table 1.9: Other receipts available to be used**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Goods and services	50	50
Other	35	35
<b>Total departmental other receipts available to be used</b>	<b>85</b>	<b>85</b>

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations**

This table is not applicable to the Commission.

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance <b>2005-06<sup>1</sup></b> <i>2004-05<sup>1</sup></i> \$'000	Receipts <b>2005-06</b> <i>2004-05</i> \$'000	Payments <b>2005-06</b> <i>2004-05</i> \$'000	Adjustments <b>2005-06</b> <i>2004-05</i> \$'000	Closing Balance <b>2005-06</b> <i>2004-05</i> \$'000
Other Trust Monies (D)	-	-	-	-	-
Services for Other Government & Non-Agency Bodies (D)	-	-	-	-	-
<b>Total special accounts</b>	-	-	-	-	-
<b>2005-06 Budget estimate</b>	-	-	-	-	-
<i>Total special accounts</i>					
<i>2004-05 actual</i>	-	-	-	-	-

1 The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from that shown in the *2005-2006 Portfolio Budget Statements* as the actual for 2004-05 may have been updated to reflect the final budget outcome for that year.

(D)=Departmental.

## Section 2: Revisions to agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 'Agency outcomes and output groups' lists the outcome statements and output groups for the Productivity Commission (the Commission).

The Commission has not made any changes to its outcome or outputs since the *2005-06 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.

#### **Revised performance information — 2005-06**

The Commission has not made any changes to its performance information since the *2005-06 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) 2005-06 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 enable the Commission to cover the additional external costs incurred by the Government's Taskforce on reducing the regulatory burden on business. As the Taskforce will report by 31 January 2006, the additional funding applies only to 2005-06.

The Commission is budgeting for a break-even operating result in 2005-06 and for the forward estimates years.

### **BUDGETED FINANCIAL STATEMENTS**

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

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 departmental balance sheet**

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 departmental statement of cash flows**

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

**Departmental statement of changes in equity — summary of movement**

This statement shows the expected movement in the Commission's equity.

**Departmental capital budget statement**

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

**Departmental property, plant, equipment and intangibles — summary of movement**

This statement shows the expected movement in the Commission's non-financial assets over the Budget year 2005-06.

**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	28,293	28,449	28,554	28,817	29,116
Goods and services	314	50	50	50	50
Other	34	35	35	35	35
<b>Total revenue</b>	<b>28,641</b>	<b>28,534</b>	<b>28,639</b>	<b>28,902</b>	<b>29,201</b>
<b>Gains</b>					
Net gains from sale of assets	4	-	-	-	-
<b>Total gains</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>28,645</b>	<b>28,534</b>	<b>28,639</b>	<b>28,902</b>	<b>29,201</b>
<b>EXPENSE</b>					
Employees	19,563	21,944	22,082	22,240	22,368
Suppliers	6,102	5,841	5,808	5,913	6,150
Depreciation and amortisation	548	749	749	749	683
Write-down of assets and impairment of assets	4	-	-	-	-
<b>Total expenses</b>	<b>26,217</b>	<b>28,534</b>	<b>28,639</b>	<b>28,902</b>	<b>29,201</b>
<b>Operating result from continuing operations</b>	<b>2,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>2,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	210	296	262	257	273
Receivables	6,346	6,800	7,300	7,900	8,300
Other	186	235	211	215	241
<b>Total financial assets</b>	<b>6,742</b>	<b>7,331</b>	<b>7,773</b>	<b>8,372</b>	<b>8,814</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	2,280	1,962	1,818	1,419	1,201
Intangibles	29	24	19	14	9
<b>Total non-financial assets</b>	<b>2,309</b>	<b>1,986</b>	<b>1,837</b>	<b>1,433</b>	<b>1,210</b>
<b>Total assets</b>	<b>9,051</b>	<b>9,317</b>	<b>9,610</b>	<b>9,805</b>	<b>10,024</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	6,925	7,238	7,493	7,646	7,825
Leasehold make-good	700	720	758	800	840
<b>Total provisions</b>	<b>7,625</b>	<b>7,958</b>	<b>8,251</b>	<b>8,446</b>	<b>8,665</b>
<b>Payables</b>					
Suppliers	187	120	120	120	120
<b>Total payables</b>	<b>187</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>
<b>Total liabilities</b>	<b>7,812</b>	<b>8,078</b>	<b>8,371</b>	<b>8,566</b>	<b>8,785</b>
<b>EQUITY*</b>					
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	(1,644)	(1,644)	(1,644)	(1,644)	(1,644)
<b>Total equity</b>	<b>1,239</b>	<b>1,239</b>	<b>1,239</b>	<b>1,239</b>	<b>1,239</b>
<b>Current assets</b>	<b>6,742</b>	<b>7,331</b>	<b>7,773</b>	<b>8,372</b>	<b>8,814</b>
<b>Non-current assets</b>	<b>2,309</b>	<b>1,986</b>	<b>1,837</b>	<b>1,433</b>	<b>1,210</b>
<b>Current liabilities</b>	<b>1,211</b>	<b>620</b>	<b>620</b>	<b>620</b>	<b>620</b>
<b>Non-current liabilities</b>	<b>6,601</b>	<b>7,458</b>	<b>7,751</b>	<b>7,946</b>	<b>8,165</b>

\* 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)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	345	50	50	50	50
Appropriations	24,588	28,449	28,554	28,817	29,116
Cash from Official Public Account	1,000	-	-	-	-
Other	678	-	-	-	-
<b>Total cash received</b>	<b>26,611</b>	<b>28,499</b>	<b>28,604</b>	<b>28,867</b>	<b>29,166</b>
<b>Cash used</b>					
Employees	19,028	21,846	21,963	22,097	22,198
Suppliers	8,143	5,851	5,785	5,940	6,102
Cash to Official Public Account	-	300	300	500	400
<b>Total cash used</b>	<b>27,171</b>	<b>27,997</b>	<b>28,048</b>	<b>28,537</b>	<b>28,700</b>
<b>Net cash from or (used by) operating activities</b>	<b>(560)</b>	<b>502</b>	<b>556</b>	<b>330</b>	<b>466</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	4	10	10	10	10
<b>Total cash received</b>	<b>4</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	192	426	600	345	460
<b>Total cash used</b>	<b>192</b>	<b>426</b>	<b>600</b>	<b>345</b>	<b>460</b>
<b>Net cash from or (used by) investing activities</b>	<b>(188)</b>	<b>(416)</b>	<b>(590)</b>	<b>(335)</b>	<b>(450)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(748)</b>	<b>86</b>	<b>(34)</b>	<b>(5)</b>	<b>16</b>
Cash at the beginning of the reporting period	958	210	296	262	257
<b>Cash at the end of the reporting period</b>	<b>210</b>	<b>296</b>	<b>262</b>	<b>257</b>	<b>273</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	(1,771)	1,172	-	1,711	1,112
Adjustment for changes in accounting policies	127	-	-	-	127
<b>Adjusted opening balance</b>	<b>(1,644)</b>	<b>1,172</b>	<b>-</b>	<b>1,711</b>	<b>1,239</b>
Net operating result	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance as at 30 June 2006</b>	<b>(1,644)</b>	<b>1,172</b>	<b>-</b>	<b>1,711</b>	<b>1,239</b>

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	-	-	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total represented by</b>	-	-	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	192	426	600	345	460
<b>Total</b>	192	426	600	345	460

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	-	-	4,497	-	559	-	5,056
Accumulated depreciation	-	-	-	-	(2,217)	-	(530)	-	(2,747)
<b>Opening net book value</b>	-	-	-	-	2,280	-	29	-	2,309
Additions:									
by purchase	-	-	-	-	411	-	15	-	426
Depreciation/amortisation expense	-	-	-	-	(729)	-	(20)	-	(749)
Disposals:									
other disposals	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2006</b>									
Gross book value	-	-	-	-	4,908	-	574	-	5,482
Accumulated depreciation	-	-	-	-	(2,946)	-	(550)	-	(3,496)
<b>Closing net book value</b>	-	-	-	-	1,962	-	24	-	1,986

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

This table is not applicable to the Commission.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

This table is not applicable to the Commission.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

This table is not applicable to the Commission.

**Table 3.10: Schedule of administered capital budget**

This table is not applicable to the Commission.

**Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to the Commission.

## **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.





# ROYAL AUSTRALIAN MINT

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

The Royal Australian Mint (the Mint) became a prescribed agency under the *Financial Management and Accountability Act 1997* effective from 1 July 2005. The Mint is responsible for producing circulating and numismatic coin for Australia. The Mint also produces a range of high quality collector coins together with minted non-coin products including medallions. The Mint's collector coin and minted non-coin business is commercial, within government set parameters.

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
Satisfy the Reserve Bank of Australia's forecast for circulated coin	The single outcome consists of one output group, namely coin production, associated policy advice and visitors services.	Output Group 1.1 Royal Australian Mint

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

With the Mint becoming a prescribed agency effective from 1 July 2005 a section 32 agreement transferred \$4.2 million from Treasury.

### Variations — measures

**Table 1.2: Additional estimates and variations to outcomes – measures**

This table is not applicable to the Mint.

### Other variations to appropriations

**Table 1.3: Additional estimates and variations to outcomes — other variations**

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
<b>Outcome 1</b>				
Variations in capital appropriations				
Section 32 transfer from Treasury for building and capital equipment replacement programme	4,210	11,015	8,600	-

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

This table is not applicable to the Mint.

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

This table is not applicable to the Mint.

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

	2004-05 available \$'000	2005-06 budget <sup>1</sup> \$'000	2005-06 budget <sup>2</sup> \$'000	2005-06 revised \$'000	Additional estimates \$'000
<b>Non-operating</b>					
Equity injections	-	-	4,210	4,210	-
<b>Total capital</b>	-	-	4,210	4,210	-
<b>Total</b>	-	-	4,210	4,210	-

<sup>1</sup> The Mint was consolidated as part of Treasury in the *2005-06 Portfolio Budget Statements*.

<sup>2</sup> The Mint became a prescribed agency under the *Financial Management and Accountability Act 1997* effective from 1 July 2005 and a section 32 agreement transferred \$4.2 million from Treasury.

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation <sup>1</sup>
<b>Outcome 1</b>			
Satisfy the Reserve Bank of Australia's forecast for circulated coin	-	115	115
<b>Total</b>	-	115	115

<sup>1</sup> The Mint was consolidated as part of Treasury in the *2005-06 Portfolio Budget Statements*.

## SUMMARY OF AGENCY SAVINGS

**Table 1.8: Summary of agency savings**

This table is not applicable to the Mint.

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and includes special accounts (non-appropriation receipts), and resources received free of charge.

There are no administered receipts that are available to be used.

**Table 1.9: Other receipts available to be used**

	Budget estimate 2005-06 <sup>1</sup> \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Goods and services	-	55,761
Other	-	645
Revenue received free of charge	-	106
<b>Total departmental other receipts available to be used</b>	-	<b>56,512</b>

<sup>1</sup> The Mint was consolidated as part of Treasury in the 2005-06 Portfolio Budget Statements.

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations**

This table is not applicable to the Mint.

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance 2005-06 <sup>1</sup> 2004-05 <sup>1</sup> \$'000	Receipts 2005-06 2004-05 \$'000	Payments 2005-06 2004-05 \$'000	Closing Balance 2005-06 2004-05 \$'000
Royal Australian Mint Coinage Trust <sup>2</sup>	7,901 11,391	191,000 181,050	188,989 184,540	9,912 7,901
<b>Total special accounts</b>				
<b>2005-06 Budget estimate</b>	<b>7,901</b>	<b>191,000</b>	<b>188,989</b>	<b>9,912</b>
<i>Total special accounts</i>				
<i>2004-05 actual</i>	<i>11,391</i>	<i>181,050</i>	<i>184,540</i>	<i>7,901</i>

<sup>1</sup> The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from that shown in the 2005-06 Portfolio Budget Statements as the actual for 2004-05 may have been updated to reflect the final budget outcome. The balances shown above differ from those reported in Treasury Table 1.1 due to the exclusion of GST.

<sup>2</sup> This special account is governed by the *Financial Management and Accountability Act 1997* and was reported as part of Treasury in the 2005-06 Portfolio Budget Statements.

## Section 2: Revisions to agency outcomes

### OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Under the Department of Finance and Administration’s outcome/output framework, the Royal Australian Mint (the Mint), as a prescribed agency was required for budget and reporting purposes to establish an outcome and output. Table 1.1 ‘Agency outcomes and output groups’ lists the outcome statements and output groups for the Mint.

The Mint has established the following outcome and output:

Outcome – Satisfy the Reserve Bank of Australia’s forecast for circulated coin.

Output – Coin production, associated policy advice and visitors services.

**Figure 1: New outcome and output structure for Outcome 1**



**Outcome 1**

**Revised performance information — 2005-06**

**Table 2.1: Performance information for outputs affected by additional estimates — outcome 1**

Output	Performance information 2005-06 budget <sup>1</sup>	Performance information 2005-06 revised
<b>Output 1.1.1</b> Coin production, associated policy advice and visitors services		<p>Advice meets Treasury Portfolio Minister's needs in administering their responsibilities and implementing Government decisions as they relate to coinage and the Royal Australian Mint operations.</p> <p>Produce circulating coin to Reserve Bank of Australia forecasts.</p> <p>Meet financial performance targets.</p> <p>Maintain the National Coin Collection and the Royal Australian Mint's Visitors Gallery and promote public understanding about the cultural and historical significance of coins.</p> <p>Price: \$56.5 million</p>

<sup>1</sup> The Mint was consolidated as part of Treasury in the 2005-06 *Portfolio Budget Statements*.

## Section 3: Budgeted financial statements

A brief analysis of the Royal Australian Mint's (the Mint) budgeted financial statements is provided below. The budgeted financial statements will form the basis of the financial statements that will appear in the 2005-06 Annual Report.

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

In the income statement the Mint has budgeted for a profit of \$1.1 million in 2005-06. Income from the sales of numismatic coin and like product is expected to remain steady in the outyears.

The balance sheet provides a consistent picture between the budget and previous financial years (as consolidated into Treasury's annual financial statements). The net asset position is expected to increase from previous financial years (as consolidated into Treasury's annual financial statements) due to the replacement of old plant and equipment, for which the Mint received capital appropriation over five years.

### **BUDGETED FINANCIAL STATEMENTS**

#### **Departmental financial statements**

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

#### **Budgeted departmental income statement**

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

The Mint is budgeting towards an operating result of a profit of \$1.1 million.

#### **Budgeted departmental balance sheet**

This statement shows the financial position of the Mint. 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 statement of changes in equity — summary of movement**

Shows the budgeted movement in equity, from the operating result, changes in revaluations and injections of equity from capital appropriations.

**Departmental capital budget statement**

Shows all planned departmental capital expenditure, whether funded through capital appropriations for additional equity, or funded from internal sources.

**Departmental property, plant, equipment and intangibles — summary of movement**

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

**Schedule of administered activity**

**Schedule of budgeted income and expenses administered on behalf of government**

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

**Schedule of budgeted administered cash flows**

This schedule identifies the cash flows administered on behalf of the Australian Government.

**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2004-05 <sup>1</sup> \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Goods and services	-	55,761	55,761	55,761	55,761
Other	-	751	751	751	751
<b>Total revenue</b>	-	56,512	56,512	56,512	56,512
<b>Total income</b>	-	56,512	56,512	56,512	56,512
<b>EXPENSE</b>					
Employees	-	8,438	8,438	8,438	8,438
Suppliers	-	45,370	45,370	45,370	45,370
Depreciation and amortisation	-	1,209	1,209	1,209	1,209
<b>Total expenses</b>	-	55,017	55,017	55,017	55,017
<b>Operating result from continuing operations</b>	-	1,495	1,495	1,495	1,495
Income tax expense	-	450	450	450	450
<b>Operating result</b>	-	1,045	1,045	1,045	1,045
<b>Net surplus or (deficit) attributable to the Australian Government</b>	-	1,045	1,045	1,045	1,045

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.



**Table 3.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2004-05 <sup>1</sup> \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	-	9,912	11,166	12,420	13,674
Receivables	-	1,474	1,474	1,474	1,474
<b>Total financial assets</b>	-	<b>11,386</b>	<b>12,640</b>	<b>13,894</b>	<b>15,148</b>
<b>Non-financial assets</b>					
Land and buildings	-	2,785	11,201	17,202	17,103
Infrastructure, plant and equipment	-	6,944	9,443	11,942	11,941
Inventories	-	21,224	21,224	21,224	21,224
Intangibles	-	540	431	322	213
Other	-	6,728	6,728	6,728	6,728
<b>Total non-financial assets</b>	-	<b>38,221</b>	<b>49,027</b>	<b>57,418</b>	<b>57,209</b>
<b>Total assets</b>	-	<b>49,607</b>	<b>61,667</b>	<b>71,312</b>	<b>72,357</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	-	2,937	2,937	2,937	2,937
<b>Total provisions</b>	-	<b>2,937</b>	<b>2,937</b>	<b>2,937</b>	<b>2,937</b>
<b>Payables</b>					
Other	-	5,650	5,650	5,650	5,650
<b>Total payables</b>	-	<b>5,650</b>	<b>5,650</b>	<b>5,650</b>	<b>5,650</b>
<b>Total liabilities</b>	-	<b>8,587</b>	<b>8,587</b>	<b>8,587</b>	<b>8,587</b>
<b>EQUITY*</b>					
Contributed equity	-	12,788	23,803	32,403	32,403
Reserves	-	5,393	5,393	5,393	5,393
Retained surpluses	-	22,839	23,884	24,929	25,974
<b>Total equity</b>	-	<b>41,020</b>	<b>53,080</b>	<b>62,725</b>	<b>63,770</b>
<b>Current assets</b>	-	<b>37,205</b>	<b>46,250</b>	<b>53,484</b>	<b>54,268</b>
<b>Non-current assets</b>	-	<b>12,402</b>	<b>15,417</b>	<b>17,828</b>	<b>18,089</b>
<b>Current liabilities</b>	-	<b>6,870</b>	<b>6,870</b>	<b>6,870</b>	<b>6,870</b>
<b>Non-current liabilities</b>	-	<b>1,717</b>	<b>1,717</b>	<b>1,717</b>	<b>1,717</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.

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

	Actual 2004-05 <sup>1</sup> \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	-	55,761	55,761	55,761	55,761
Other	-	645	645	645	645
<b>Total cash received</b>	-	<b>56,406</b>	<b>56,406</b>	<b>56,406</b>	<b>56,406</b>
<b>Cash used</b>					
Employees	-	8,289	8,424	8,489	8,386
Suppliers	-	43,061	42,683	42,618	42,721
Financing costs	-	445	445	445	445
Other	-	2,600	2,600	2,600	2,600
<b>Total cash used</b>	-	<b>54,395</b>	<b>54,152</b>	<b>54,152</b>	<b>54,152</b>
<b>Net cash from or (used by) operating activities</b>	-	<b>2,011</b>	<b>2,254</b>	<b>2,254</b>	<b>2,254</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant equipment, and leasehold	-	4,210	12,015	9,600	1,000
<b>Total cash used</b>	-	<b>4,210</b>	<b>12,015</b>	<b>9,600</b>	<b>1,000</b>
<b>Net cash from or (used by) investing activities</b>	-	<b>(4,210)</b>	<b>(12,015)</b>	<b>(9,600)</b>	<b>(1,000)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	-	4,210	11,015	8,600	-
<b>Total cash received</b>	-	<b>4,210</b>	<b>11,015</b>	<b>8,600</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	-	<b>2,011</b>	<b>1,254</b>	<b>1,254</b>	<b>1,254</b>
Cash at the beginning of the reporting period	-	7,901	9,912	11,166	12,420
<b>Cash at the end of the reporting period</b>	-	<b>9,912</b>	<b>11,166</b>	<b>12,420</b>	<b>13,674</b>

<sup>1</sup> Actual results for the Mint were consolidated as part of Treasury's financial statements.

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	-	-	-	-	-
<b>Opening balance</b>	-	-	-	-	-
<b>Income and Expense</b>					
Net operating result	1,045	-	-	-	1,045
<b>Total income and expenses recognised directly in equity</b>	1,045	-	-	-	1,045
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	4,210	4,210
Other:					
Restructuring	21,794	5,393		8,578	35,765
<b>Sub-total transactions with owners</b>	21,794	5,393	-	12,788	39,975
<b>Closing balance as at 30 June 2006</b>	22,839	5,393	-	12,788	41,020

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 <sup>1</sup> \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	4,210	11,015	8,600	-
<b>Total capital appropriations</b>	-	4,210	11,015	8,600	-
<b>Represented by:</b>					
Purchase of non-financial assets	-	4,210	11,015	8,600	-
<b>Total represented by</b>	-	4,210	11,015	8,600	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	4,210	11,015	8,600	-
Funded internally by					
Departmental resources	-	-	1,000	1,000	1,000
<b>Total</b>	-	4,210	12,015	9,600	1,000

<sup>1</sup> Actual results for the Mint were consolidated as part of Treasury's financial statements.

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	Leasehold Building 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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
<b>Opening net book value</b>	-	-	-	-	-	-	-	-	-
Additions:									
by purchase	-	-	2,710	-	1,500	-	-	-	4,210
by restructure	-	-	174	-	6,445	-	-	649	7,268
Depreciation/amortisation expense	-	-	(99)	-	(1,001)	-	-	(109)	(1,209)
<b>As at 30 June 2006</b>									
Gross book value	-	-	2,895	-	8,667	-	-	2,133	13,695
Accumulated depreciation	-	-	(110)	-	(1,723)	-	-	(1,593)	(3,426)
<b>Closing net book value</b>	-	-	2,785	-	6,944	-	-	540	10,269

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 <sup>1</sup> \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Non-taxation</b>					
Other sources of non-taxation revenues	-	110,475	100,571	107,191	107,191
<b>Total non-taxation</b>	-	110,475	100,571	107,191	107,191
<b>Total income administered on behalf of government</b>	-	110,475	100,571	107,191	107,191
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Seigniorage	-	110,475	100,571	107,191	107,191
<b>Total expenses administered on behalf of government</b>	-	110,475	100,571	107,191	107,191

<sup>1</sup> Actual results for the Mint were consolidated as part of Treasury's financial statements.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

This table is not applicable to the Mint.

**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Actual 2004-05 <sup>1</sup> \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Seigniorage collected for Commonwealth	-	110,475	100,571	107,191	107,191
<b>Total cash received</b>	-	110,475	100,571	107,191	107,191
<b>Net cash from or (used by) operating activities</b>					
	-	110,475	100,571	107,191	107,191
<i>Net increase or (decrease) in cash held</i>					
	-	110,475	100,571	107,191	107,191
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- seigniorage	-	110,475	100,571	107,191	107,191
Cash at end of reporting period	-	-	-	-	-

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.

**Table 3.10: Schedule of administered capital budget**

This table is not applicable to the Mint.

**Table 3.11: Schedule of administered property, plant, equipment and  
intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to the Mint

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Departmental**

#### **Basis of accounting**

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

Revenues and expenses are recognised into the operating statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

#### **Budgeted departmental income statement**

##### Revenues

Revenue is derived from the sale of numismatic coin, the production of circulating coin and the sale of coin like products. The amount of revenue earned in any one year is dependent upon the demand for such products by the coin collecting market.

##### Expenses

##### Employees

This includes wages and salaries, superannuation, provision for annual leave and long service leave and workers compensation.

##### Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives. Depreciation is calculated using the straight-line method.

#### **Budgeted departmental balance sheet**

##### Non-financial assets

##### Inventory

Inventories held for resale are at the lower of cost and net realisable value. Work in progress and finished goods are brought to account to include direct costs and a proportion of direct labour and overhead. All precious metals are purchased and brought to account at cost and expensed as used.

##### 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 are required to value property, plant and equipment and other infrastructure assets using the fair value method of valuation.

**Departmental capital budget statement**

This shows proposed capital expenditure for the ongoing replacement programme of non-financial assets. This asset replacement programme has been funded by capital appropriation. In 2005-06 \$2.7 million was provided for the replacement of plant and equipment and \$1.5 million for the refurbishment of the Mint.

In 2006-07 \$2.5 million was provided for the replacement of plant and equipment and \$8.5 million for the refurbishment of the Mint.

**Administered**

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 Mint's administered budget statements.



## 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 income 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, not including gains.

*Glossary*

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.