

PORTFOLIO BUDGET STATEMENTS 2007-08

TREASURY PORTFOLIO

**BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS BY AGENCY**

BUDGET RELATED PAPER No. 1.17

© Commonwealth of Australia 2007

ISBN 0 642 74395 9

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the:

Commonwealth Copyright Administration
Attorney-General's Department
Robert Garran Offices
National Circuit
BARTON ACT 2600

Website: www.ag.gov.au/cca

Internet

The Commonwealth budget papers and budget related information are available on the central Budget website at: www.budget.gov.au.

Printed by CanPrint Communications Pty Ltd



TREASURER
PARLIAMENT HOUSE
CANBERRA 2600

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2007-08 Budget for the Treasury Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink that reads 'P Costello'.

Peter Costello

Abbreviations and conventions

The following notations may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

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

Enquiries

Should you have any enquiries regarding this publication please contact Ms Sallyann Mugford in 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>.

CONTENTS

Purpose and Structure of the Portfolio Budget Statements	vii
Purpose of the Portfolio Budget Statements.....	ix
Structure of the Portfolio Budget Statements.....	x
Portfolio Overview	1
Treasury Portfolio Overview.....	3
Agency Budget Statements	9
Treasury	11
Australian Bureau of Statistics	53
Australian Competition and Consumer Commission	81
Australian Office of Financial Management	107
Australian Prudential Regulation Authority	135
Australian Securities and Investments Commission.....	163
Australian Taxation Office	195
Corporations and Markets Advisory Committee	229
Inspector-General of Taxation.....	247
National Competition Council.....	267
Productivity Commission.....	285
Royal Australian Mint	307
Glossary	331

**PURPOSE AND STRUCTURE OF
THE PORTFOLIO BUDGET
STATEMENTS**

Purpose of the Portfolio Budget Statements

The purpose of the 2007-08 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2007-08 (or Appropriation Bill [Parliamentary Departments] No. 1 2007-08 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PB Statements.

Structure of the Portfolio Budget Statements

The PB Statements are presented in four sections, aligned in several ways to the Budget Papers, as outlined below.

Purpose and Structure of the Portfolio Budget Statements	
An introduction, explaining the purpose of the PB Statements and the structure of the document.	
Portfolio Overview	
A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Government Indigenous Expenditure for the portfolio.	
Agency Budget Statements	
For each agency within the portfolio, a budget statement is presented in five sections:	
Section 1: Overview	A brief overview of the agency.
Section 2: Resources for 2007-08	A reconciliation of agency resourcing information from the <i>2006-07 Mid-Year Economic and Fiscal Outlook</i> to the 2007-08 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
Section 3: Outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome(s), outputs and administered activities, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to Administered items.
Section 4: Other reporting requirements	Includes purchaser-provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three forward years.
Glossary	
A glossary is included at the end of the document that explains key terms.	

PORTFOLIO BUDGET STATEMENTS AND BUDGET PAPERS

Comprehensive information on all government decisions announced in the Budget are in Budget Paper No. 2, *Budget Measures 2007-08*. The PB Statements include Budget measures in each agency's Table 2.2, 2007-08 Budget Measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

Budget Paper	PB Statements
Budget Paper No. 1: Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	Portfolio structure (Agency) Overview (Agency) Resources for 2007-08
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance estimates	(Agency) Resources for 2007-08
Statement 10: AAS Financial Statements Accrual financial statements for the general government sector	(Agency) Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	(Agency) Resources for 2007-08
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government's relations with States, Territories and local government, in particular, Specific Purpose Payments	(Agency) Resources for 2007-08 (Agency) Outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	(Agency) Resources for 2007-08

Departmental and administered distinction

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies decide (departmental transactions) are separately budgeted for and reported on from transactions agencies make on behalf of others (administered transactions). This ensures that the transactions decided by agencies are reported separately from other transactions in their accounts.

Departmental

Income, expenses, assets and liabilities 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

Income, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

In the accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations for investments by the Government for either additional equity or loans to agencies or payments from previous years' outputs;
- Administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the States and Territories; and
- Administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments). The appropriation framework is discussed further in the introduction to Budget Paper No. 4, *Agency Resourcing 2007-08*.

Components of agency financial statements

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2007-08 Budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

The schedules included in the budgeted financial statements for 2007-08 are as follows.

Schedule	Purpose
Budgeted departmental income statement	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted departmental balance sheet	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted departmental statement of cash flows	Provides 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	Represents the movement of parent entity (the Commonwealth) interest in the agency. The statement has been prepared to reflect the surplus/deficit, movements of capital return and additional capital injections from the Commonwealth during the Budget year.
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.

Purpose and Structure of Portfolio Budget Statements

Schedule	Purpose
Schedule of budgeted income and expenses administered on behalf of government	Identifies the main revenues and expenses administered on behalf of government.
Schedule of budgeted assets and liabilities administered on behalf of government	Shows the assets and liabilities administered on behalf of government.
Schedule of budgeted administered cash flows	Shows cash flows administered on behalf of government.
Schedule of administered capital budget	Shows details of planned administered capital expenditure.
Schedule of administered property, plant, equipment and intangibles — summary of movement	Discloses details of movements in administered non-financial assets.

PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

PORTFOLIO RESPONSIBILITIES

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 arrangements; effective taxation and retirement income 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; industry, environment and defence policy advice; and social and income support policy advice.

Revenue group outputs include: taxation policy and legislation advice; and retirement income and saving policy and legislation advice.

Markets group outputs include: foreign investment and trade 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.

The **Australian Office of Financial Management** is responsible for the management of the Commonwealth's net Commonwealth Government Securities debt portfolio. Its output – debt management – aims to manage its net debt portfolio at least cost over the medium term, subject to an acceptable level of risk. It also contributes to the operation of financial markets by supporting efficient Treasury Bond and Treasury Bond futures markets.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for the prudential regulation of 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; 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 Act 2001*; 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 and advises on third party access to infrastructure. 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 advice and visitor services.

Figure 1: Portfolio structure and outcomes

<p>Portfolio Minister - Treasurer The Hon Peter Costello MP</p> <p>Minister for Revenue and Assistant Treasurer The Hon Peter Dutton MP</p> <p>Parliamentary Secretary to the Treasurer The Hon Chris Pearce MP</p>
<p>Department of the Treasury Secretary: Dr Ken Henry AC</p> <p>Outcome 1: Sound macroeconomic environment Outcome 2: Effective government spending arrangements Outcome 3: Effective taxation and retirement income arrangements Outcome 4: Well functioning markets</p>
<p>Australian Bureau of Statistics Statistician: Mr Brian Pink</p> <p>Informed decision-making, research and discussion within governments and the community, based on the provision of a high quality, objective and responsive national statistical service</p>
<p>Australian Competition and Consumer Commission Chairperson: Mr Graeme Samuel</p> <p>To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets</p>
<p>Australian Office of Financial Management Chief Executive Officer: Mr Neil Hyden</p> <p>To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time</p>
<p>Australian Prudential Regulation Authority Chairman: Dr John Laker</p> <p>To enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety, efficiency, competition, contestability and competitive neutrality</p>
<p>Australian Securities and Investments Commission Chairman: Mr Jeffrey Lucy AM until 12 May 2007 Mr Tony D'Aloisio from 13 May 2007</p> <p>A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p>Australian Taxation Office Commissioner: Mr Michael 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>Corporations and Markets Advisory Committee Convenor: Mr Richard St John</p> <p>Fair and efficient financial markets characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p>Inspector-General of Taxation Inspector-General: Mr David Vos AM</p> <p>Improved administration of the tax laws for the benefit of all taxpayers</p>
<p>National Competition Council President: 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>Productivity Commission Chairman: Mr Gary Banks</p> <p>Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective</p>
<p>Royal Australian Mint Chief Executive Officer: Ms Janine Murphy</p> <p>Satisfy the Reserve Bank of Australia's forecast for circulated coin</p>

AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The agencies in the following table have Australian Government Indigenous Expenditure for the Treasury Portfolio.

Portfolio table 1: Australian Government Indigenous Expenditure

Treasury Portfolio	Appropriations				Other	Total
	Bill No. 1 \$'000 (A)	Bill No. 2 \$'000 (B)	Special Approp \$'000 (C)	Total Approp \$'000 (D)	\$'000 (E)	\$'000 (F)=(D)+(E)
Australian Taxation Office						
2007-08	1,959	-	-	1,959	-	1,959
2006-07	1,953	-	-	1,953	-	1,953
Productivity Commission						
2007-08	729	-	-	729	-	729
2006-07	724	-	-	724	-	724
Total AGIE 2007-08	2,688	-	-	2,688	-	2,688
<i>Total AGIE 2006-07</i>	<i>2,677</i>	-	-	<i>2,677</i>	-	<i>2,677</i>

AGENCY BUDGET STATEMENTS

Treasury 11

Australian Bureau of Statistics..... 53

Australian Competition and Consumer Commission..... 81

Australian Office of Financial Management 107

Australian Prudential Regulation Authority 135

Australian Securities and Investments Commission 163

Australian Taxation Office..... 195

Corporations and Markets Advisory Committee 229

Inspector-General of Taxation 247

National Competition Council..... 267

Productivity Commission..... 285

Royal Australian Mint 307

TREASURY

Section 1: Overview	13
1.1 Summary of agency contributions to outcomes.....	13
Section 2: Resources for 2007-08.....	14
2.1 Appropriations and other resources.....	14
2.2 2007-08 Budget measures.....	16
2.3 Other resources available to be used	18
2.4 Movement of administered funds.....	18
2.5 Special appropriations	18
2.6 Movements in special accounts	19
Section 3: Outcomes	20
3.1 Summary of outcomes and contribution to outcomes	20
3.2 Outcome resources and performance information	22
Section 4: Other reporting requirements.....	39
4.1 Purchaser-provider arrangements	39
4.2 Cost recovery arrangements.....	39
4.3 Australian Government Indigenous Expenditure	39
Section 5: Budgeted financial statements.....	40
5.1 Analysis of budgeted financial statements.....	40
5.2 Budgeted financial statements tables	41
5.3 Notes to the financial statements.....	51

TREASURY

Section 1: Overview

The Treasury seeks to promote a sound macroeconomic environment; effective government spending arrangements; effective taxation and retirement income arrangements; and well functioning markets, by providing sound and timely advice to the Australian Government and assisting Treasury Ministers in the administration of their responsibilities and the implementation of Government decisions.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The outcome and output groups for the Treasury are summarised in the following table.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
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 employment growth, and a sustainable external position.	Output Group 1.1 Macroeconomic Group
Outcome 2		
Effective government spending arrangements	Government spending arrangements contribute to the overall fiscal outcome, that influence strong sustainable economic growth and improve the wellbeing of Australians.	Output Group 2.1 Fiscal Group
Outcome 3		
Effective taxation and retirement income arrangements	Taxation and retirement income arrangements contribute to the overall fiscal outcome and influence strong sustainable economic growth and the improved wellbeing of Australians.	Output Group 3.1 Revenue Group
Outcome 4		
Well functioning markets	Well functioning markets contribute to strong 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 4.1 Markets Group

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriations) and other resources for the Treasury in the 2007-08 Budget is \$42,271.6 million.

Table 2.1 on the following page shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

Treasury	Departmental						Administered				Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Appropriation Bill No. 2 Other \$'000	Special Appropriation \$'000	Other resources \$'000		
Outcome 1											
Sound macroeconomic environment	28,534	-	-	5,795	-	-	-	37,996	-	-	72,325
Outcome 2											
Effective government spending arrangements	17,171	-	-	320	-	2,399	-	41,850,000	-	-	41,869,890
Outcome 3											
Effective taxation and retirement income arrangements	43,286	-	-	764	-	-	-	-	-	-	44,050
Outcome 4											
Well functioning markets	49,000	-	-	2,429	5,000	173,204	-	-	-	-	229,633
Equity injections	-	110	-	-	-	-	-	-	-	-	110
Previous Years' Outputs	-	1,820	-	-	-	-	-	-	-	-	1,820
Administered assets and liabilities	-	-	-	-	-	-	53,773	-	-	-	53,773
Total	137,991	1,930	-	9,308	5,000	175,603	53,773	41,887,996	-	-	42,271,601

2.2 2007-08 BUDGET MEASURES

Budget measures relating to the Treasury as explained in Budget Paper No. 2, *Budget Measures 2007-08* are summarised in the following table. The table also identifies the relevant output group, administered items and departmental outputs associated with each measure.

Table 2.2: Treasury measures

Measure	Output groups affected	Budget Estimate 2007-08 \$'000		Forward Estimate 2008-09 \$'000		Forward Estimate 2009-10 \$'000		Forward Estimate 2010-11 \$'000	
		Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs
Expense measures									
Treasury - additional resourcing	All	-	6,620	-	6,674	-	6,831	-	6,968
Suspending GST compensation	2.1	(18,200)	-	(19,100)	-	(20,093)	-	(21,139)	
Australia-China Free Trade Agreement - continuation of negotiations ¹	4.1	-	286	-	299	-	-	-	
Australia-Japan Free Trade Agreement - commencement of negotiations ¹	4.1	-	237	-	239	-	-	-	
Understanding Money - building Australia's financial literacy	4.1	-	6,000	-	-	-	-	-	
Financial Reporting Council - continuation of funding	4.1	-	-	-	-	-	-	-	
Standard Business Reporting ²	4.1	-	-	-	-	-	-	-	
Total expense measures		(18,200)	13,143	(19,100)	7,212	(20,093)	6,831	(21,139)	6,968
			(5,057)	(11,888)	(13,262)			(14,171)	

Table 2.2: Treasury measures (continued)

Measure	Output groups affected	Budget Estimate 2007-08 \$'000		Forward Estimate 2008-09 \$'000		Forward Estimate 2009-10 \$'000		Forward Estimate 2010-11 \$'000	
		Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs
		Total	Total	Total	Total	Total	Total	Total	Total
Related revenue									
Debt collection enhancement - reducing taxation debt and outstanding superannuation guarantee charge payments ³	2.1	3,000	-	4,300	-	4,200	-	3,700	-
		3,000	3,000	4,300	4,300	4,200	4,200	3,700	3,700

1 This is a cross portfolio measure with the Foreign Affairs and Trade portfolio.

2 This is a cross portfolio measure with the Attorney-General's and Finance and Administration portfolios.

3 This is a cross agency measure with the Australian Taxation Office.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by the Treasury for provision of goods or services. These resources are approved for use by the Treasury and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated resources 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	8,467	8,660
Other	648	648
Total departmental other resources available to be used	9,115	9,308

Note: Departmental resources are collected under section 31 of the *Financial Management and Accountability Act 1997*.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The Treasury does not have any movement of administered funds.

2.5 SPECIAL APPROPRIATIONS

The following table identifies expenses associated with special appropriations administered by the Treasury.

Table 2.5: Estimates of expenses from special appropriations

	Outcome	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated special appropriation expenses			
<i>International Monetary Agreements Act 1947</i>	1	36,639	37,996
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i> ¹	2	(28,298)	-
<i>Superannuation Industry (Supervision) Act 1993</i>	4	1,477	-
Total estimated special appropriation expenses		9,818	37,996

¹ Further details are provided in Budget Paper No. 3, *Federal Financial Relations 2007-08*.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. The following table shows the expected additions (credits) and reductions (debits) for each account used by the Treasury. All of the Treasury's special accounts are departmental in nature.

Table 2.6: Estimates of special account cash flows and balances

		Opening balance	Credits	Debits	Closing balance
		2007-08	2007-08	2007-08	2007-08
		<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>
	Outcome	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account	4	1,580	1,629	1,629	1,580
		<i>1,558</i>	<i>1,651</i>	<i>1,629</i>	<i>1,580</i>
Lloyd's Deposit Trust Special Account	4	2,000	180	180	2,000
		<i>2,000</i>	<i>180</i>	<i>180</i>	<i>2,000</i>
Other Trust Moneys Account	1,2,3,4	-	-	-	-
		-	-	-	-
Services for other Governments and Non-Agency Bodies Account	1,2,3,4	-	-	-	-
		-	-	-	-
Total special accounts					
2007-08 Budget estimate		3,580	1,809	1,809	3,580
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>		<i>3,558</i>	<i>1,831</i>	<i>1,809</i>	<i>3,580</i>

Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section explains how the resources identified in Section 2 will be used to contribute to the four outcomes for the Treasury. Key performance measures and performance evaluation activities are specified for each outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between outputs of the Treasury and the four outcomes is summarised on the next page in Figure 2.

Figure 2: Contributions to outcomes

<p>Department of the Treasury Secretary: Dr Ken Henry AC</p> <p>Total departmental resources: \$147.3 million Total departmental appropriations: \$138.0 million Total administered appropriations: \$42,068.6 million</p>	
<p>Overall outcome</p> <p>Strong, sustainable economic growth and the improved wellbeing of Australians</p>	
<p>Outcome 1</p> <p>Sound macroeconomic environment</p> <p>Total resources: \$34.3 million Departmental appropriations: \$28.5 million Administered appropriations: \$38.0 million</p>	<p>Outcome 2</p> <p>Effective government spending arrangements</p> <p>Total resources: \$17.5 million Departmental appropriations: \$17.2 million Administered appropriations: \$41,852.4 million</p>
<p>Outcome 3</p> <p>Effective taxation and retirement income arrangements</p> <p>Total resources: \$44.1 million Departmental appropriations: \$43.3 million Administered appropriations: nil</p>	<p>Outcome 4</p> <p>Well functioning markets</p> <p>Total resources: \$51.4 million Departmental appropriations: \$49.0 million Administered appropriations: \$178.2 million</p>
<p>Output Group 1.1</p> <p>Macroeconomic</p> <p>Output 1.1.1 Domestic economic policy advice and forecasting Resources: \$9.8 million</p> <p>Output 1.1.2 International economic policy advice and assessment Resources: \$24.5 million</p> <p>Output 2.1.1 Budget policy advice and coordination Resources: \$4.2 million</p>	<p>Output Group 2.1</p> <p>Fiscal</p> <p>Output 2.1.1 C'wealth- State financial policy advice Resources: \$2.8 million</p> <p>Output 2.1.2 Industry, environment and defence policy advice Resources: \$4.6 million</p> <p>Output 2.1.3 Social and income support policy advice Resources: \$6.0 million</p>
<p>Output Group 3.1</p> <p>Revenue</p> <p>Output 3.1.1 Taxation policy and legislation advice Resources: \$37.1 million</p> <p>Output 3.1.2 Retirement income and saving policy and legislation advice Resources: \$7.0 million</p> <p>Output 4.1.1 Foreign investment and trade policy advice and administration Resources: \$5.1 million</p>	<p>Output Group 4.1</p> <p>Markets</p> <p>Output 4.1.1 Financial system and corporate governance policy advice Resources: \$23.6 million</p> <p>Output 4.1.2 Competition and consumer policy advice Resources: \$21.2 million</p> <p>Output 4.1.3 Actuarial services Resources: \$1.6 million</p>

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

Outcome 1 — 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 employment growth, and a sustainable external position.

As many influences on macroeconomic outcomes are beyond the control of the Australian Government, policy aims to improve the prospects for the Australian economy rather than to target specific outcomes or major economic indicators. Success is judged more by medium to long-term performance relative to Australia's past and to other countries, rather than by particular results in any year.

3.2.1 Outcome 1 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered appropriations, departmental appropriations and departmental revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Special appropriations		
<i>International Monetary Agreements Act 1947</i>	36,639	37,996
Total administered appropriations	36,639	37,996
Departmental appropriations		
Output Group 1.1 - Macroeconomic Group		
Output 1.1.1 - Domestic economic policy advice and forecasting	8,841	9,628
Output 1.1.2 - International economic policy advice and assessment	27,301	18,906
Total departmental appropriations	36,142	28,534
Departmental revenue from other sources		
Output Group 1.1 - Macroeconomic Group		
Output 1.1.1 - Domestic economic policy advice and forecasting	177	195
Output 1.1.2 - International economic policy advice and assessment	5,560	5,600
Total departmental revenue from other sources	5,737	5,795
Total departmental resources	41,879	34,329
Total resources for Outcome 1	78,518	72,325
	2006-07	2007-08
Average staffing level (number)	211	187

3.2.2 Measures affecting Outcome 1

A list of measures appears in Table 2.2. Details of measures are included in Budget Paper No. 2, *Budget Measures 2007-08*.

3.2.3 Contributions to achievement of Outcome 1

The Treasury contributes to a sound macroeconomic environment by providing high-quality macroeconomic policy advice to the Treasurer, based on careful monitoring and analysis of economic conditions in Australia and overseas.

More specifically, in the coming year Treasury will provide advice on:

- domestic and international developments affecting the Australian economy and forecast the direction of the Australian and international economies;
- the setting of sound macroeconomic policies; and
- identifying policies likely to improve Australia's economic growth potential and wellbeing, including improved understanding of the impact of changes in workforce participation and productivity on future growth and fiscal pressures.

The Treasury also provides advice to the Government on a range of international policy challenges, including strengthening multilateral regimes underpinning open trade and capital flows, supporting the development aspirations of developing countries, and shaping the evolution of the regional economic architecture.

In 2007-08, the Treasury will devote significant resources to:

- working with others to reform, strengthen and modernise key international forums (including the World Bank, International Monetary Fund, Organisation for Economic Cooperation and Development and Asian Development Bank);
- maintaining Treasury's leading role in shaping the Group of Twenty (G-20), the Asia Pacific Economic Cooperation (APEC) forum, and the East Asia Summit process;
- building on already close links with policy makers in key East Asian countries, including Japan, China and Indonesia;
- working closely with counterparts in the Indonesian Government in support of their reform efforts under the \$50 million Government Partnerships Fund (GPF), a key component of the \$1 billion Australia-Indonesia Partnership for Reconstruction and Development (AIPRD);

- playing a role in Government initiatives to improve economic governance in the Pacific, particularly, in Papua New Guinea, Solomon Islands and Nauru, and the Pacific Islands Forum Economic Ministers' Meeting; and
- providing high quality, strategic policy support to selected countries in the Asia-Pacific region.

Following on from 2006-07, an important focus for the Treasury in the coming year will be preparation for the APEC Finance Ministers' Meeting in 2007, the Economic Committee meetings and associated workshops.

These key international meetings provide the opportunity to lead the international economic and financial agenda and the global debate on measures to strengthen the foundations for economic development, growth and stability.

- Treasury is working to develop effective, relevant and achievable policy outcomes and work programmes for APEC.
- Treasury's priority following the hosting of the G-20 in 2006 is to sustain efforts to promote it as the most effective global forum for dealing with major global economic and financial challenges, including through participation on the management troika in 2007 (comprising the current, past and future hosts of the G-20, currently South Africa, Australia and Brazil respectively).

The effectiveness of the Treasury's contribution to a sound macroeconomic environment is judged primarily by feedback from Treasury Portfolio Ministers on the quality and relevance of Treasury's advice.

3.2.4 Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to Outcome 1 are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance indicators for administered items including third party outputs	
Subscriptions to international financial institutions	<p>Facilitation of achievement of government objectives in international forums, including strengthening the international financial system, multilateral debt relief and institutional reform in the multilateral development banks.</p> <p>Timely and accurate financial transactions with the international financial institutions that are made with due regard to minimising cost and risk for Australia.</p>
Performance indicators for individual outputs	
Output group 1: Macroeconomic	
Output group 1.1.1 - Domestic economic policy advice and forecasting	<p>Advice on economic policy and the economic outlook meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing government decisions that contribute to a sound macroeconomic environment.</p> <p>Effective presentation of budget documents and other publications to adequately inform public debate.</p> <p>Price: \$9.8 million</p>
Output group 1.1.2 - International economic policy advice and assessment	<p>Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing government decisions relating to international economic and financial issues.</p> <p>Effective participation in international forums and bilateral dialogue to facilitate achievement of government objectives.</p> <p>Effective hosting of APEC meetings and associated workshops in 2007.</p> <p>Effective advice on, and direct support for, improving economic governance and policies and building capacity in Papua New Guinea, Solomon Islands and Nauru.</p> <p>Price: \$24.5 million</p>

3.2.5 Evaluations for Outcome 1

Feedback will be sought from key clients and stakeholders on a regular basis on the effectiveness of the Treasury's policy advice and international engagement. Results of evaluations will be presented, as appropriate, in *The Treasury Annual Report 2007-08*.

Outcome 2 — Effective government spending arrangements

Effective government spending arrangements contribute to the overall fiscal outcome, influence strong sustainable economic growth and improve the wellbeing of Australians.

Effective spending measures should meet their stated objectives, minimise behavioural distortions and deliver significant economic and other benefits compared with costs, so as to contribute to the wellbeing of Australians.

Treasury provides policy advice to portfolio Ministers in order to promote Government decisions that further these objectives.

Outcome 2 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 2, including administered appropriations, departmental appropriations and departmental revenue from other sources.

Table 3.1.2: Total resources for Outcome 2

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Annual appropriations		
Additional First Home Owners Scheme	-	2,399
Compensation for GST Revenue Foregone	17,200	-
Special appropriations		
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	39,551,702	41,850,000
Total administered appropriations	39,568,902	41,852,399
Departmental appropriations		
Output Group 2.1 - Fiscal Group		
Output 2.1.1 - Budget policy advice and coordination	3,747	4,078
Output 2.1.2 - Commonwealth-State financial policy advice	2,536	2,757
Output 2.1.3 - Industry, environment and defence policy advice	4,084	4,456
Output 2.1.4 - Social and income support policy advice	5,416	5,880
Total departmental appropriations	15,783	17,171
Departmental revenue from other sources		
Output Group 2.1 - Fiscal Group		
Output 2.1.1 - Budget policy advice and coordination	76	83
Output 2.1.2 - Commonwealth-State financial policy advice	41	45
Output 2.1.3 - Industry, environment and defence policy advice	87	94
Output 2.1.4 - Social and income support policy advice	89	98
Total departmental revenue from other sources	293	320
Total departmental resources	16,076	17,491
Total resources for Outcome 2	39,584,978	41,869,890
	2006-07	2007-08
Average staffing level (number)	122	122

Measures affecting Outcome 2

A list of measures appears in Table 2.2. Details of measures are included in Budget Paper No. 2, *Budget Measures 2007-08*.

Contributions to achievement of Outcome 2

Effective government spending arrangements are crucial to achieving the Australian Government's objectives for the economy and hence the wellbeing of Australians. Ongoing advice to the portfolio Ministers from the Treasury assists in formulating, implementing and explaining government spending decisions.

More specifically, in the coming year the Treasury will provide advice on:

- budget policies, including arrangements for the distribution of resources between the Australian Government and other levels of government, which are consistent with sustainable public finances and macroeconomic objectives;
- Commonwealth-State financial policy, including implementing the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations, and on the fiscal and economic positions of the State and Territory governments, particularly in relation to the effectiveness of federally funded activities;
- government expenditure programmes, with a focus on those programmes with significant economic, social or budgetary implications;
- policies relating to the Australian Government's debt portfolio and the management of the portfolio; and
- policies to promote the efficient and sustainable use of resources and to improve workforce participation and the competitiveness and productivity of Australian industries, thereby promoting higher levels of sustainable economic growth.

In 2007-08, the Treasury will devote significant resources to:

- developing budget policy advice and coordination, including:
 - production of the 2006-07 Final Budget Outcome, 2007-08 Mid Year Economic and Fiscal Outlook, 2008-09 Budget, and the Pre-election Economic and Fiscal Outlook.
- developing Commonwealth-State financial policy advice, including on:
 - interrelationships with other levels of government;

Treasury Budget Statement: Outcomes

- the fiscal and economic positions of the State and Territories, including the effectiveness of federally funded activities; and
- implementing the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.
- developing industry, environment and defence policy advice, including advising on:
 - significant environmental policy issues including climate change, water reform and natural resource management;
 - regional and rural policies;
 - defence and national security issues;
 - energy policy; and
 - industry policy issues including innovation.
- developing social and income support policy advice, including advising on:
 - building human capital in areas such as health, early childhood development and education and improved workforce participation and productivity, including through the Council of Australian Governments (COAG) National Reform Agenda;
 - health policies;
 - labour market and work and family policies; and
 - policy frameworks in relation to Indigenous Australians.

The effectiveness of the contribution of these outputs to the outcome will be judged primarily by feedback from Treasury Portfolio Ministers as to whether policy advice meets their needs in formulating, implementing and explaining government spending decisions.

Performance information for Outcome 2

Table 3.2.2: Performance Information for Outcome 2

Performance information for administered items (including third party outputs)	
Payments to State and Territory Governments	<p>Accurate calculation of amounts payable according to agreed formulae.</p> <p>Payments made according to agreed schedules.</p>
Performance information for individual outputs	
Output Group 2.1 - Fiscal	
Output 2.1.1 - Budget policy advice and coordination	<p>Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing Government decisions as they relate to assessments of the budget position and outlook, and budget strategy and debt policy.</p> <p>Effective presentation of budget documents for which Treasury has responsibility and other publications to adequately inform public debate.</p> <p>Price: \$4.2 million</p>
Output 2.1.2 - Commonwealth-State financial policy advice	<p>Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing government decisions as they relate to Commonwealth-State financial relations.</p> <p>Effective presentation of relevant information, including budget documentation and other publications to adequately inform public debate.</p> <p>Price: \$2.8 million</p>
Output 2.1.3 - Industry, environment and defence policy advice	<p>Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing government decisions as they relate to industry, environment and defence policy.</p> <p>Effective presentation of relevant information to adequately inform public debate.</p> <p>Price: \$4.6 million</p>
Output 2.1.4 - Social and income support policy advice	<p>Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing government decisions as they relate to social policy, labour market and health policy issues.</p> <p>Effective presentation of relevant information to adequately inform public debate.</p> <p>Price: \$6.0 million</p>

Evaluations for Outcome 2

Feedback will be sought from key clients on a regular basis on the effectiveness of policy advice and payments to State and Territory Governments. Results of evaluations will be presented, as appropriate, in *The Treasury Annual Report 2007-08*.

Outcome 3 — Effective taxation and retirement income arrangements

Effective taxation and retirement income arrangements contribute to the overall fiscal outcome and influence strong sustainable economic growth and the improved wellbeing of Australians.

Taxation measures should meet revenue objectives (or other public policy objectives) and have regard to the principles of economic efficiency, horizontal and vertical equity and transparency whilst minimising compliance and administrative costs. By meeting these objectives, taxation measures contribute to wellbeing, either directly or by providing the revenue base to finance Government services.

Treasury provides policy advice to Portfolio Ministers in order to promote Government decisions that further these objectives.

Outcome 3 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 3, including departmental appropriations and departmental revenue from other sources.

Table 3.1.3: Total resources for Outcome 3

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriations		
Output Group 3.1 - Revenue Group		
Output 3.1.1 - Taxation policy and legislation advice	35,654	36,427
Output 3.1.2 - Retirement income and saving policy and legislation advice	6,487	6,859
Total departmental appropriations	42,141	43,286
Departmental revenue from other sources		
Output Group 3.1 - Revenue Group		
Output 3.1.1 - Taxation policy and legislation advice	613	627
Output 3.1.2 - Retirement income and saving policy and legislation advice	126	137
Total departmental revenue from other sources	739	764
Total resources for Outcome 3	42,880	44,050
	2006-07	2007-08
Average staffing level (number)	308	296

Measures affecting Outcome 3

A list of measures appears in Table 2.2. Details of measures are included in Budget Paper No. 2, *Budget Measures 2007-08*.

Contributions to achievement of Outcome 3

Effective taxation and retirement income arrangements are crucial to achieving the Australian Government's objectives for the wellbeing of Australians. Ongoing advice to the Portfolio Ministers from the Treasury assists in formulating, implementing and explaining Government decisions on taxation and retirement income arrangements.

More specifically, in the coming year Treasury will provide advice on:

- taxation policies and legislative design proposals which contribute to the reform of the Australian taxation system in term of efficiency, equity and transparency whilst minimising compliance and administrative costs; and
- retirement income and saving issues, including superannuation, and other income support arrangements intended to improve the wellbeing of Australians.

In 2007-08, the Treasury will devote significant resources to:

- providing advice on those issues identified by the Government as its key strategic priorities;
- continuing to develop quantitative modelling to identify labour force participation effects of Government policy proposals, including tax and income support changes;
- meeting its obligations under the *Charter of Budget Honesty Act 1998*;
- continuing to implement decisions arising from the Australian Government's Review of Aspects of Income Tax Self Assessment;
- progress the review and renegotiation of tax treaties with key investment partners, pursue tax information exchange agreements with offshore financial centres, contribute to the tax policy work of the OECD and continue the programme of reform of Australia's international tax arrangements;
- final stages of implementation of the Australian Government's Simpler Superannuation measures; and
- continuing to improve processes and outputs in the development of advice on taxation and retirement income policies (including consultations processes and design of legislation).

Performance information for Outcome 3

Table 3.2.3: Performance Information for Outcome 3

Performance indicators for individual outputs	
Output Group 3.1 - Revenue	
Output group 3.1.1 - Taxation policy and legislation advice	<p>Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing decisions relating to taxation policy and legislation.</p> <p>Effective presentation of relevant information, including budget documentation and other publications to adequately inform public debate.</p> <p>Tax law is developed in accordance with the principles for good law design.</p> <p>Legislation delivered according to Government programmes.</p> <p>Price: \$37.1 million</p>
Output group 3.1.2 - Retirement income and saving policy and legislation advice	<p>Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing decisions relating to retirement income and saving policy and legislation.</p> <p>Effective presentation of relevant information, including in the budget documentation and other publications to adequately inform public debate.</p> <p>Law relating to retirement income and saving policy is developed in accordance with the principles for good law design.</p> <p>Legislation delivered according to Government programmes.</p> <p>Price: \$7.0 million</p>

Evaluations for Outcome 3

Feedback will be sought from key clients on a regular basis on the effectiveness of policy advice. Results of evaluations will be presented, as appropriate, in *The Treasury Annual Report 2007-08*.

Outcome 4 — Well functioning markets

Well functioning markets contribute to strong 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 where 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.

Treasury provides advice on policy processes and reforms that promote a secure financial system and sound corporate practices, remove impediments to competition in

both product and services markets, and safeguard the public interest in areas such as consumer protection and foreign investment and trade.

Outcome 4 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 4, including administered appropriations, departmental appropriations and departmental revenue from other sources.

Table 3.1.4: Total resources for Outcome 4

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Annual appropriations		
Compensation - companies regulation	169,308	173,204
Housing Loans Insurance Company Limited - payments in respect of insurance claims	5,000	5,000
Special appropriations		
<i>Superannuation Industry (Supervision) Act 1993</i>	1,477	-
Total administered appropriations	175,785	178,204
Departmental appropriations		
Output Group 4.1 - Markets Group		
Output 4.1.1 - Foreign investment and trade policy advice and administration	4,113	4,944
Output 4.1.2 - Financial system and corporate governance policy advice	23,568	23,195
Output 4.1.3 - Competition and consumer policy advice	13,609	20,861
Output 4.1.4 - Actuarial services	-	-
Total departmental appropriations	41,290	49,000
Departmental revenue from other sources		
Output Group 4.1 - Markets Group		
Output 4.1.1 - Foreign investment and trade policy advice and administration	110	113
Output 4.1.2 - Financial system and corporate governance policy advice	371	387
Output 4.1.3 - Competition and consumer policy advice	285	316
Output 4.1.4 - Actuarial services	1,580	1,613
Total departmental revenue from other sources	2,346	2,429
Total departmental resources	43,636	51,429
Total resourcing for Outcome 4	219,421	229,633
	2006-07	2007-08
Average staffing level (number)	249	248

Measures affecting Outcome 4

A list of measures appears in Table 2.2. Details of measures are included in Budget Paper No. 2, *Budget Measures 2007-08*.

Contributions to achievement of Outcome 4

Treasury provides advice to portfolio Ministers to assist them to carry out their responsibilities in formulating, implementing, and explaining the policies needed to achieve well functioning markets – markets that are competitive, efficient, informed, fair and transparent.

More specifically, in the coming year Treasury will provide advice on:

- policies relating to general foreign investment and trade, including foreign investment proposals;
- policies relating to the financial system, corporations, and the financial services sector;
- policies relating to a sound and efficient prudential framework;
- policies relating to issues emerging in the general insurance sector;
- policies relating to a range of initiatives to improve the frameworks for corporate insolvency and corporate groups;
- policies relating to structural reform in key sectors of the economy, including energy and transport and communications, in conjunction with other government departments and agencies; and
- policies relating to competition and consumer policy matters, including legislative amendments to the *Trade Practices Act 1974*.

In 2007 08, Treasury will devote significant resources to:

- implementing trade and investment policy priorities in relation to the Government's commitment to negotiate six free trade agreements – China, Japan, Association of South East Asian Nations (ASEAN), Malaysia, Japan, Chile and the Gulf Cooperation Council – to review the single economic market concept under the Closer Economic Relations Agreement (CER) with New Zealand as well as input into trade and investment issues in Asia-Pacific Economic Cooperation (APEC), G-20 and World Trade Organization (WTO);
- monitoring international and local compliance with foreign investment and trade policies, including by processing foreign investment applications, and further

examining reform options with a focus on reducing compliance and administrative costs;

- progressing a range of international cooperation issues, particularly with the United States and New Zealand, as well as enhancing international engagement with Indonesia;
- representing Australia's interest in forums such as the Organisation for Economic Co-operation and Development (OECD) and the Australia Pacific Economic Co-operation (APEC);
- progressing a dialogue with other APEC economies on financial sector reform, with a view to strengthening policy makers' understanding of issues, challenges and policy options for advancing the development of financial sectors and, in particular, private capital markets, in the region;
- international cooperation in financial system regulation, corporate governance, financial reporting, auditing, and corporate insolvency including the development of ways to further integrate the Australian and United States (US) financial services sectors, with a focus on regulatory recognition, including through the Financial Services Committee established under the Australia–US Free Trade Agreement, and further work on developing a single economic market with New Zealand in relation to corporate regulatory frameworks and financial services;
- improving the regulatory framework for corporations and financial services, including by implementing wide ranging reforms to simplify and reduce the regulatory burden on business, progressing reforms relating to corporate insolvency and corporate groups, financial reporting, financial services and financial markets, and, implementing reforms to the *Insurance Contracts Act 1984*;
- enhancing the arrangements and tools available to government to deal with distressed financial institutions;
- improving regulation and competition in the financial sector by facilitating well functioning and competitive financial markets, particularly by addressing banking competition and insurance market issues and improving the effectiveness of regulation, developing a single economic market with New Zealand in banking services, and monitoring market supervision issues;
- developing and implementing the reform agenda for competition policy, including the competition and regulation streams of COAG's National Reform Agenda and advancing microeconomic reforms in key infrastructure markets including energy, transport and communications;
- implementing reforms relating to the competition and consumer provisions of the Trade Practices Act – including changes to legislation as a result of the

Government response to the Senate small business report and the introduction of criminal sanctions for cartels – and contributing to the review of the Australian consumer policy framework;

- developing and delivering a range of financial literacy initiatives that will build the capacity of Australians to better manage their money and to take advantage of significant reforms to the finance sector;
- providing support for Ministers in considering a range of appointments to statutory and non statutory bodies such as the Productivity Commission, the Australian Competition and Consumer Commission, and the Australian Securities and Investments Commission;
- providing secretariat services to the Financial Reporting Council, Foreign Investment Review Board, Financial Sector Advisory Committee, the Ministerial Council for Consumer Affairs, the Commonwealth Consumer Affairs Advisory Council; and
- maintaining successful operations of the Australian Government Actuary, Royal Australian Mint, Financial Reporting Panel, and the Takeovers Panel.

Performance information for Outcome 4

Table 3.2.4: Performance Information for Outcome 4

Performance information for administered items (including third party outputs)	
Compensation - companies regulation payments to the States and the Northern Territory	Amounts payable, according to agreed formula, are accurately calculated. Payments are made according to agreed schedules
Performance information for departmental outputs	
Output Group 4.1 - Markets	
Output 4.1.1 - Foreign investment and trade policy advice and administration	Advice meets Treasury Portfolio Ministers' needs in fulfilling their responsibilities. Government policy is appropriately represented and Australia's negotiating position is pursued effectively in international forums. Implementation of Australia's commitments on investment in the US Free Trade Agreement. Promote the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises and fulfil the responsibilities of the National Contact Point for the Guidelines. Proposals are processed efficiently to meet the needs of Ministers, the Foreign Investment Review Board, foreign investors and their agents. Treasury effectively disseminates and explains the foreign investment policy to improve the standard of applications and compliance with policy requirements so that the proportion of foreign investment proposals requiring Interim or Final Orders are reduced. Treasury undertakes a programme of compliance checks on previous proposals subject to conditions - possibly leading to prosecutions, but aimed at an overall reduction in non-compliance with policy. Price: \$5.1 million
Output 4.1.2 - Financial system and corporate governance policy advice	Advice meets Treasury Portfolio Ministers' needs in administering their responsibilities and implementing government decisions as they relate to financial system and markets issues. Effective presentation of relevant information to adequately inform public debate. Statutory and other procedural requirements are met. Secretariat and executive services provided to advisory and external bodies are effective. Representation and/or liaison by Treasury officers with other agencies, private sector organisations and international bodies, is effective. Ministerial correspondence handled satisfactorily. Price: \$23.6 million

Table 3.2.4: Performance Information for Outcome 4 (continued)

Output 4.1.3 - Competition and consumer policy advice	<p>Advice meets Treasury Portfolio Ministers' needs in discharging their responsibilities under legislation and in implementing government decisions in relation to competition and consumer policy and national financial literacy issues.</p> <p>Statutory and other procedural, administrative and reporting requirements are met.</p> <p>Effective representation and/or liaison with other agencies, private sector organisations and international bodies to promote competitive, efficient and well-informed markets.</p> <p>Effective presentation of relevant information to inform consumers and businesses.</p> <p>Secretariat services provided to advisory bodies are effective.</p> <p>Ministerial correspondence handled satisfactorily.</p> <p>Establishment and maintenance of effective clearinghouse and website services with information on financial and education services, superannuation and superannuation choice.</p> <p>Undertake a national financial literacy information program and website development.</p> <p>Support teachers in the delivery of financial literacy education in schools through professional development and facilitate inclusion of financial literacy in teaching and training programmes.</p>
Output 4.1.4 - Actuarial services	<p>Efficient provision of high quality professional services, with income from consultancy fees relative to total costs meeting specified quantitative criteria.</p> <p>Price: \$21.2 million</p> <p>Price: \$1.6 million</p>

Evaluations for Outcome 4

Feedback will be sought from key clients on a regular basis on the effectiveness of policy advice. Results of evaluations will be presented, as appropriate, in *The Treasury Annual Report 2007-08*.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Treasury does not presently have purchaser-provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The Treasury does not presently have cost recovery arrangements. All receipts from independent sources are excluded for the purposes of the *Commonwealth Cost Recovery Guidelines* for the Regulatory Agencies as they are related to intergovernmental charging, taxation, or comply with competitive neutrality principles.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The Treasury does not have specific indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

The Treasury is budgeting towards a breakeven operating result for 2007-08.

The Treasury will receive slightly more revenue in 2007-08 than in 2006-07. The increase in revenue reflects variations to previous and new Budget measures, and other minor variations.

The Treasury has a sound financial position and currently has sufficient cash to fund provisions and payables, and asset replacement, 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 it is a State tax collected by the Australian Government in an agency capacity. Accordingly, GST related items recorded in the Treasury's administered budget statements, fully offset GST related items recorded by the Australian Taxation Office so that at a consolidated level the GST is not recorded by the Australian Government.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	135,356	137,991	127,866	128,665	131,160
Goods and services	8,467	8,660	8,857	9,062	9,277
Other	250	250	250	250	250
Total revenue	144,073	146,901	136,973	137,977	140,687
Gains					
Other	398	398	399	400	400
Total gains	398	398	399	400	400
Total income	144,471	147,299	137,372	138,377	141,087
EXPENSE					
Employees	92,644	91,557	88,870	91,899	95,939
Suppliers	59,781	51,959	44,719	42,695	41,365
Depreciation and amortisation	3,625	3,625	3,625	3,625	3,625
Finance costs	158	158	158	158	158
Total expenses	156,208	147,299	137,372	138,377	141,087
Surplus (deficit) attributable to the Australian Government	(11,737)	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	1,997	1,997	1,997	1,997	1,997
Receivables	48,482	50,511	52,507	54,514	56,575
Total financial assets	50,479	52,508	54,504	56,511	58,572
Non-financial assets					
Land and buildings	7,433	7,708	7,983	7,758	7,533
Infrastructure, plant and equipment	8,482	8,582	8,682	7,782	6,882
Intangibles	1,142	1,203	1,263	1,263	1,263
Other	1,854	1,901	1,948	1,997	2,047
Total non-financial assets	18,911	19,394	19,876	18,800	17,725
Total assets	69,390	71,902	74,380	75,311	76,297
LIABILITIES					
Interest bearing liabilities					
Leases	1,192	1,192	1,192	1,192	1,192
Total interest bearing liabilities	1,192	1,192	1,192	1,192	1,192
Provisions					
Employees	31,139	33,428	35,782	36,595	37,460
Total provisions	31,139	33,428	35,782	36,595	37,460
Payables					
Suppliers	1,675	1,717	1,760	1,804	1,849
Other	2,805	2,876	2,947	3,021	3,097
Total payables	4,480	4,593	4,707	4,825	4,946
Total liabilities	36,811	39,213	41,681	42,612	43,598
Net assets	32,579	32,689	32,699	32,699	32,699
EQUITY					
Retained surpluses	24,974	24,974	24,974	24,974	24,974
Reserves	3,644	3,644	3,644	3,644	3,644
Contributed equity	3,961	4,071	4,081	4,081	4,081
Total equity	32,579	32,689	32,699	32,699	32,699
Current assets	52,333	54,409	56,452	58,508	60,619
Non-current assets	17,057	17,493	17,928	16,803	15,678
Current liabilities	19,156	19,221	19,227	19,227	19,227
Non-current liabilities	13,423	13,468	13,472	13,472	13,472

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	8,443	8,600	8,797	9,001	9,214
Appropriations	145,758	136,012	125,921	126,709	129,152
Other	219	218	218	216	216
Total cash received	154,420	144,830	134,936	135,926	138,582
Cash used					
Employees	90,801	89,273	86,522	91,091	95,080
Suppliers	59,274	51,448	44,206	42,177	40,844
Financing costs	158	158	158	158	158
Total cash used	150,233	140,879	130,886	133,426	136,082
Net cash from or (used by) operating activities	4,187	3,951	4,050	2,500	2,500
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	4,573	4,061	4,060	2,500	2,500
Total cash used	4,573	4,061	4,060	2,500	2,500
Net cash from or (used by) investing activities	(4,573)	(4,061)	(4,060)	(2,500)	(2,500)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	276	110	10	-	-
Total cash received	276	110	10	-	-
Net cash from or (used by) financing activities	276	110	10	-	-
Net increase or (decrease) in cash held	(110)	-	-	-	-
Cash at the beginning of the reporting period	2,107	1,997	1,997	1,997	1,997
Cash at the end of the reporting period	1,997	1,997	1,997	1,997	1,997

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	24,974	3,644	-	3,961	32,579
Estimated opening balance	24,974	3,644	-	3,961	32,579
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	110	110
Sub-total transactions with owners	-	-	-	110	110
Estimated closing balance as at 30 June 2008	24,974	3,644	-	4,071	32,689

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	276	110	10	-	-
Total loans	-	-	-	-	-
Previous year's outputs	-	1,820	-	-	-
Total capital appropriations	276	1,930	10	-	-
Represented by:					
Purchase of non-financial assets	276	110	10	-	-
Other	-	1,820	-	-	-
Total represented by	276	1,930	10	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	276	110	10	-	-
Funded internally by departmental resources	4,297	3,951	4,050	2,500	2,500
Total	4,573	4,061	4,060	2,500	2,500

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	property	property		military	infrastructure	and cultural	software	intangibles	
	\$'000	\$'000	\$'000	equipment	plant and	assets	\$'000	\$'000	\$'000
					equipment				
As at 1 July 2007									
Gross book value	-	-	11,943	-	14,649	-	4,192	-	30,784
Accumulated depreciation	-	-	(4,510)	-	(6,167)	-	(3,050)	-	(13,727)
Estimated opening net book value	-	-	7,433	-	8,482	-	1,142	-	17,057
Additions:									
by purchase	-	-	1,000	-	2,500	-	561	-	4,061
Depreciation/amortisation expense	-	-	(725)	-	(2,400)	-	(500)	-	(3,625)
As at 30 June 2008									
Gross book value	-	-	12,943	-	17,149	-	4,753	-	34,845
Accumulated depreciation	-	-	(5,235)	-	(8,567)	-	(3,550)	-	(17,352)
Estimated closing net book value	-	-	7,708	-	8,582	-	1,203	-	17,493

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Goods and services tax	(40,890,000)	(43,280,000)	(45,710,000)	(48,040,000)	(50,540,000)
Other taxes	170,000	190,000	210,000	230,000	240,000
Total taxation	(40,720,000)	(43,090,000)	(45,500,000)	(47,810,000)	(50,300,000)
Non-taxation					
Revenues from Government	39,764,126	42,068,599	44,420,528	46,669,962	49,074,517
Goods and services	618,792	635,900	644,500	633,600	639,300
Dividends	1,177,725	1,561,000	1,815,000	1,949,000	2,058,000
Other sources of non-taxation revenues	12,445	8,115	7,781	7,578	7,578
Total non-taxation	41,573,088	44,273,614	46,887,809	49,260,140	51,779,395
Total revenues administered on behalf of Government	853,088	1,183,614	1,387,809	1,450,140	1,479,395
Total income administered on behalf of Government	853,088	1,183,614	1,387,809	1,450,140	1,479,395
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	141,010	175,603	177,532	181,966	186,521
Write down and impairment of assets	(645,000)	(680,000)	(710,000)	(745,000)	(785,000)
Other	43,116	42,996	42,996	37,996	37,996
Losses					
Net foreign exchange losses	52,266	23	-	-	-
Total expenses administered on behalf of Government	(408,608)	(461,378)	(489,472)	(525,038)	(560,483)

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	7,736	7,736	7,736	7,736	7,736
Receivables	(9,304,938)	(9,865,360)	(10,456,187)	(11,071,187)	(11,736,187)
Investments	19,830,022	19,830,022	19,830,022	19,830,022	19,830,022
Total financial assets	10,532,820	9,972,398	9,381,571	8,766,571	8,101,571
Non-financial assets					
Other non-financial assets	2,322	2,316	2,316	2,316	2,316
Total non-financial assets	2,322	2,316	2,316	2,316	2,316
Total assets administered on behalf of Government	10,535,142	9,974,714	9,383,887	8,768,887	8,103,887
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	3,774,211	3,773,080	3,772,515	3,772,515	3,772,515
Other	899,187	899,187	899,187	899,187	899,187
Total interest bearing liabilities	4,673,398	4,672,267	4,671,702	4,671,702	4,671,702
Provisions					
Suppliers	474	474	474	474	474
Other provisions	(482,750)	(483,085)	(483,485)	(483,485)	(483,485)
Total provisions	(482,276)	(482,611)	(483,011)	(483,011)	(483,011)
Payables					
Grants and subsidies	180,406	127,787	88,496	61,510	41,745
Other payables	6,342	6,342	6,342	6,342	6,342
Total payables	186,748	134,129	94,838	67,852	48,087
Total liabilities administered on behalf of Government	4,377,870	4,323,785	4,283,529	4,256,543	4,236,778

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Rendering of services	628,778	635,900	644,500	633,600	639,300
Dividends	1,477,259	1,561,000	1,815,000	1,949,000	2,058,000
Other	13,953	8,208	8,208	7,578	7,578
Total cash received	2,119,990	2,205,108	2,467,708	2,590,178	2,704,878
Cash used					
Grant payments	39,721,010	42,025,603	44,377,532	46,631,966	49,036,521
Other	123,049	93,115	79,787	64,982	57,761
Total cash used	39,844,059	42,118,718	44,457,319	46,696,948	49,094,282
Net cash from or (used by) operating activities	(37,724,069)	(39,913,610)	(41,989,611)	(44,106,770)	(46,389,404)
INVESTING ACTIVITIES					
Cash received					
Repayment of Advances	74,600	-	-	-	-
Total cash received	74,600	-	-	-	-
Cash used					
Purchase of equity instruments	4,230	3,654	3,065	-	-
Total cash used	4,230	3,654	3,065	-	-
Net cash from or (used by) investing activities	70,370	(3,654)	(3,065)	-	-
Net increase or (decrease) in cash held	(37,653,699)	(39,917,264)	(41,992,676)	(44,106,770)	(46,389,404)
Cash at beginning of reporting period	7,736	7,736	7,736	7,736	7,736
Cash from Official Public Account	39,848,289	42,122,372	44,460,384	46,696,948	49,094,282
Cash to Official Public Account	2,194,590	2,205,108	2,467,708	2,590,178	2,704,878
Cash at end of reporting period	7,736	7,736	7,736	7,736	7,736

Table 5.10: Schedule of administered capital budget

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	18,230	53,773	39,856	26,986	19,765
Special appropriations	66,675	-	-	-	-
Total capital appropriations	84,905	53,773	39,856	26,986	19,765
Represented by:					
Other	84,905	53,773	39,856	26,986	19,765
Total represented by	84,905	53,773	39,856	26,986	19,765

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget Year 2007-08)

This table is not applicable to the Treasury.

5.3 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 Australian Accounting Standards, transactions that departments control (departmental transactions) are separately budgeted for and reported on from transactions departments do not have control over (administered transactions). This ensures that departments are only held accountable for the transactions over which they have control.

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

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

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Overview	55
1.1 Summary of agency contributions to outcomes.....	56
Section 2: Resources for 2007-08.....	56
2.1 Appropriations and other resources.....	56
2.2 2007-08 Budget measures.....	58
2.3 Other resources available to be used.....	59
2.4 Movement of administered funds.....	59
2.5 Special appropriations	59
2.6 Movement in special accounts.....	59
Section 3: Outcomes	61
3.1 Summary of outcomes and contribution to outcomes	61
3.2 Outcomes resources and performance information	62
Section 4: Other reporting requirements	66
4.1 Purchaser-provider arrangements	66
4.2 Cost recovery arrangements.....	66
4.3 Australian Government Indigenous Expenditure	69
Section 5: Budgeted financial statements.....	70
5.1 Analysis of budgeted financial statements.....	70
5.2 Budgeted financial statements tables.....	71
5.3 Notes to the financial statements.....	76

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Overview

The Australian Bureau of Statistics (ABS):

- is the central statistical authority for the Australian Government;
- provides statistical services for the State and Territory governments;
- collects, compiles, analyses and disseminates statistics and related information;
- ensures the coordination of the statistical activities of, and provides advice and assistance to, other government agencies; and
- provides liaison between Australia and other countries and international organisations on statistical matters.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the ABS which contribute to the achievement of its outcome are summarised in Table 1.1 and Figure 2 on page 61.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
Informed decision making, research and discussion within governments and the community based on the provision of a high quality, objective and responsive national statistical service	The ABS achieves its outcome by the provision of two outputs: (i) economic statistics; and (ii) population and social statistics.	Output Group 1.1 Australian Bureau of Statistics - national statistical service

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriations) and other resources for the Australian Bureau of Statistics (ABS) in the 2007-08 Budget is \$322.4 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

Australian Bureau of Statistics	Departmental				Administered				Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Appropriation \$'000	Special resources \$'000	
Outcome 1									
Informed decision making, research and discussion within governments and the community based on the provision of a high quality, objective and responsive national statistical service	299,094	-	-	21,183	-	-	-	-	320,277
Previous Years' Outputs	-	608	-	-	-	-	-	-	608
Equity Injections	-	1,498	-	-	-	-	-	-	1,498
Total	299,094	2,106	-	21,183	-	-	-	-	322,383

2.2 2007-08 BUDGET MEASURES

The following table summarises the Budget measure relating to the ABS as explained in Budget Paper No. 2, *Budget Measures 2007-08*.

Table 2.2 Australian Bureau of Statistics measures

Measure	Output groups affected	Budget Estimate 2007-08 \$'000		Forward Estimate 2008-09 \$'000		Forward Estimate 2009-10 \$'000		Forward Estimate 2010-11 \$'000	
		Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs
Expense measure									
Standard Business Reporting ¹	1.1	-	-	-	-	-	-	-	-
Related capital									
Standard Business Reporting ¹	1.1	-	-	-	-	-	-	-	-

¹ This is a cross portfolio measure with the Attorney-General's and Finance and Administration portfolios.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the ABS for provision of goods or services. These resources are approved for use by the ABS and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	21,125	20,983
Proceeds from sales of assets	101	100
Other - resources received free of charge	100	100
Total departmental other resources available to be used	21,326	21,183

Note: Departmental resources are collected under section 31 of the *Financial Management and Accountability Act 1997*.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The ABS does not have any administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The ABS does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by the ABS.

Table 2.6: Estimates of special account flows and balances

	Opening Balance 2007-08 <i>2006-07</i> \$'000	Credits 2007-08 <i>2006-07</i> \$'000	Debits 2007-08 <i>2006-07</i> \$'000	Adjustments 2007-08 <i>2006-07</i> \$'000	Closing Balance 2007-08 <i>2006-07</i> \$'000
Other Trust Moneys Account	125	5	2	-	128
	122	5	2	-	125
Services for other Governments and Non-Agency Bodies Account	-	-	-	-	-
	-	-	-	-	-
Total special accounts					
2007-08 Budget estimate	125	5	2	-	128
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	122	5	2	-	125

Section 3: Outcomes

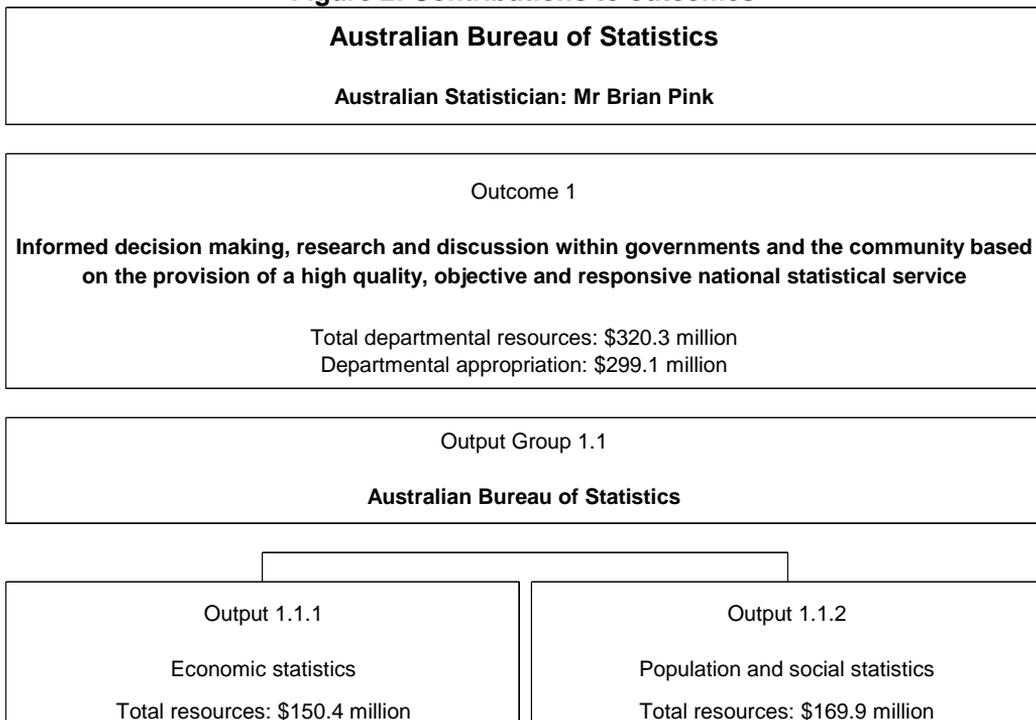
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the Australian Bureau of Statistics (ABS). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the ABS and its outcome is summarised in Figure 2.

Figure 2: Contributions to outcomes



The ABS has not made any changes to its outcomes or outputs since the *Portfolio Budget Statements 2006-07*.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for the Outcome, including departmental appropriations and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriations		
Output Group 1.1 - Australian Bureau of Statistics		
Output 1.1.1 - Economic statistics	134,115	144,224
Output 1.1.2 - Population and social statistics	280,316	154,870
Total departmental appropriations	414,431	299,094
Departmental revenue from other sources		
Output Group 1.1 - Australian Bureau of Statistics		
Output 1.1.1 - Economic statistics	6,232	6,190
Output 1.1.2 - Population and social statistics	15,094	14,993
Total departmental revenue from other sources	21,326	21,183
Total resources	435,757	320,277
	2006-07	2007-08
Average staffing level (number)	3,300	2,766

3.2.2 Measures affecting Outcome 1

The Budget measure for the ABS appears in Table 2.2. Detail of this measure is included in Budget Paper No. 2, *Budget Measures 2007-08*.

3.2.3 Contributions to achievement of Outcome 1

Administered activities

The ABS does not administer any activities on behalf of the Australian Government.

Departmental outputs

Official statistics are collected by Government to inform debate, decision-making and research both within Government and by the wider community. They provide an objective view of the changes taking place in national life and allow comparisons between periods of time and geographical areas.

Open access to official statistics provides the citizen with more than a picture of society. It offers a window on the work and performance of Government itself,

showing the scale of Government activity in every area of public policy and allowing the impact of public policies and actions to be assessed.

The ABS achieves its outcome by the provision of two outputs:

- economic statistics; and
- population and social statistics.

The economic statistics output contains an extensive range of statistical outputs relating to the structure and performance of the Australian economy. It provides an objective source of information that is used by governments and the community to inform their decisions. For example, economic statistics are used to formulate government macroeconomic policies, to assist in allocating Australian Government funds to State governments, to formulate industry development policies, in financial and business planning and in wage determination.

The population and social statistics output contains statistical information relating to the Australian population, including census and demographic statistics, as well as information relating to the social and economic wellbeing of the population. It provides an objective source of information that is used by governments and the community to inform their decisions. For example, census data are used extensively to plan for communities; labour statistics are used in the formulation of macroeconomic policy and in developing government labour market policies and programmes; and social statistics are used to support policy development in areas such as health, social security, taxation, and community and family services.

Reliable social and economic statistics are fundamental to an open government and it is the responsibility of government to provide them and to maintain public confidence in them. The ABS performs this function as an independent statutory authority of the Australian Government.

3.2.4 Performance information for Outcome 1

Table 3.2 summarises the performance information for individual outputs and output groups relating to the ABS.

Table 3.2: Performance information for Outcome 1

Performance indicators for individual outputs

1. Integrity in statistical operations	1.1 An objective statistical service, as demonstrated by: - release of reliable/accurate statistics; - open statistical process; and - trust and cooperation of providers.
2. Relevance of ABS output	2.1 Statistical output which meets the needs of key users of economic and social data in terms of: - support to decision-making; and - demonstrated by a high level of use. 2.2 Openness of planning process.
3. Appropriate use of statistical standards, frameworks and methodologies	3.1 Lead the development of national statistical standards, frameworks and methodologies, and their implementation within the broader Australian statistical system. 3.2 Contribute to the development of key international standards, frameworks and methodologies, and implement them as appropriate.
4. Improving coordination of the collection, compilation and dissemination of statistics produced by other official bodies	4.1 Statistical Clearing House activity. 4.2 Assisting other official bodies with integration of administrative and statistical data, including outposting ABS officers, and providing training on statistical standards, frameworks and methodologies. 4.3 Identifying, storing and disseminating statistics from other official bodies.

Table 3.2: Performance information for Outcome 1 (continued)

Output group 1: Australian Bureau of Statistics - national statistical service	
Output 1.1.1 Economic statistics; and	
Output 1.1.2 Population and social statistics	
1. Improve the quality of outputs	<p>Quality:</p> <p>1.1 Achieve or exceed timeliness, statistical reliability, response rates and accuracy objectives:</p> <ul style="list-style-type: none"> - timeliness; - statistical reliability; - response rates; and - accuracy. <p>1.2 Conduct ongoing research and reviews of quality and implement their recommendations:</p> <ul style="list-style-type: none"> - outlines of ABS statistical reviews; and - innovative practices - improvements to existing collections as a result of research and development.
2. Increase the quantity of outputs	<p>Quantity:</p> <p>2.1 Increase the range of statistics disseminated.</p> <p>2.2 Innovative outputs.</p>
3. Achievement of cost effective outputs	<p>3.1 Conduct efficiency reviews and audits, and implement their recommendations.</p> <p>3.2 Test operating efficiencies of statistical activities by benchmarking internally and externally.</p> <p>3.3 Market test a number of non-statistical activities to identify possible outsourcing opportunities.</p> <p>3.4 Minimise respondent load.</p>
Price: \$320.3 million	

Evaluations for Outcome 1

The output performance indicators as shown in Table 3.2 will be used to measure evaluation activity for this outcome. The results of the evaluation will be shown in the ABS Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

Cross agency overview

The Australian Bureau of Statistics' (ABS) goods and services are purchased by several Australian Government agencies including:

- Australian Agency for International Development;
- Australian Institute of Health and Welfare;
- Department of Agriculture, Fisheries and Forestry;
- Department of Education, Science and Training;
- Department of Communications, Information Technology and the Arts;
- Department of Employment and Workplace Relations;
- Department of Families, Community Services and Indigenous Affairs;
- Department of Health and Ageing; and
- Department of Transport and Regional Services.

4.2 COST RECOVERY ARRANGEMENTS

Cost recovery arrangements (in accordance with *Australian Government Cost Recovery Guidelines, July 2005*, and the *Australian Government Competitive Neutrality Guidelines for Managers, February 2004*) have been developed in relation to the various goods and services paid for by clients, amounting to \$21.0 million in 2007-08.

Summary of cost recovery impact statement

The ABS is the central statistical authority for the Australian Government and the largest provider of statistical information in Australia. The ABS produces and disseminates a wide range of statistical products and services. Some of these products and services are provided free of charge as part of the Basic Information Set (BIS) and others are provided on a cost recovery basis within the Additional Information Set (AIS).

Cost recovery activities are as follows:

Product/Service	Costs Incurred	Changing Regime
Printed publications	Printing and postage	Ad-hoc sales
Information and Statistical consultancy	<ol style="list-style-type: none"> 1. Labour charge which comprises salaries and associated on-costs and corporate overheads 2. Infrastructure rate which comprises system costs 3. Any direct costs 	Ad-hoc sales
External training	All salary and information technology costs associated with preparation and presentation	Ad-hoc sales
User funded surveys	All salary, information technology and direct costs	Ad-hoc sales

The legislative authority for imposing these charges is section 12, subsection 3 of the *Census and Statistics Act 1905* which states ‘The Statistician may make charges for results and abstracts published and disseminated under this section.’

Costs recovered for marginally costed products and services include:

- labour (including labour on-costs); and
- systems development and maintenance, where such systems are exclusively devoted to the production and dissemination of marginally costed products.

These costs are also recovered for incrementally priced products and services, along with any capital and overhead costs arising from their provision.

ABS uses the Fully Distributed Costing model to allocate costs. Under this model, overhead costs are allocated on a pro rata basis to the product or service (that is, all costs are recovered from the sum of all sales of the product or service). In addition, ABS allocates information technology costs using the Activity Based Costing method (that is, total system costs are distributed according to usage).

ABS established efficient costs by comparison with markets where similar systems exist. ABS assesses itself on an ongoing basis against external benchmarks. Examples of this include:

- use of Gartner Service for benchmarking IT costs;
- review of ABS staffs’ professional and technical qualifications;
- as evidence of cost efficiency in the delivery of information consultancy services;
 - hours devoted to individual consultancies are monitored;
 - quotes authorised and monitored by senior staff;

- inter- office benchmarking is undertaken; and
- international benchmarking is undertaken.

The total revenue forecast to be recovered in this current financial year is \$17.4 million. However, when receipts from inter- and intra-government agencies, including universities, and from commercial activities are removed the total revenue in scope is estimated to be \$1.7 million in 2006-07.

The ABS recently reviewed and updated its pricing policy in response to the *Commonwealth Government Cost Recovery Guidelines*. The outcomes of this review were released on the ABS web site on 8 February 2006, in the form of a Discussion Paper titled *ABS Pricing Policy Review Outcomes – Public Consultation* (cat. no. 1399.0). The paper provided ABS clients with the opportunity to comment on the proposed application of Government Guidelines to ABS pricing policy.

In addition to the invitation to respond in the Discussion Paper on the web site:

- ABS Regional Offices were asked to contact client members of their State Statistical Coordination Committees for feedback;
- ABS Outposted Officers were asked to promote the Paper to their agencies and to seek comment; and
- the views of the Australian Statistics Advisory Council were sought and reflected in the final policy.

Eight responses were received, mainly from other government agencies. The responses were generally accepting of the changes to pricing policy. Some respondents requested clarification of which Information Set the particular products of interest to them (including Information and Statistical consultancies, customised data and training services) would fall into.

ABS costs and prices are reviewed annually to ensure that revenue recovers appropriate costs. However, the *Commonwealth Cost Recovery Guidelines* require a wider periodic review of existing cost recovery arrangements which address the appropriateness of cost recovery, the design of cost recovery charges and the adequacy of monitoring arrangements. It is intended that a regular review of cost recovery arrangements, as instructed by these Guidelines, will be undertaken every five years from 2006.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The ABS does not deliver any programmes for indigenous Australians. However, in meeting its objective to provide a high quality, objective and responsive national statistical service the ABS undertakes a range of indigenous statistical collections which are estimated to cost in the order of \$15 million in 2007-08.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Bureau of Statistics (ABS) 2007-08 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.

Budgeted departmental income statement

The ABS is budgeting to break-even in 2007-08.

Total agency revenue is estimated to be \$320.3 million. This is a decrease of \$115.5 million from the 2006-07 estimated actual. The decrease in revenue is primarily attributed to decreases in appropriation related to the 2006 Census, as part of the normal Census cycle.

Total expenses are estimated to be \$320.3 million, a decrease of \$117.0 million from the 2006-07 estimated actual. The decrease in expenses can be attributed directly to the decrease in employee and suppliers expenses associated the 2006 Census, as part of the normal Census cycle.

Budgeted departmental balance sheet

In 2007-08 the ABS's total equity will increase by \$0.6 million. This increase is attributable to a capital injection associated with the 2005-06 Official Statistics Upgrade measure.

The expected outlook for the ABS indicates that the asset base and liabilities of the organisation will remain stable over the forward years.

Cash levels over the forward years are consistent with ABS' working capital requirements.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	414,431	299,094	281,289	296,040	351,957
Goods and services	21,125	20,983	17,706	17,418	17,766
Other	100	100	100	100	100
Total revenue	435,656	320,177	299,095	313,558	369,823
Gains					
Net gains from sale of assets	101	100	100	100	100
Total gains	101	100	100	100	100
Total income	435,757	320,277	299,195	313,658	369,923
EXPENSE					
Employees	321,974	208,987	195,782	200,773	251,353
Suppliers	81,125	78,985	73,124	80,680	85,113
Depreciation and amortisation	33,455	31,681	29,576	31,774	33,112
Finance costs	435	351	261	167	65
Other	309	273	452	264	280
Total expenses	437,298	320,277	299,195	313,658	369,923
Surplus (deficit) attributable to the Australian Government	(1,541)	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	5,139	5,142	5,144	5,149	5,154
Receivables	8,464	9,883	11,466	10,097	8,009
Accrued revenues	474	530	406	399	407
Total financial assets	14,077	15,555	17,016	15,645	13,570
Non-financial assets					
Infrastructure, plant and equipment	52,233	52,582	47,962	42,606	46,994
Intangibles	97,217	100,918	104,771	108,474	114,797
Other	7,004	6,219	5,770	6,399	6,814
Total non-financial assets	156,454	159,719	158,503	157,479	168,605
Total assets	170,531	175,274	175,519	173,124	182,175
LIABILITIES					
Interest bearing liabilities					
Loans	6,245	4,821	3,308	1,699	-
Other	25,939	24,918	23,628	21,917	19,584
Total interest bearing liabilities	32,184	29,739	26,936	23,616	19,584
Provisions					
Employees	71,181	76,182	78,904	80,016	83,713
Total provisions	71,181	76,182	78,904	80,016	83,713
Payables					
Suppliers	4,206	4,676	5,846	5,361	7,406
Other	5,236	6,331	5,176	5,474	12,815
Total payables	9,442	11,007	11,022	10,835	20,221
Total liabilities	112,807	116,928	116,862	114,467	123,518
Net assets	57,724	58,346	58,657	58,657	58,657
EQUITY					
Contributed equity	14,033	14,655	14,966	14,966	14,966
Reserves	16,370	16,370	16,370	16,370	16,370
Retained surpluses	27,321	27,321	27,321	27,321	27,321
Total equity	57,724	58,346	58,657	58,657	58,657
Current assets	20,464	21,033	21,062	20,775	21,861
Non-current assets	150,067	154,241	154,457	152,349	160,314
Current liabilities	45,123	46,771	46,745	45,787	49,407
Non-current liabilities	67,684	70,157	70,117	68,680	74,111

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	17,753	21,141	17,952	17,517	18,849
Appropriations	414,753	300,187	281,408	300,708	354,247
Other	10,368	9,546	7,912	9,159	9,607
Total cash received	442,874	330,874	307,272	327,384	382,703
Cash used					
Employees	318,527	205,778	194,817	201,941	247,656
Suppliers	84,667	78,488	71,113	84,693	78,797
Financing costs	435	351	261	167	65
Other	9,857	9,570	8,379	9,468	10,051
Total cash used	413,486	294,187	274,570	296,269	336,569
Net cash from or (used by) operating activities	29,388	36,687	32,702	31,115	46,134
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	101	100	100	100	100
Total cash received	101	100	100	100	100
Cash used					
Purchase of property, plant and equipment	32,492	35,981	31,600	29,600	44,529
Total cash used	32,492	35,981	31,600	29,600	44,529
Net cash from or (used by) investing activities	(32,391)	(35,881)	(31,500)	(29,500)	(44,429)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	666	622	311	-	-
Total cash received	666	622	311	-	-
Cash used					
Repayments of debt	1,340	1,424	1,513	1,609	1,699
Total cash used	1,340	1,424	1,513	1,609	1,699
Net cash from or (used by) financing activities	(674)	(802)	(1,202)	(1,609)	(1,699)
Net increase or (decrease) in cash held	(3,677)	4	-	6	6
Cash at the beginning of the reporting period	8,816	5,139	5,143	5,143	5,149
Cash at the end of the reporting period	5,139	5,143	5,143	5,149	5,155

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	27,321	16,370	-	14,033	57,724
Estimated opening balance	27,321	16,370	-	14,033	57,724
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	622	622
Sub-total transactions with owners	-	-	-	622	622
Estimated closing balance as at 30 June 2008	27,321	16,370	-	14,655	58,346

Table 5.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2006-07	2007-08	2008-09	2009-10	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	1,542	622	311	-	-
Total loans	-	-	-	-	-
Previous years' outputs	-	608	-	-	-
Total capital appropriations	1,542	1,230	311	-	-
Represented by:					
Purchase of non-financial assets	1,542	622	311	-	-
Other	-	608	-	-	-
Total represented by	1,542	1,230	311	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	1,542	1,230	311	-	-
Funded internally by departmental resources	35,312	34,501	28,498	30,121	43,823
Total	36,854	35,731	28,809	30,121	43,823

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	\$'000	\$'000	\$'000	military	infrastructure	and cultural	software	intangibles	
		property		equipment	plant and	assets			
	\$'000		\$'000	\$'000	equipment	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	-	-	78,537	-	215,193	-	293,730
Accumulated depreciation	-	-	-	-	(26,304)	-	(117,976)	-	(144,280)
Estimated opening net book value	-	-	-	-	52,233	-	97,217	-	149,450
Additions:									
by purchase	-	-	-	-	14,479	-	21,252	-	35,731
Depreciation/amortisation expense	-	-	-	-	(14,130)	-	(17,551)	-	(31,681)
As at 30 June 2008									
Gross book value	-	-	-	-	93,016	-	236,445	-	329,461
Accumulated depreciation	-	-	-	-	(40,434)	-	(135,527)	-	(175,961)
Estimated closing net book value	-	-	-	-	52,582	-	100,918	-	153,500

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The ABS does not have any administered items.

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The ABS does not have any administered items.

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The ABS does not have any administered items.

Table 5.10: Schedule of administered capital budget

The ABS does not have any administered items.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

The ABS does not have any administered items.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Budgeted departmental financial statements

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

Agency assets, liabilities, revenues and expenses in relation to an agency are those that are controlled by the agency. Agency expenses include employee and supplier

expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Budgeted departmental income statement

Revenues

Appropriations in the accrual budgeting framework

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

Revenue from other sources

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

Other

This category includes resources received free of charge.

Expenses

Employees

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

Depreciation and amortisation

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

Budgeted departmental balance sheet

Non-financial assets

Intangibles

These include software developed in-house.

Other

This category includes prepayments.

Debt

Loans

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

Other

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

Provisions and payables

Employees

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

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

Asset valuation

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

Departmental capital budget statement

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

Purchase of non-financial assets

These include:

- 2007-08 intangibles of \$21.3 million, infrastructure, plant and equipment of \$14.5 million, which includes fitout to the Australian Capital Territory, Tasmania, Northern Territory, New South Wales, Western Australian and Victorian offices of \$6.6 million;

- 2008-09 intangibles of \$21.5 million, infrastructure, plant and equipment of \$7.4 million, which includes fitout to the Northern Territory office of \$0.6 million;
- 2009-10 intangibles of \$22.2 million, infrastructure, plant and equipment of \$7.9 million; and
- 2010-11 intangibles of \$24.5 million, infrastructure, plant and equipment of \$19.3 million, which includes fitout to the New South Wales office and the Census Processing Centre of \$8.3 million.

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview	83
1.1 Summary of agency contributions to outcomes.....	83
Section 2: Resources for 2007-08.....	84
2.1 Appropriations and other resources.....	84
2.2 2007-08 Budget measures.....	86
2.3 Other resources available to be used.....	87
2.4 Movement of administered funds.....	87
2.5 Special appropriations	87
2.6 Movements in special accounts.....	88
Section 3: Outcomes	89
3.1 Summary of outcomes and contribution to outcomes	89
3.2 Outcome resources and performance information	90
Section 4: Other reporting requirements.....	95
4.1 Purchaser-provider arrangements.....	95
4.2 Cost recovery arrangements.....	95
4.3 Australian Government Indigenous Expenditure	95
Section 5: Budgeted financial statements.....	96
5.1 Analysis of budgeted financial statements.....	96
5.2 Budgeted financial statements tables.....	97
5.3 Notes to the financial statements.....	103

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview

The Australian Competition and Consumer Commission (ACCC) is an independent statutory authority which administers the *Trade Practices Act 1974* and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

The ACCC:

- promotes effective competition and informed markets;
- encourages fair trading and protect consumers; and
- regulates the infrastructure service markets and other markets where competition is restricted.

The ACCC also collects administered revenue on behalf of the Australian Government and includes authorisation fees, fines and costs.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the ACCC which contribute to the achievement of outcomes are summarised in Table 1.1 and Figure 2 on page 89.

Table 1.1: Contribution to outcomes

Outcome	Description	Output group
Outcome 1		
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

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the Australian Competition and Consumer Commission (ACCC) in the 2007-08 Budget is \$114.4 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental				Administered				Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other \$'000	Special Appropriation \$'000	
Australian Competition and Consumer Commission									
Outcome 1									
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	113,805	-	-	575	-	-	-	-	114,380
Total	113,805	-	-	575	-	-	-	-	114,380

2.2 2007-08 BUDGET MEASURES

The following table summarises the Budget measure for the ACCC as explained in Budget Paper No. 2, *Budget Measures 2007-08*.

Table 2.2 Australian Competition and Consumer Commission measures

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward Estimate 2009-10 \$'000			Forward Estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measure													
Australia Post - continuation of funding for competition regulation	1.1	-	-	-	-	-	-	-	-	-	-	-	-

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by the ACCC for the provision of goods or services as well as resources received free of charge. These resources are approved for use by the ACCC and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	500	500
Other - resources received free of charge	75	75
Total departmental other resources available to be used	575	575

Note: Departmental resources are collected under section 31 of the *Financial Management and Accountability Act 1997*.

The ACCC currently levies a variety of fees and charges under the *Trade Practices Act 1997* (TPA). Receipts from these fees and charges are included in the above table. They include goods and services, that is, seminars/speaker fees, sale of publications, photocopy revenue and sale of non-current assets. Further information on cost recovery arrangements is explained in Section 4.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The ACCC does not have any administered appropriations.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The ACCC does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. The following table shows the expected additions (credits) and reductions (debits) for each account used by the ACCC.

Table 2.6: Estimates of special account cash flows and balances

	Opening Balance	Credits	Debits	Adjustments	Closing Balance
	2007-08	2007-08	2007-08	2007-08	2007-08
	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	52	203	200	3	52
	<i>52</i>	<i>200</i>	<i>200</i>	<i>-</i>	<i>52</i>
Services for Other Government and Non-Agency Bodies Account	-	-	-	-	-
	-	-	-	-	-
Total special accounts					
2007-08 Budget estimate	52	203	200	3	52
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	<i>52</i>	<i>200</i>	<i>200</i>	<i>-</i>	<i>52</i>

Special Public Moneys are held by the ACCC in a Trustee capacity. The Trust moneys are a result of court orders of which payments to the beneficiaries are pending. These moneys 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 *Financial Management and Accountability Act 1997*.

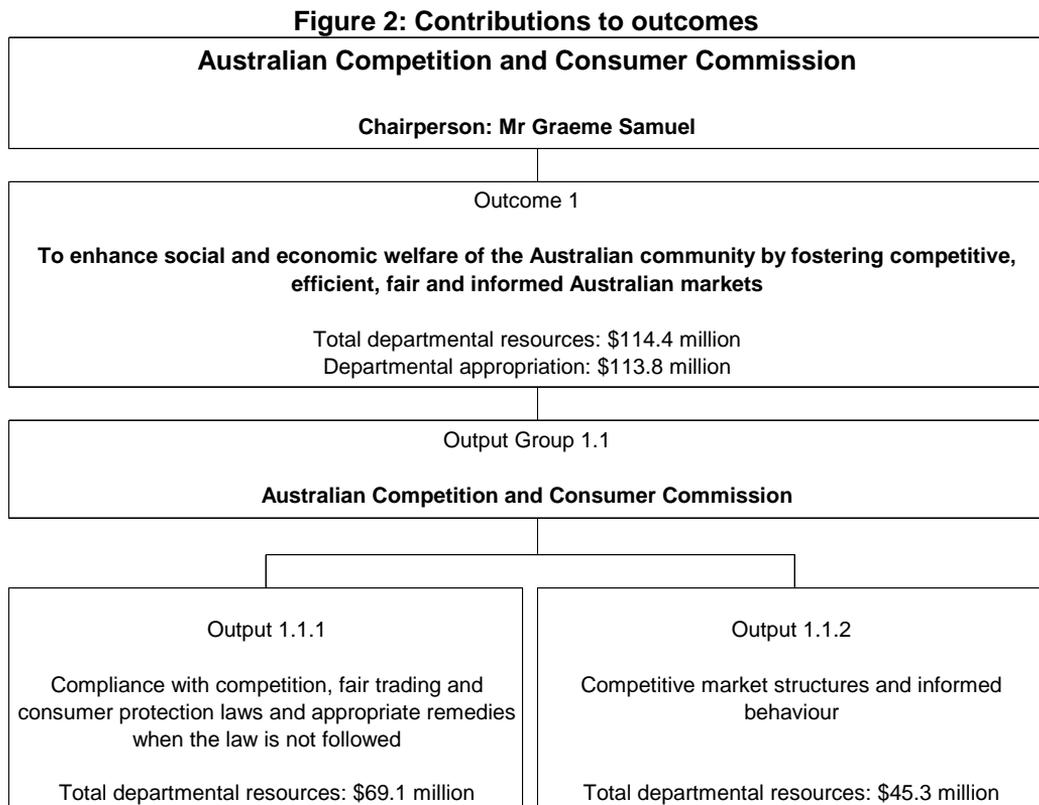
Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the Australian Competition and Consumer Commission (ACCC). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the ACCC and its outcome is summarised in below figure.



The ACCC has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07*.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

The following table shows how the 2007-08 Budget appropriation translates to total resourcing for Outcome 1, including departmental appropriation and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriation		
Output Group 1.1 - Australian Competition and Consumer Commission		
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	64,990	68,705
Output 1.1.2 - Competitive market structures and informed behaviour	42,528	45,100
Total departmental appropriation	107,518	113,805
Departmental revenue from other sources		
Output Group 1.1 - Australian Competition and Consumer Commission		
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	345	345
Output 1.1.2 - Competitive market structures and informed behaviour	230	230
Total departmental revenue from other sources	575	575
Total resources	108,093	114,380
	2006-07	2007-08
Average staffing level (number)	588	606

3.2.2 Measures affecting Outcome 1

The Budget measure for the ACCC appears in Table 2.2. Detail of this measure is included in Budget Paper No. 2, *Budget Measures 2007-08*.

3.2.3 Contributions to achievement of Outcome 1

The ACCC anticipates achieving this outcome through:

- publishing litigation and education activities;
- liaising with and informing business and consumers about the law;
- issuing publications and media releases, speak to the public, conducting public meetings and conferences, and using the latest technology to reach business and consumers throughout Australia;
- working with other competition, fair trading and consumer protection agencies in Australia and overseas;
- developing industry specific codes of conduct;
- assisting parliamentary inquiries and other government agencies to develop policies and processes that are consistent with competition, fair trading and consumer protection laws;
- liaising with other regulators, business and consumer associations; and
- helping overseas trading partners to develop and implement effective competition regimes to benefit Australian industries.

Administered activities

The ACCC's main activity of an administered nature is the collection of revenues for fines and costs on behalf of the Government which are transferred to the Official Public Account.

Departmental outputs

The ACCC's outputs of compliance with laws and competitive market structures reflect the Australian Government's decision to foster competitive, efficient, fair and informed Australian markets.

The outputs reflect the activity that the ACCC undertakes to fulfil its role and functions. The Australian Government seeks to enhance the social and economic welfare of Australians which the ACCC seeks to contribute by;

- promoting effective competition and informed markets;
- encouraging fair trading and protecting consumers; and
- regulating the infrastructure service market and other markets where competition is restricted.

The ACCC commits to meet these goals through effective and timely outcomes in the public interest, and communicating its actions and results to the community at large.

3.2.4 Performance information for Outcome 1

The following table summarises the performance information for administered items, individual outputs and output groups relating to the ACCC.

Table 3.2: Performance information for Outcome 1

Performance indicators for administered items including third party outputs	
Outputs 1.1.1 and 1.1.2	Quality:
Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	Collection of statutory fees and judgement debts \$10.0 million.
Competitive market structures and informed behaviour	
Output group 1.1: Australian Competition and Consumer Commission	
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	Quality:
	Respond quickly to allegations of breaches of competition, fair trading and consumer legislation. Seek appropriate remedies when there is a breach of the law.
	Enforce mandatory product safety and information standards.
	Publicise litigation and education activities.
	Develop new consumer protection and investigative initiatives for e-commerce.
	Liaise with and inform business and consumers about the law so that they can, in turn, inform their members and customers.
	Issue publications and media releases, speak to the public, conduct public meetings and conferences and use the latest technology to reach businesses and consumers throughout Australia.
	Work with other competition, fair trading and consumer protection agencies in Australia and overseas.
	Develop industry specific codes of conduct.
	Publicise merger and authorisation decisions, arbitrations, undertakings and access arrangements and monitoring activities and inquiry findings.
	Assist parliamentary inquiries and government agencies to develop policies and processes that are consistent with the competition, fair trading and consumer protection laws.
	Liaise with other regulators, business and consumer associations, speak to the public, participate in meetings and conferences, nationally and internationally.
	Help overseas trading partners to develop and implement effective competition regimes to benefit Australian industry.
	Price: \$69.1 million

Table 3.2: Performance information for Outcome 1 (continued)

Output 1.1.2 - Competitive market structures and informed behaviour	<p>Quality:</p> <p>Assess the competition effects of mergers, acquisitions or asset sales.</p> <p>Encourage competition in markets that depend on monopoly services.</p> <p>Ensure that access regulation provides incentives for efficient business investment and use of infrastructure.</p> <p>Ensure that businesses using monopoly services pay prices that reflect efficient costs.</p> <p>Adjudicate authorisation applications (where anti-competitive behaviour is claimed to deliver public benefits).</p> <p>Monitor prices to assess the impact of market conditions on price levels of goods and services.</p>
<p>Price: \$45.3 million</p>	

3.2.5 Evaluations for Outcome 1

There are no evaluations planned for Outcome 1 in 2007-08.

Output performance indicators (shown in the above table) will be used to measure evaluation activity for the outcome. The results of the evaluation will be shown in the ACCC Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Australian Competition and Consumer Commission (ACCC) does not have any purchaser-provider arrangements with other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

The ACCC currently levies a variety of fees and charges under the *Trade Practices Act 1974*. Revenue from these fees and charges is identified in Table 5.7 on page 102.

It should be noted that with the exception of those revenues generated from discretionary services, where it has been agreed that these revenues can be retained by the ACCC in recognition of the costs associated with the provision of these services all other revenue generated by the ACCC is refunded back to Government via the Consolidated Revenue Fund.

The ACCC undertook a review of its cost recovery arrangements in March 2004 in accordance with the Australian Government's five year review schedule for existing arrangements. A summary of the review is contained in the *Treasury Portfolio Budget Statements 2004-05* on pages 101 to 103.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The ACCC does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

The budgeted financial statements contain estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, and the Australian Equivalents to International Financial Reporting Standards (AEIFRS), as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2007-08 Budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the Australian Competition and Consumer Commission's (ACCC) budgeted financial statements, as reflected in the budgeted departmental financial statements and administered schedules for 2007-08, is provided below.

Departmental

Income statement

The ACCC is budgeting for a break even result for 2007-08. The estimated actual operating result for 2006-07 is a break even result also.

Operating revenues

Total revenue in 2007-08 is estimated to be \$114.4 million, an increase of \$6.3 million from the 2006-07 estimated actual. The increase is primarily as a result of the net increase in funding from measures disclosed in the 2006-07 Budget for the Australian Energy Regulator (AER) in the 2007-08 forward year.

Operating expenses

Total expenses are estimated to be \$114.4 million. This is an increase of \$6.3 million from the 2006-07 estimated actual. The increase is primarily due to the full year impact in 2007-08 of the initiatives funded in 2006-07 for the AER.

Balance sheet

The ACCC budgeted net asset position of \$39.0 million is unchanged from the 2006-07 estimated actual.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$13.9 million. The liability is expected to increase by around \$0.7 million during 2007-08.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	107,518	113,805	120,340	121,622	122,749
Goods and services	575	575	575	575	575
Total revenue	108,093	114,380	120,915	122,197	123,324
Total income	108,093	114,380	120,915	122,197	123,324
EXPENSE					
Employees	56,218	62,213	64,981	64,903	65,489
Suppliers	48,931	48,898	52,665	54,025	54,541
Depreciation and amortisation	2,944	3,269	3,269	3,269	3,294
Total expenses	108,093	114,380	120,915	122,197	123,324
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,624	1,624	1,624	1,624	1,624
Receivables	43,756	45,297	46,066	46,835	46,835
Total financial assets	45,380	46,921	47,690	48,459	48,459
Non-financial assets					
Land and buildings	5,624	5,537	4,200	2,863	1,501
Infrastructure, plant and equipment	3,804	2,845	4,188	5,440	6,961
Inventories	118	118	118	118	118
Intangibles	208	411	405	490	331
Other	663	663	663	663	663
Total non-financial assets	10,417	9,574	9,574	9,574	9,574
Total assets	55,797	56,495	57,264	58,033	58,033
LIABILITIES					
Provisions					
Employees	13,109	13,857	14,651	15,445	15,445
Other provisions	596	596	596	596	596
Total provisions	13,705	14,453	15,247	16,041	16,041
Payables					
Suppliers	2,541	2,491	2,466	2,441	2,441
Other payables	524	524	524	524	524
Total payables	3,065	3,015	2,990	2,965	2,965
Total liabilities	16,770	17,468	18,237	19,006	19,006
Net assets	39,027	39,027	39,027	39,027	39,027
EQUITY					
Contributed equity	33,025	33,025	33,025	33,025	33,025
Reserves	968	968	968	968	968
Retained surpluses	5,034	5,034	5,034	5,034	5,034
Total equity	39,027	39,027	39,027	39,027	39,027
Current assets	46,043	46,791	47,685	48,379	48,379
Non-current assets	9,754	9,704	9,579	9,654	9,654
Current liabilities	9,918	10,242	10,614	10,986	10,986
Non-current liabilities	6,852	7,226	7,623	8,020	8,020

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	500	500	500	500	500
Appropriations	107,518	113,805	120,340	121,622	122,749
Total cash received	108,018	114,305	120,840	122,122	123,249
Cash used					
Employees	56,218	62,113	64,881	59,632	60,218
Suppliers	48,831	48,923	52,690	59,221	59,737
Total cash used	105,049	111,036	117,571	118,853	119,955
Net cash from or (used by) operating activities	2,969	3,269	3,269	3,269	3,294
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	8,702	3,269	3,269	3,269	3,294
Purchase of intangibles	200	-	-	-	-
Total cash used	8,902	3,269	3,269	3,269	3,294
Net cash from or (used by) investing activities	(8,902)	(3,269)	(3,269)	(3,269)	(3,294)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	3,958	-	-	-	-
Other	2,000	-	-	-	-
Total cash received	5,958	-	-	-	-
Net cash from or (used by) financing activities	5,958	-	-	-	-
Net increase or (decrease) in cash held	25	-	-	-	-
Cash at the beginning of the reporting period	1,599	1,624	1,624	1,624	1,624
Cash at the end of the reporting period	1,624	1,624	1,624	1,624	1,624

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	5,034	968	-	33,025	39,027
Estimated opening balance	5,034	968	-	33,025	39,027
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2008	5,034	968	-	33,025	39,027

Table 5.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2006-07	2007-08	2008-09	2009-10	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	3,958	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	3,958	-	-	-	-
Represented by:					
Purchase of non-financial assets	3,958	-	-	-	-
Other	-	-	-	-	-
Total represented by	3,958	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	3,958	-	-	-	-
Funded internally by departmental resources	4,944	3,269	3,269	3,269	3,294
Total	8,902	3,269	3,269	3,269	3,294

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	property	property		military	infrastructure	and cultural	software	intangibles	
	\$'000	\$'000	\$'000	equipment	plant and	assets	\$'000	\$'000	\$'000
					equipment				
As at 1 July 2007									
Gross book value	-	-	8,847	-	5,909	-	1,496	-	16,252
Accumulated depreciation	-	-	(1,973)	-	(4,198)	-	(1,288)	-	(7,459)
Estimated opening net book value	-	-	6,874	-	1,711	-	208	-	8,793
Additions:									
by purchase	-	-	-	-	2,985	-	284	-	3,269
Depreciation/amortisation expense	-	-	(1,337)	-	(1,851)	-	(81)	-	(3,269)
As at 30 June 2008									
Gross book value	-	-	8,847	-	8,894	-	1,780	-	19,521
Accumulated depreciation	-	-	(3,310)	-	(6,049)	-	(1,369)	-	(10,728)
Estimated closing net book value	-	-	5,537	-	2,845	-	411	-	8,793

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	10,000	10,000	10,000	10,000	10,000
Total taxation	10,000	10,000	10,000	10,000	10,000
Total revenues administered on behalf of Government	10,000	10,000	10,000	10,000	10,000
Total income administered on behalf of Government	10,000	10,000	10,000	10,000	10,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Write down and impairment of assets	-	-	-	-	-
Total expenses administered on behalf of Government	-	-	-	-	-

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	1	1	1	1	1
Receivables	4,000	4,334	4,334	4,334	4,334
Total financial assets	4,001	4,335	4,335	4,335	4,335
Total assets administered on behalf of Government	4,001	4,335	4,335	4,335	4,335

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and revenue	9,220	9,220	9,220	9,220	9,220
Fines and costs	777	777	777	777	777
Other	3	3	3	3	3
Total cash received	10,000	10,000	10,000	10,000	10,000
Net cash from or (used by) operating activities	10,000	10,000	10,000	10,000	10,000
Net increase or (decrease) in cash held	10,000	10,000	10,000	10,000	10,000
Cash at beginning of reporting period	1	1	1	1	1
Cash to Official Public Account for: - appropriations	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash at the end of reporting period	1	1	1	1	1

Table 5.10: Schedule of administered capital budget

The ACCC does not have any administered capital.

**Table 5.11: Schedule of administered property, plant, equipment and intangibles
— summary of movement (Budget year 2007-08)**

The ACCC does not have any administered property, plant, equipment or intangible assets.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Accounting policy

The budgeted financial statements have been prepared on an accrual accounting basis, having regard to Statements of Accounting Concepts, and in accordance with:

- the Finance Minister's Orders;
- Australian Equivalents to International Financial Reporting Standards (AEIFRS);
- other authoritative pronouncements of the Australian Accounting Standards Board; and
- the Consensus Views of the Urgent Issues Group.

Departmental and administered items

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

- computers, plant and equipment, and building fitout used in providing goods and services;
- liabilities for employee entitlements;
- revenue from appropriations or independent sources in payment for outputs; and
- employee, supplier and depreciation expenses incurred in providing agency outputs.

Administered items are those items incurred in providing programmes that are controlled by the Government and managed, or oversighted, by the ACCC on behalf of the Government. Administered revenues include fees and fines.

Departmental revenue

Revenue from Government represents the purchase of outputs from the ACCC by the Government and is recognised to the extent that it has been received into the ACCC's bank account.

Revenue from other sources, representing sales from goods and services, is recognised at the time that it is imposed on customers.

Departmental expenses — employees

Payments and net increases in entitlements to employees for services rendered in the financial year.

Departmental expenses — suppliers

Payments to suppliers for goods and services used in providing agency outputs.

Departmental expenses — depreciation and amortisation

Depreciable property plant and equipment, buildings and intangible assets are written-off to their estimated residual values over their estimated useful life, using the straight-line calculation method.

Departmental assets — financial assets

The primary financial asset relates to receivables. Financial assets are used to fund the ACCC's capital programme, employee entitlements, creditors and to provide working capital.

Departmental assets — non-financial assets

These items represent future benefits that the ACCC will consume in producing outputs. The reported value represents the purchase paid less depreciation incurred to date in using the asset.

Departmental liabilities — provisions and payables

Provision has been made for the ACCC's liability for employee entitlements arising from services rendered by employees. This liability includes unpaid annual leave and long service leave. No provision has been made for sick leave because the level of sick leave is less on average than the amount which employees are entitled to each year.

Provision has also been made for unpaid expenses as at balance date.

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Overview	109
1.1 Summary of agency contributions to outcomes.....	110
Section 2: Resources for 2007-08.....	111
2.1 Appropriations and other resources.....	111
2.2 2007-08 Budget measures.....	113
2.3 Other resources available to be used	113
2.4 Movement of administered funds.....	114
2.5 Special appropriations	114
2.6 Movements in special accounts	115
Section 3: Outcomes	117
3.1 Summary of outcomes and contribution to outcomes	117
3.2 Outcome resources and performance information	118
Section 4: Other reporting requirements.....	120
4.1 Purchaser-provider arrangements	120
4.2 Cost recovery arrangements.....	120
4.3 Australian Government Indigenous Expenditure	120
Section 5: Budgeted financial statements.....	121
5.1 Analysis of budgeted financial statements.....	121
5.2 Budgeted financial statements tables	123
5.3 Notes to the financial statements.....	130

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Overview

The Australian Office of Financial Management is responsible for the management of the Australian Government's debt and financial assets entrusted to it.

The AOFM aims to manage its net debt portfolio at least cost over the medium term, subject to an acceptable level of risk. It also contributes to the operation of financial markets by supporting efficient Treasury Bond and Treasury Bond futures markets. These markets allow participants to better manage their interest rate risks and to contribute to a lower cost of capital in Australia.

The AOFM issues long-term fixed interest debt to maintain the efficiency of the Treasury Bond and Treasury Bond futures markets. It issues bonds with tenors chosen to support the 3-year and 10-year Treasury Bond futures baskets. The current strategy is to issue approximately \$5 billion in each bond line.

The AOFM manages the cost and risk inherent in the debt on issue, by executing domestic interest rate swaps to achieve lower public debt servicing costs, while at the same time keeping the expected variability of cost to an acceptable level. It is guided in this task by reference to a benchmark portfolio.

Approximately 15 per cent of the long-term debt portfolio is currently indexed debt. The interest rate risk inherent in this debt is taken into account in setting the portfolio benchmark.

The AOFM also manages the overall level of cash in the Official Public Account with the Reserve Bank of Australia (RBA). It does this through making short-term deposits with the RBA to offset fluctuations in the daily flows in and out of the government's accounts.

The AOFM currently acts as an agent for the Department of Communications, Information Technology and the Arts (DCITA) in making investments for the Communications Fund. These investments and their earnings are reported by DCITA and not the AOFM.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to the achievement of the outcome for the Australian Office of Financial Management are summarised in Table 1.1 below and Figure 2 on page 117.

Table 1.1: Contribution to outcomes

Outcome	Description	Output group
Outcome 1		
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	The AOFM aims to manage its net debt portfolio at least cost over the medium-term, subject to an acceptable level of risk. It also contributes to the operation of financial markets by supporting efficient Treasury Bond and Treasury Bond futures markets.	Output Group 1.1 Australian Office of Financial Management

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total resourcing for the Australian Office of Financial Management (AOFM) in the 2007-08 Budget is \$240,956.2 million, represented by departmental appropriation of \$8.5 million, administered appropriation of \$240,946.8 million and departmental revenues of \$0.9 million. The administered appropriation comprises two components, appropriation for expenses of \$5,163.8 million and debt redemption and financial investment activity of \$235,783.0 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how revenue will be applied by outcome and by administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental				Administered				Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Bill No. 2 \$'000	Special Appropriation \$'000	
Australian Office of Financial Management									
Outcome 1									
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	8,528	-	-	867	10	-	-	5,163,771	-
Special capital appropriation	-	-	-	-	-	-	-	235,783,000	-
Total	8,528	-	-	867	10	-	-	240,946,771	-
									5,173,176
									235,783,000
									240,956,176

2.2 2007-08 BUDGET MEASURES

The AOFM does not have any 2007-08 Budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of estimated administered and departmental revenues from sources other than appropriations for the AOFM for 2006-07 (estimated actual) and 2007-08 (budget estimate). Departmental revenues are eligible items under the AOFM's net appropriation agreement under section 31 of the *Financial Management and Accountability Act 1997*, 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 2.3: Other revenues

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other revenues		
Net annotated (section 31) receipts	1,035	867
Total departmental other revenues	1,035	867
Administered other revenues		
<i>Financial Management and Accountability Act 1997</i> - Interest on financial assets	1,089,031	1,095,000
Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts - Interest on advances to States and Northern Territory	73,069	72,346
<i>Loans Securities Act 1919</i> - Interest on swaps	1,812,765	1,603,683
States (Works and Housing Assistance) Acts - Interest on advances to States	100,751	97,719
War Service Lands Settlements Acts - Interest on advances to States	289	234
Total administered other revenues	3,075,905	2,868,982

Departmental revenues comprise cost recovery arrangements from the States for security registry services incurred by the AOFM for managing debt on allocation to the States, recovery of expenses from salary packaging arrangements and revenue from staff secondments, including from the Australian Agency for International Development (AusAID) to reimburse costs associated with overseas deployments and other support for debt management in the region.

Administered revenues include interest revenue on swap transactions and financial investments, interest on advances made to the States and the Northern Territory under Commonwealth-State financing arrangements.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The AOFM does not have any movement of administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated special appropriation expenses		
Outcome 1 - Programme - Commonwealth Debt Management		
<i>Airports (Transitional) Act 1996</i> , section 78 - Interest	-	-
<i>Australian National Railways Commission Sale Act 1997</i> , section 67AW - Interest	-	-
<i>Commonwealth Inscribed Stock Act 1911</i> , section 6 - Interest	3,592,804	3,483,360
<i>Financial Agreement Act 1994</i> , section 5 - Assistance to States for debt redemption	-	-
<i>Loans Redemption and Conversion Act 1921</i> , section 5 - Interest	-	-
<i>Loans Securities Act 1919</i> , section 4 - Interest	1,000	1,000
<i>Loans Securities Act 1919</i> , section 5B(2) - Interest on swaps	1,804,289	1,679,195
<i>Moomba-Sydney Pipeline System Sale Act 1994</i> , section 19(3) - Interest	-	-
<i>Qantas Sale Act 1992</i> , section 18 - Interest	-	-
<i>Snowy Hydro Corporatisation Act 1997</i> , section 22 - Interest	2,000	216
<i>Treasury Bills Act 1914</i> , section 6 - Interest	-	-
Total estimated special appropriation expenses	5,400,093	5,163,771

The commentary below summarises the key legislative mechanisms that establish the Australian Government's borrowing capacity.

The *Commonwealth Inscribed Stock Act 1911* and associated regulations provide for the creation and issuance of domestic stock prescribed under the Act, including Treasury Fixed Coupon Bonds, Treasury Indexed Bonds and Treasury Notes.

The *Financial Agreement Act 1994* formalises revised debt redemption arrangements applying since 1 July 1990 between the Australian Government and the States and the Northern Territory. The Act prescribes the contributions to be made by the Australian Government, the States and the Northern Territory to meet the volume of maturing State and Northern Territory debt. The Act also establishes compensation payments by the Australian Government to the States and the Northern Territory as a result of the new arrangements.

The *Loans Securities Act 1919* provides the Australian Government with additional borrowing in overseas borrowings, swaps and other financial arrangements.

The *Loans Redemption and Conversion Act 1921* gives the Treasurer the power to borrow money necessary for the purpose of paying off, repurchasing or redeeming loans.

Section 39(2) of the *Financial Management and Accountability Act 1997* gives the Treasurer the power to invest public money in authorised investments for the purposes of managing the public debt of the Australian Government. Section 39(9) appropriates funds for this purpose.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. The following table shows the expected additions (credits) and reductions (debits) for each account used by the AOFM.

Table 2.6: Estimates of special account cash flows and balances

	Opening Balance	Credits	Debits	Adjustments	Closing Balance
	2007-08	2007-08	2007-08	2007-08	2007-08
	2006-07	2006-07	2006-07	2006-07	2006-07
	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust					
Account - <i>Financial Management and Accountability Act 1997</i> (section 21) ¹	-	-	-	-	-
	410	-	-	-	410
Total special accounts					
2007-08 Budget estimate	-	-	-	-	-
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	410	-	-	-	410

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

Until July 1990, the Australian Government borrowed on behalf of the State and Territory governments and allocated a portion of its Treasury Bond raisings to those governments to fund the redemption of previous allocations of bond raisings. Until 1986, the Australian Government also borrowed on behalf of the State and Territory governments to raise new borrowings. In addition there are outstanding balances of various loans raised by the State Governments.

The annual funding of the redemption of the State and Territory allocated debt is governed by the *Financial Agreement Act 1994* which requires the Australian Government to establish and maintain the Debt Retirement Reserve Trust Account (DRRTA), a special account, for the States and the Northern Territory. Monies standing to the credit of a State or the Northern Territory are applied by the Australian Government in connection with the repurchase and repayment of the debt of that State or the Northern Territory.

The Act prescribes the contributions to be made by the Australian Government and by the States and the Northern Territory to the DRRTA.

Approximately \$10 million of perpetual debt with no fixed maturity date remains outstanding under arrangements governed by the *Financial Agreement Act 1994*. All other debt has been redeemed. Redemption of the perpetual debt is at the discretion of the relevant States, the timing of which was not fixed at the time of preparation of the Budget. Accordingly, there are no projected cash flows through this special account.

Section 3: Outcomes

General government sector agencies are required to plan, budget and report under an outcomes structure. Agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items for the Australian Office of Financial Management.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The AOFM delivers a single output – debt management – with a single outcome. The relationship between the activities of the AOFM and its outcome/output structure is summarised in Figure 2.

Figure 2: Contributions to outcomes



The AOFM has not made any changes to its outcome or output structure since the *Portfolio Budget Statements 2006-07*.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Special Appropriations ¹	244,372,727	240,946,771
Annual Appropriations	10	10
Total administered appropriations	244,372,737	240,946,781
Departmental appropriations		
Output Group 1.1 - Australian Office of Financial Management		
Output 1.1.1 - Debt management	8,473	8,528
Total departmental appropriations	8,473	8,528
Departmental revenue from other sources		
Other revenues	1,035	867
Total departmental revenue from other sources	1,035	867
Total departmental resources	9,508	9,395
Total estimated resourcing for Outcome 1	244,382,245	240,956,176
	2006-07	2007-08
Average staffing level (number)	35	35

¹ The AOFM draws administered appropriations to make term deposit investments with the Reserve Bank of Australia. These deposits are used to manage the daily variations in the Commonwealth's cash balances in the Official Public Account (OPA). The cash flows into and out of the OPA are highly variable from day to day and so in consequence are the number, size and timing of term deposits. These deposits are financing transactions and represent the most significant component of the special appropriations (\$232.9 billion in each year).

3.2.2 Measures affecting Outcome 1

The AOFM does not have any 2007-08 Budget measures.

3.2.3 Contributions to achievement of Outcome 1

The AOFM produces its output – debt management – through the issuance of Treasury Bonds and the execution of interest rate swaps. It also undertakes risk management activities, compliance activities, financial reporting, debt administration and the monitoring of conditions in Treasury bond and futures markets. Debt management activities comply with applicable legislative requirements and accounting standards.

3.2.4 Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to the Australian Office of Financial Management are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Effectiveness - Overall achievement of the Outcome	
Debt issued by the Australian Government and debt assumed from Australian Government agencies.	<p>Achievement of the Australian Government's financing task in a cost-effective manner, subject to acceptable risk.</p> <p>An efficient Treasury Bond market that supports an efficient Treasury Bond futures market.</p>
Performance indicators for individual outputs	
Output group 1.1: Australian Office of Financial Management	
Output 1.1.1 - Debt Management	<p>Cost of Australian Government debt portfolio.</p> <p>Timely production of reports on debt management activities.</p> <p>Efficient execution of the Australian Government's borrowing activities. Partial indicators include the narrowness of the range of accepted bids and of the basis point spread between tender and secondary market yields.</p> <p>Efficient management of the Australian Government's cash balances. Indicators include having sufficient cash to meet the Government's financial obligations and adherence to limits on cash balances over the course of the year.</p> <p>Price: \$9.4 million</p>

3.2.5 Evaluations for Outcome 1

Feedback is sought on a regular basis from financial markets and key clients on the effectiveness of debt issuance and the efficiency of the Commonwealth Government Securities bond and futures markets. The appropriateness of the benchmark portfolio is also reviewed regularly. Results are presented in the AOFM's Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Australian Office of Financial Management (AOFM) does not currently have purchaser-provider arrangements in place.

4.2 COST RECOVERY ARRANGEMENTS

The AOFM does not carry out significant ongoing cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The AOFM does not have any specific indigenous expenditure.

Section 5: 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 2006-07 (estimated actual results), 2007-08 (Budget) and three forward years. The financial statements should be read in conjunction with the accompanying notes.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Budgeted Income Statement

Since its establishment as a separate agency in July 1999, the AOFM has been developing its resource base and functionality. Continuous improvements are being made in policy, systems and methodology in the areas of financial market operations and risk management. The budget and forward years reflect periods when revenue and operating expenses are expected to be relatively stable.

Budgeted Balance Sheet

The AOFM's net asset (or equity) position is forecast to remain constant over the Budget and forward years, reflecting that current funding levels are expected to be adequate to support the AOFM's current operations during this period.

The AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in agency infrastructure. Some further capital expenditure, in the forward estimates period, particularly in relation to systems, both for development and replacement, is expected. Sufficient funding has been provided for this future capital investment from accumulated unspent outputs appropriations (depreciation funding) and equity injections.

Administered

Following the Government's decision, announced in the 2003-04 Budget, to maintain the market in Commonwealth Government Securities (CGS), the AOFM issues Treasury Bonds with tenors chosen to support the requirements of the Treasury Bond futures market. The Administered Budget and forward estimates reflect this decision.

The AOFM executes interest rate swap transactions to manage the cost and risk of its net debt portfolio. The Administered Budget and forward estimates incorporate the interest rate swap programme.

AOFM Budget Statement: Budgeted financial statements

The Australian Government holds surplus funds as term deposits with the Reserve Bank of Australia. Estimates of these asset holdings have been included in the Administered Budget and forward estimates. The Future Fund is managed by the Future Fund Management Agency in the Finance and Administration Portfolio, and its asset holdings are not included in the AOFM's administered budget and forward estimates.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	8,473	8,528	8,622	8,720	8,809
Goods and services	1,035	867	867	867	867
Total revenue	9,508	9,395	9,489	9,587	9,676
Total income	9,508	9,395	9,489	9,587	9,676
EXPENSES					
Employees	4,550	4,797	5,062	5,338	5,675
Suppliers	3,870	4,148	3,977	3,799	3,551
Depreciation and amortisation	838	450	450	450	450
Total expenses	9,258	9,395	9,489	9,587	9,676
Surplus / (deficit)	250	-	-	-	-
Surplus / (deficit) attributable to the Australian Government	250	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	829	1,014	1,657	1,865	2,596
Receivables ¹	9,462	9,462	9,462	9,462	9,462
Total financial assets	10,291	10,476	11,119	11,327	12,058
Non-financial assets					
Infrastructure, plant and equipment	710	560	310	560	310
Intangibles	715	915	715	515	315
Other non-financial assets	19	19	19	19	19
Total non-financial assets	1,444	1,494	1,044	1,094	644
Total assets	11,735	11,970	12,163	12,421	12,702
LIABILITIES					
Payables					
Suppliers	97	97	97	97	97
Total payables	97	97	97	97	97
Provisions					
Employees	1,244	1,479	1,672	1,930	2,211
Other provisions	125	125	125	125	125
Total provisions	1,369	1,604	1,797	2,055	2,336
Total liabilities	1,466	1,701	1,894	2,152	2,433
Net assets	10,269	10,269	10,269	10,269	10,269
EQUITY					
Contributed equity	3,423	3,423	3,423	3,423	3,423
Retained surpluses	6,846	6,846	6,846	6,846	6,846
Total equity	10,269	10,269	10,269	10,269	10,269
Current assets	1,053	1,238	1,881	2,089	2,820
Non-current assets	10,682	10,732	10,282	10,332	9,882
Current liabilities	1,059	1,241	1,377	1,576	1,792
Non-current liabilities	407	460	517	576	641

1 Receivables balance includes \$9.3 million of undrawn appropriations held in the Official Public Account.

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,473	8,528	8,622	8,720	8,809
Other cash received	1,035	867	867	867	867
Total cash received	9,508	9,395	9,489	9,587	9,676
Cash used					
Employees	4,335	4,562	4,870	5,079	5,396
Suppliers	3,869	4,148	3,976	3,800	3,549
Total cash used	8,204	8,710	8,846	8,879	8,945
Net cash from or (used by) operating activities	1,304	685	643	708	731
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	600	500	-	500	-
Total cash used	600	500	-	500	-
Net cash from or (used by) investing activities	(600)	(500)	-	(500)	-
Net increase or (decrease) in cash held	704	185	643	208	731
Cash at the beginning of the reporting period	125	829	1,014	1,657	1,865
Cash at the end of the reporting period	829	1,014	1,657	1,865	2,596

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	6,846	-	-	3,423	10,269
Estimated opening balance	6,846	-	-	3,423	10,269
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expense recognised directly in equity	-	-	-	-	-
Estimated closing balance as at 30 June 2008	6,846	-	-	3,423	10,269

Table 5.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2006-07	2007-08	2008-09	2009-10	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	600	500	-	500	-
Total	600	500	-	500	-

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	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
As at 1 July 2007									
Gross book value	-	-	-	-	1,516	-	3,315	-	4,831
Accumulated depreciation	-	-	-	-	(806)	-	(2,600)	-	(3,406)
Estimated opening net book value	-	-	-	-	710	-	715	-	1,425
Additions:									
by purchase	-	-	-	-	100	-	400	-	500
Depreciation/amortisation expense	-	-	-	-	(250)	-	(200)	-	(450)
As at 30 June 2008									
Gross book value	-	-	-	-	1,616	-	3,715	-	5,331
Accumulated depreciation	-	-	-	-	(1,056)	-	(2,800)	-	(3,856)
Estimated closing net book value	-	-	-	-	560	-	915	-	1,475

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME AND EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue before re-measurements					
Non-taxation					
Interest	3,075,905	2,868,982	3,074,144	3,606,317	3,946,232
Total non-taxation	3,075,905	2,868,982	3,074,144	3,606,317	3,946,232
Total revenues before re-measurements	3,075,905	2,868,982	3,074,144	3,606,317	3,946,232
Expenses before re-measurements					
Interest and financing costs	5,400,103	5,163,781	4,685,803	4,414,764	4,038,119
Total expenses before re-measurements	5,400,103	5,163,781	4,685,803	4,414,764	4,038,119
Operating result before re-measurements	(2,324,198)	(2,294,799)	(1,611,659)	(808,447)	(91,887)
Re-measurements					
Net market valuation gains	563,668	212,000	124,000	92,000	105,000
Total re-measurements	563,668	212,000	124,000	92,000	105,000
Net Income	(1,760,530)	(2,082,799)	(1,487,659)	(716,447)	13,113

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	1,698	1,698	1,698	1,698	1,698
Receivables	2,623,980	2,583,063	2,546,702	2,502,962	2,470,002
Investments (section 39 FMA Act)	16,492,000	26,777,000	40,386,000	52,264,000	54,854,000
Accrued revenues	107	107	107	107	107
Total financial assets	19,117,785	29,361,868	42,934,507	54,768,767	57,325,807
Total assets administered on behalf of Government	19,117,785	29,361,868	42,934,507	54,768,767	57,325,807
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government					
Securities	57,305,893	59,296,893	59,378,893	58,744,893	50,733,893
Total interest bearing liabilities	57,305,893	59,296,893	59,378,893	58,744,893	50,733,893
Payables					
Other payables	107	107	107	107	107
Total payables	107	107	107	107	107
Total liabilities administered on behalf of Government	57,306,000	59,297,000	59,379,000	58,745,000	50,734,000

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	2,998,522	2,905,349	3,100,188	3,602,451	3,964,771
Total cash received	2,998,522	2,905,349	3,100,188	3,602,451	3,964,771
Cash used					
Interest paid	5,185,412	5,194,016	4,770,264	4,292,389	4,754,574
Total cash used	5,185,412	5,194,016	4,770,264	4,292,389	4,754,574
Net cash from or (used by) operating activities	(2,186,890)	(2,288,667)	(1,670,076)	(689,938)	(789,803)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	86,533	88,651	91,260	93,515	95,725
Total cash received	86,533	88,651	91,260	93,515	95,725
Net cash from or (used by) investing activities	86,533	88,651	91,260	93,515	95,725
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	5,156,690	5,049,134	5,271,518	4,968,716	4,973,151
Term deposit maturities	234,561,000	222,598,000	219,288,000	221,013,000	230,277,000
Total cash received	239,717,690	227,647,134	224,559,518	225,981,716	235,250,151
Cash used					
Repayment of borrowings	6,111,634	2,922,000	5,098,000	5,709,000	12,250,000
Term deposit investments	232,861,000	232,861,000	232,861,000	232,861,000	232,861,000
Total cash used	238,972,634	235,783,000	237,959,000	238,570,000	245,111,000
Net cash from or (used by) financing activities	745,056	(8,135,866)	(13,399,482)	(12,588,284)	(9,860,849)
Net increase or (decrease) in cash held	(1,355,301)	(10,335,882)	(14,978,298)	(13,184,707)	(10,554,927)
Cash at beginning of reporting period	1,698	1,698	1,698	1,698	1,698
Cash from Official Public Account for:					
- appropriations	244,218,658	241,048,306	242,794,377	242,944,364	249,923,332
Cash to Official Public Account for:					
- appropriations	(242,863,357)	(230,712,424)	(227,816,079)	(229,759,657)	(239,368,405)
Cash at end of reporting period	1,698	1,698	1,698	1,698	1,698

Table 5.10: Schedule of administered capital budget

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	-	-	-	-	-
Special appropriations	238,972,634	235,783,000	237,959,000	238,570,000	245,111,000
Total capital appropriations	238,972,634	235,783,000	237,959,000	238,570,000	245,111,000
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	238,972,634	235,783,000	237,959,000	238,570,000	245,111,000
Total represented by	238,972,634	235,783,000	237,959,000	238,570,000	245,111,000

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

The AOFM does not have any administered property, plant, equipment and intangibles.

5.3 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. As a result of subsequent amendments to AASB 139 *Financial Instruments: Recognition and Measurement*, the AOFM has revised its accounting policies. The impact of this revision is that the AOFM will continue to measure all significant financial assets and financial liabilities at fair value through profit or loss, with the exception of housing loans to the States and Northern Territory. From 2006-07, these loans are now measured on an amortised cost basis, after initial recognition at fair value, under the requirements of the revised AASB 139.

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 that 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 manages the investments made by the Communications Fund. 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 (agency transactions) are separately budgeted for and reported from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Agency assets, liabilities, revenues and expenses are those which are controlled by the agency. Agency expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services to government.
- Administered assets, liabilities, revenues and expenses are those which are managed on behalf of the Australian Government according to set government directions. Administered expenses include interest incurred on Commonwealth 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 Sector (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:

- agency 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 fund the majority of administered expenses and 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 generally adjusted for wage cost indexation less an 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.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
Interest					
Interest on housing agreements	174,109	170,299	166,358	162,258	158,018
Interest from other sources	2,901,796	2,698,683	2,907,786	3,444,059	3,788,214
Total interest	3,075,905	2,868,982	3,074,144	3,606,317	3,946,232

Interest from other sources includes interest from swaps and investments.

Expenses — interest and financing costs

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
Interest					
Interest on Commonwealth Government Securities	3,593,814	3,484,370	3,370,163	3,353,319	3,219,101
Interest on swaps	1,804,289	1,679,195	1,315,424	1,061,445	819,018
Other	2,000	216	216	-	-
Total interest and financing costs	5,400,103	5,163,781	4,685,803	4,414,764	4,038,119

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
Receivables					
Loans to State and Northern Territory Governments ¹	2,904,339	2,837,319	2,767,579	2,695,445	2,620,941
Swaps ²	(280,359)	(254,256)	(220,877)	(192,483)	(150,939)
Total receivables	2,623,980	2,583,063	2,546,702	2,502,962	2,470,002

1 At amortised cost from 1 July 2006.

2 At fair value.

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, including Treasury Bonds and Treasury Indexed Bonds.

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
Interest bearing liabilities					
Commonwealth Government Securities					
Treasury Bonds	48,037,000	49,947,000	49,912,000	49,161,000	43,338,000
Treasury Indexed Bonds	9,229,000	9,327,000	9,448,000	9,565,000	7,377,000
Other securities	39,893	22,893	18,893	18,893	18,893
Total interest bearing liabilities	57,305,893	59,296,893	59,378,893	58,744,893	50,733,893

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Overview	137
1.1 Summary of agency contributions to outcomes.....	137
Section 2: Resources for 2007-08.....	139
2.1 Appropriations and other resources.....	139
2.2 2007-08 budget measures.....	141
2.3 Other resources available to be used.....	142
2.4 Movement of administered funds.....	142
2.5 Special appropriations	142
2.6 Movement in special accounts.....	143
Section 3: Outcomes	144
3.1 Summary of outcomes and contribution to outcomes	144
3.2 Outcome resources and performance information	145
Section 4: Other reporting requirements	149
4.1 Purchaser-provider arrangements	149
4.2 Cost recovery arrangements.....	149
4.3 Australian Government Indigenous Expenditure	150
Section 5: Budgeted financial statements	151
5.1 Analysis of budgeted financial statements.....	151
5.2 Budgeted financial statements tables	153
5.3 Notes to the financial statements.....	159

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Overview

The role of the Australian Prudential Regulation Authority (APRA) is developing and enforcing regulation that promotes prudent behaviour by authorised deposit-taking institutions, insurance companies, superannuation funds and other financial institutions with the key aim of protecting the interests of their depositors, policy holders and members.

Prudential regulation focuses on the quality of an institution's systems for identifying, measuring and managing the various risks in its business.

In carrying out this role, APRA will enhance public confidence in Australia's financial institutions through a framework of prudential regulation, which balances financial safety and efficiency, competition, contestability and competitive neutrality. This is achieved by:

- the formulation and promulgation of prudential policy and practice to be observed by regulated institutions;
- effective surveillance and compliance programmes and, where relevant, remediation or enforcement measures, to give effect to the laws administered by APRA and to standards issued under those laws; and
- advice to government on the development of regulation and legislation affecting regulated institutions and the financial markets in which they operate.

APRA was established by the *Australian Prudential Regulation Authority Act 1998* (APRA Act). The *Commonwealth Authorities and Companies Act 1997* currently applies to APRA. Subject to the agreement of Parliament to the enabling legislation from 1 July 2007, the *Financial Management and Accountability Act 1997* (FMA Act) will apply to APRA. Details of legislative amendments to the APRA Act and other arrangements necessary to conform to the FMA Act will be determined prior to 1 July 2007.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by APRA which contribute to the achievement of its outcome are summarised in Table 1.1 and Figure 2 on page 144.

Table 1.1: Contribution to Outcomes

Outcome	Description	Output groups
Outcome 1		
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	The single outcome consists of one output group comprising three outputs; namely policy development, surveillance program and prudential advice	Output Group 1.1 Australian Prudential Regulation Authority

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation and other resources for the Australian Prudential Regulation Authority (APRA) in the 2007-08 Budget is \$98.5 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental				Administered				Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Appropriation \$'000	Special \$'000	Other resources \$'000	Appropriation Bill No. 2 Other \$'000	Special Appropriation \$'000	Other resources \$'000	
Australian Prudential Regulation Authority Outcome 1									
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	2,580	-	91,178	4,270	-	-	500	-	98,528
Total	2,580	-	91,178	4,270	-	-	500	-	98,528

2.2 2007-08 BUDGET MEASURES

The following table summarises Budget measures relating to APRA as explained in Budget Paper No. 2, *Budget Measures 2007-08*.

Table 2.2: Australian Prudential Regulation Authority measures

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward Estimate 2009-10 \$'000			Forward Estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measures													
Australian Prudential Regulation Authority - sustaining capabilities in prudential regulation	1.1	-	6,813	6,813	-	6,010	6,010	-	5,749	5,749	-	5,508	5,508
Australian Prudential Regulation Authority - strengthened capabilities and continuation of funding	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Australian Prudential Regulation Authority - revised funding arrangements ¹	1.1	-	2,580	2,580	-	2,500	2,500	-	2,500	2,500	-	2,500	2,500
Total expense measures		-	9,393	9,393	-	8,510	8,510	-	8,249	8,249	-	8,008	8,008
Related revenue													
Australian Prudential Regulation Authority - sustaining capabilities in prudential regulation	1.1	6,813	-	6,813	6,010	-	6,010	5,749	-	5,749	5,508	-	5,508
Australian Prudential Regulation Authority - strengthened capabilities and continuation of funding	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Total related revenue		6,813	-	6,813	6,010	-	6,010	5,749	-	5,749	5,508	-	5,508

¹ This measure was published in the *Mid-Year Economic and Fiscal Outlook 2006-07*.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by APRA for provision of goods or services. These resources are approved for use by APRA and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	4,816	4,220
Interest	3,245	-
Rents	799	-
Other	415	50
Total departmental other resources available to be used	9,275	4,270

Goods and services of \$4.2 million in the above table represent cost recoveries for activities described more fully in Section 4.2.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

APRA does not have any movement of administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated special appropriation expenses		
<i>Australian Prudential Regulation Authority Act 1998</i>		
- section 50	1 80,293	93,570
<i>Financial Management and Accountability Act 1997</i>		
- section 28	2 500	500
Total estimated special appropriation expenses	80,793	94,070

1 Funding of APRA's operations.

2 Refund of overpayment of levies by financial institutions from administered funds (also refer Table 5.7).

2.6 MOVEMENT IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by APRA.

Table 2.6: Estimates of special account flows and balances

	Opening balance	Credits	Debits	Adjustments	Closing balance
	2007-08	2007-08	2007-08	2007-08	2007-08
	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation Protection Account	-	-	-	-	-
	-	-	-	-	-
Total special accounts					
2007-08 Budget estimate	-	-	-	-	-
<i>Total special accounts</i>					
<i>2006-07 estimate actual</i>	-	-	-	-	-

The Superannuation Protection Account was established under section 234 of the *Superannuation Industry (Supervision) Act 1993* to facilitate the recovery of financial assistance provided to superannuation fund members suffering adverse outcomes from fraud and misappropriation by fund trustees. There have been no transactions to this account to date. Several rounds of financial assistance have been made to a number of superannuation funds by Treasury directly from the Consolidated Revenue Fund (CRF) in recent financial years. To date, APRA, on behalf of Treasury, has imposed three Financial Assistance Levies on the superannuation industry to recover assistance funds granted up to 2005-06, the proceeds of which were returned directly to the CRF.

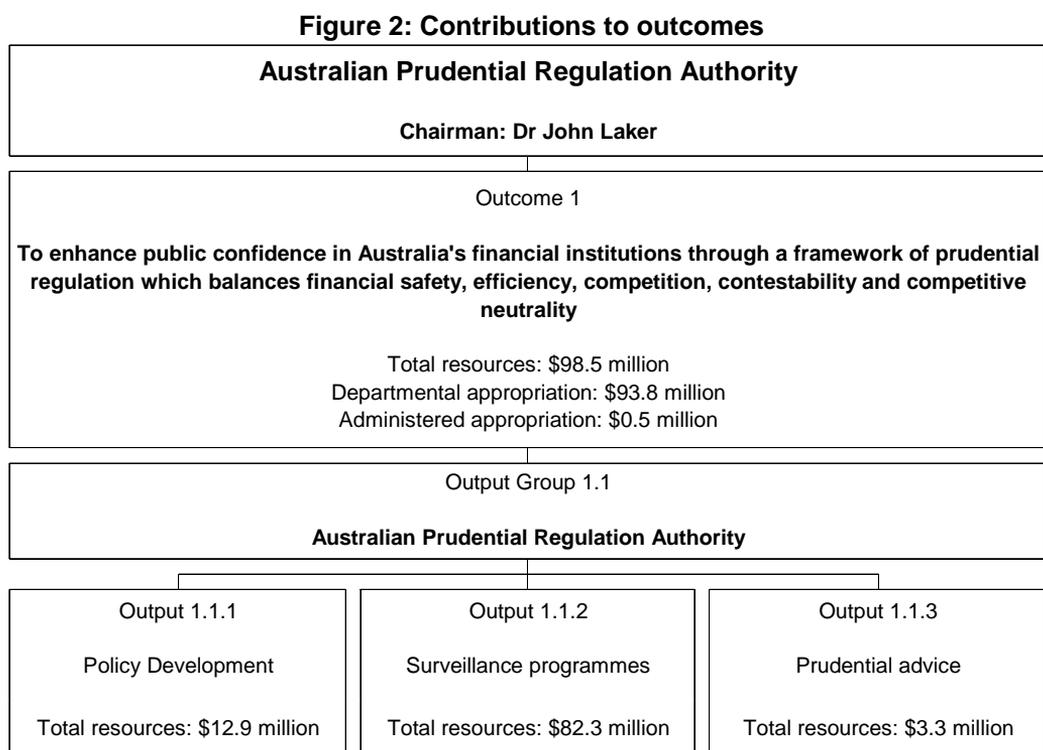
Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the outcome for the Australian Prudential Regulation Authority (APRA).

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of APRA and its outcome is summarised in the following figure.



APRA determines the relative contribution of its three outputs to the agency outcome using a time management system. Direct labour costs are captured by the system while costs associated with support and overhead activities are allocated across the three outputs in the ratio of each of the direct output costs to total direct output cost.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for the Outcome, including departmental appropriations and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriation		
Special Appropriation <i>Financial Management and Accountability Act 1997</i>	500	500
Total administered appropriation	500	500
Departmental appropriation		
Output Group 1.1 - Australian Prudential Regulation Authority		
Output 1.1.1 - Policy development	12,992	12,297
Output 1.1.2 - Surveillance programmes	82,765	78,338
Output 1.1.3 - Prudential advice	3,300	3,124
Total departmental appropriation	99,057	93,758
Departmental revenue from other sources		
Goods and services	4,816	4,220
Interest	3,245	-
Other	1,214	50
Total departmental revenue from other sources	9,275	4,270
Total resources	108,832	98,528
	2006-07	2007-08
Average staffing level (number)	563	580

3.2.2 Measures affecting Outcome 1

The Budget measures for APRA appear in Table 2.2. Details of these measures are included in Budget Paper No. 2, *Budget Measures 2007-08*.

3.2.3 Contributions to achievement of Outcome 1

The outputs of APRA aim to enhance 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 outputs involve formulation and promulgation of prudential policy and practice to be observed by regulated institutions; effective surveillance and compliance programmes and, where relevant, remediation and enforcement measures, to give effect to the laws administered by APRA and to standards issued under those laws;

and advice to government on the development of regulation and legislation affecting regulated institutions and the financial markets in which they operate.

Departmental outputs

APRA has three outputs contributing to Outcome 1:

Policy development comprises the issuance of prudential standards and guidelines to assist regulated industries manage risk, industry consultation in development of new prudential policies, cooperation with national and international agencies in the harmonisation of prudential standards and informing the public to enhance understanding of the role of APRA.

Surveillance programmes aim to minimise financial loss by depositors, policy holders and fund members which may result from the failure of regulated institutions to adequately manage risk; facilitate early identification of emerging prudential risks and supervision of necessary remedial actions through inspections and off-site surveillance of regulated entities; and exercise enforcement powers as appropriate to protect the interests of depositors, policy holders, superannuation funds members and the public interest generally.

Prudential advice to Government on prudential regulation policy development; advice to Government comprise advice on amendments to legislation and regulations administered by APRA; liaison with Treasury and appropriate Ministers at regular intervals; and briefing of Government on matters emerging in international forums which may impact on prudential policy.

3.2.4 Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to APRA is summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance indicators for individual outputs

Output group 1.1: Australian Prudential Regulation Authority

Output group 1.1.1 Policy development	<p>Issuance of prudential standards, guidelines and like instruments which effectively address risk management exposures of regulated industries;</p> <p>Comprehensive consultation with industry bodies, regulated institutions and professional associations on the development and implementation of prudential policy;</p> <p>Effective communication and cooperation with relevant national and international agencies including participation in the international development and harmonisation of prudential regulation policy and practice; and</p> <p>Promotion of public understanding of the role of APRA and informed debate on issues relating to prudential supervision through the publication of discussion papers, statistics and other relevant information.</p> <p>Price \$12.9 million</p>
Output group 1.1.2 Surveillance programmes	<p>Minimise the risk of financial loss by depositors or policy holders resulting from the failure of regulated institutions to observe laws, regulations or prudential standards administered by APRA;</p> <p>The identification of emerging prudential risks within regulated institutions through programmes of inspection and off-site surveillance and the supervision of remedial actions to effectively manage such risks; and</p> <p>The exercise by APRA of formal enforcement powers where necessary to protect the interests of depositors, policy holders, superannuation fund members or the public interest generally (including powers to issue directions, disqualify persons from positions of management or trust, transferring engagements, withdrawing licences, or initiating prosecutions).</p> <p>Price \$82.3 million</p>
Output group 1.1.3 Prudential advice	<p>Regular liaison meetings with the Treasury and with relevant Ministers and Parliamentary Committees;</p> <p>Recommendations to Government on prudential regulation policy development involving legislative implementation (including amendments to all Acts of Parliament administered by APRA and regulations thereunder);</p> <p>Timely briefings to Government on major items of policy interest emerging from APRA participation in international fora; and</p> <p>Maintenance of a memorandum of understanding with the Treasury.</p> <p>Price \$3.3 million</p>

The primary business outcome of APRA is to protect beneficiaries of regulated financial institutions and to enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances the objectives of financial safety and efficiency, competition, contestability and competitive neutrality. Key strategies have been identified that will achieve this business outcome in a cost effective manner. The three strategies that align with the APRA output are: supervision, enforcement and rehabilitation; policies, standards and guidelines for prudential supervision; and prudential advice covering relations with Government, Parliament and other interested parties.

The estimated percentage distribution of APRA's operating expenditure across these three elements of the APRA outcome in 2007-08 is 84 per cent for supervision, rehabilitation and enforcement, 13 per cent for development of prudential policies and standards and 3 per cent for prudential advice.

APRA has developed measures that provide a general quantitative indicator of its supervisory performance. Two such measures are the Performing Entity Ratio (PER), which is the number of APRA-regulated institutions which meet their commitments to beneficiaries in a given year, divided by the total number of APRA-regulated institutions and the Money Protected Ratio (MPR), which is the dollar value of liabilities to beneficiaries in Australia that remained safe in a given year, divided by the total dollar value of liabilities to beneficiaries in Australia in APRA-regulated institutions.

3.2.5 Evaluations for Outcome 1

Performance will be measured on a quarterly basis through an integrated programme of business planning, measurement and reporting. The business plan is expressed through seven strategic objectives: maintaining and enhancing the quality and intensity of supervision; consolidating the prudential framework; investing in efficiency; building and sustaining staff; improving communications; ensuring APRA's readiness to respond to unexpected external events; and strengthening APRA's management and internal processes.

Feedback will be sought from key stakeholders on a regular basis on the development of policy and prudential advice.

The performance of surveillance programmes is evaluated through the measurement processes, through KPIs reported to and considered by the Executive on a quarterly basis.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Australian Prudential Regulation Authority (APRA) is not party to any material cross agency purchaser-provider arrangements. Minor amounts are recovered from Australian Bureau of Statistics (ABS) and Reserve Bank of Australia (RBA) for provision of statistical data as recorded in the following section dealing with cost recovery arrangements.

4.2 COST RECOVERY ARRANGEMENTS

Cost recovery arrangements have been negotiated with the large banks to accelerate their preparations for opportunities available to them under the new Basel Capital Accord on capital adequacy. A special levy is imposed on general insurers for use of a National Claims and Policies Database (NCPD) which assists the general insurance industry by collecting data on public liability and professional indemnity policies and claims. Licence fees are also charged to new authorised deposit-taking institutions, insurers and trustees of regulated superannuation entities in a tiered licensing arrangement for those institutions applying to operate in the financial system. Similarly, a small fee is charged to grant consent to foreign authorised deposit-taking institutions wishing to establish and maintain a representative office in Australia. Costs of providing statistical services to the RBA and the ABS, and prudential services to various State Governments are also recovered.

Outside the fee for service regime, APRA recovers costs on behalf of the Australian Securities and Investments Commission (ASIC) and the Australian Taxation Office (ATO) for various consumer protection, enforcement and Superannuation Complaints Tribunal activities and lost member and unclaimed superannuation arrangements as part of annual levies on financial institutions. These latter recoveries are not retained by APRA and are passed directly to the Consolidated Revenue Fund.

The fees have been set in accordance with the Australian Government's cost recovery policy and guidelines, in consultation with Treasury and those that are required to be, are covered by cost recovery impact statements.

In total the above cost recoveries are budgeted to realise revenues of \$4.3 million in 2007-08, plus NCPD levy of \$1.2 million.

In all instances, the cost recovery proposals have been discussed with the major stakeholders during annual industry consultations involving industry representative associations and/or the main affected institutions. In some instances, such as the Basel II accreditation work, the fees were set by direct negotiation and agreement with the institutions concerned. Other minor fees were also set by negotiation and mutual agreement with the institutions or organisations directly involved.

APRA's cost recovery arrangements are due to be reviewed again in 2011.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

APRA does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The budgeted departmental Income Statement (refer Table 5.1) shows a net decrease in appropriations from \$99.1 million forecast for 2006-07 to \$93.8 million in 2007-08. The decline is due in part to the end of the 2006-07 Budget measure to support the disqualification of persons from the insurance industry. The balance is due to the additional levies collected in 2007-08 offset by the 2007-08 Budget measure – see Table 2.2.

Income from rents is a result of sub-letting an area of surplus leased space in the Canberra office. Subletting arrangements will cease in June 2007.

Revenue from sale of goods and services includes the various cost recovery activities as described in Section 4.2.

Following APRA's transition to an FMA Act agency from 1 July 2007, the direct earning of interest on cash holdings will cease. A new appropriation, recognising interest on APRA reserves, has been approved in lieu – refer Table 2.2.

Employee expenses will increase from \$60.5 million forecast in 2006-07 to \$69.2 million in 2007-08. The increase has two key components: the 2007-08 Budget measure (\$5.4 million of the total \$6.8 million) combined with a 2006-07 underspend (\$3 million) mainly due to higher than anticipated staff turnover. As a result of the latter, APRA has been unable to maintain its target headcount of 580 full time equivalent staffing. The 2007-08 Budget measure is partially aimed at assisting APRA to maintain its staffing capacity and quality.

Supplier costs will decrease from \$25.8 million forecast in 2006-07 to \$25.2 million in 2007-08. The net decrease has three main components: underspent enforcement activity (\$1.2 million) in 2006-07; the cessation of the 2006-07 Budget measure enabling the disqualification of persons from the insurance industry (\$3.7 million); offset by the 2007-08 Budget measure (\$1.4 million of the total \$6.8 million).

APRA is budgeting for an operating surplus of \$0.2 million in 2007-08.

The budgeted departmental Balance Sheet (refer Table 5.2) shows an increase in total financial assets from the prior period consisting mainly of Basel II accreditation receivables.

No material change in non-financial assets is expected in 2007-08, however planned reinvestment in APRA's core infrastructure will see non-financial asset balances grow beyond 2007-08. Acquisitions will be funded from APRA's internal reserves.

Provisions for employee entitlements cover accumulated annual and long service leave which, following a one-off increase in 2007-08 reflecting the impacts of the 2007-08 Budget measure, are expected to level off. The other provisions consist of making-good leased premises and equalising lease incentives.

APRA will maintain its sound financial position and continue to have sufficient resources available to cover all its known financial obligations.

Contributed equity will be maintained at the 2006-07 level. Retained surpluses are planned to maintain reserves at a level sufficient to accommodate unforeseen business needs which may arise from supervision of at-risk institutions and enforcement actions. The determination of levies for 2007-08 is subject to the outcomes of industry consultation, including the extent to which retained surpluses can be returned to industry through the levies process.

The budgeted departmental Statement of Cash Flows (refer Table 5.3) reflects the decrease in appropriations as detailed in Table 5.1.

Table 5.4 shows the expected changes in equity from one financial year to the next. The only change expected reflects the small operating surplus of \$0.2 million budgeted for 2007-08.

The departmental Capital Budget Statement (Table 5.5) indicates APRA's capital requirements will be met from internally generated resources. The expected movements in non-financial asset values between 2006-07 and 2007-08 are shown in Table 5.6, the main activity being in infrastructure, plant and equipment to replace retired assets.

The Schedule of Budgeted Income and Expenses Administered on behalf of Government (refer Table 5.7) shows the amounts APRA collects in supervisory levies from the finance industry on behalf of the Government under the *Financial Institutions Supervisory Levies Collection Act 1998*. In addition to the amount required to fund APRA, the levies also include amounts to fund the activities of the Australian Taxation Office for unclaimed moneys and lost member functions and the Australian Securities and Investments Commission for consumer protection and market integrity functions. The expenses shown are an estimate of the amount of levies and penalties that will be waived or written off in the year.

Table 5.8 refers to minor amounts of the administered income (refer Table 7) that may not be collected at the year end.

As indicated in the Schedule of Budgeted Administered Cash Flows (refer Table 5.9), the cash collected is swept daily from the APRA account to the Official Public Account, from which APRA, in turn, draws down the amounts appropriated to it by the Parliament, as shown in Table 5.3.

APRA does not administer any non-financial assets on behalf of the Government.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	99,057	93,758	94,569	94,217	94,725
Goods and services	4,816	4,220	2,495	2,495	2,495
Interest	3,245	-	-	-	-
Rents	799	-	-	-	-
Other	415	50	50	50	50
Total revenue	108,332	98,028	97,114	96,762	97,270
Total income	108,332	98,028	97,114	96,762	97,270
EXPENSE					
Employees	60,490	69,196	68,533	69,472	69,596
Suppliers	25,754	25,221	25,229	23,505	23,914
Depreciation and amortisation	3,324	3,423	3,246	3,684	3,684
Total expenses	89,568	97,840	97,008	96,662	97,195
Net surplus (or deficit) attributable to the Australian Government	18,765	188	106	100	75

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	32,557	32,638	34,198	35,631	36,057
Receivables	1,911	4,327	3,416	3,056	3,377
Investments	13,000	13,000	11,000	10,000	9,000
Accrued revenues	500	500	500	450	450
Total financial assets	47,968	50,465	49,114	49,137	48,883
Non-financial assets					
Infrastructure, plant and equipment	5,596	5,731	7,190	7,739	8,080
Intangibles	3,346	3,284	3,179	3,133	3,283
Other	830	849	865	884	901
Total non-financial assets	9,772	9,864	11,234	11,755	12,264
Total assets	57,740	60,329	60,348	60,893	61,148
LIABILITIES					
Provisions					
Employees	15,476	17,697	17,459	17,733	17,747
Other	2,744	2,807	2,861	2,921	2,979
Total provisions	18,220	20,504	20,319	20,653	20,726
Payables					
Suppliers	5,053	5,169	5,267	5,378	5,485
Total payables	5,053	5,169	5,267	5,378	5,485
Total liabilities	23,273	25,673	25,586	26,031	26,211
Net assets	34,468	34,656	34,762	34,862	34,936
EQUITY					
Contributed equity	3,155	3,155	3,155	3,155	3,155
Reserves	367	367	367	367	367
Retained surpluses	30,946	31,134	31,240	31,340	31,414
Total equity	34,468	34,656	34,762	34,862	34,936
Current assets	48,798	51,314	49,979	50,021	49,785
Non-current assets	8,942	9,015	10,369	10,872	11,363
Current liabilities	14,228	14,651	15,029	15,449	15,614
Non-current liabilities	9,045	11,022	10,557	10,582	10,597

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	2,408	2,110	1,248	1,248	250
Appropriations	99,057	93,758	94,569	94,217	94,725
Interest	3,245	-	-	-	-
Other	1,214	50	50	50	50
Total cash received	105,924	95,918	95,866	95,514	95,024
Cash used					
Employees	58,675	67,120	66,477	67,388	67,508
Suppliers	25,754	25,221	25,229	23,505	23,914
Total cash used	84,429	92,341	91,706	90,894	91,423
Net cash from or (used by) operating activities	21,495	3,577	4,160	4,620	3,601
INVESTING ACTIVITIES					
Cash received					
Investments	1,848	-	2,000	1,000	1,000
Total cash received	1,848	-	2,000	1,000	1,000
Cash used					
Purchase of property, plant and equipment	4,218	3,496	4,600	4,187	4,176
Total cash used	4,218	3,496	4,600	4,187	4,176
Net cash from or (used by) investing activities	(2,370)	(3,496)	(2,600)	(3,187)	(3,176)
Net increase or (decrease) in cash held	19,125	81	1,560	1,433	426
Cash at the beginning of the reporting period	13,432	32,557	32,638	34,198	35,631
Cash at the end of the reporting period	32,557	32,638	34,198	35,631	36,057

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	30,946	367	-	3,155	34,468
Estimated opening balance	30,946	367	-	3,155	34,468
Income and expense					
Surplus (deficit) for the period	188	-	-	-	188
Total income and expenses recognised directly in equity	188	-	-	-	188
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2008	31,134	367	-	3,155	34,656

Table 5.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2006-07	2007-08	2008-09	2009-10	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	4,218	3,496	4,600	4,187	4,176
Total	4,218	3,496	4,600	4,187	4,176

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	property	property		military	infrastructure	and cultural	software	intangibles	
	\$'000	\$'000	\$'000	equipment	plant and	assets	\$'000	\$'000	\$'000
					equipment				
As at 1 July 2007									
Gross book value	-	-	-	-	9,488	-	11,501	-	20,989
Accumulated depreciation	-	-	-	-	(3,891)	-	(8,156)	-	(12,047)
Estimated opening net book value	-	-	-	-	5,597	-	3,345	-	8,942
Additions:									
by purchase	-	-	-	-	2,561	-	935	-	3,496
Depreciation/amortisation expense	-	-	-	-	(2,426)	-	(997)	-	(3,423)
As at 30 June 2008									
Gross book value	-	-	-	-	12,049	-	12,436	-	24,485
Accumulated depreciation	-	-	-	-	(6,318)	-	(9,153)	-	(15,470)
Estimated closing net book value	-	-	-	-	5,731	-	3,283	-	9,015

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenue	115,957	115,358	116,169	115,817	116,325
Total non-taxation	115,957	115,358	116,169	115,817	116,325
Total revenues administered on behalf of Government	115,957	115,358	116,169	115,817	116,325
Total income administered on behalf of Government	115,957	115,358	116,169	115,817	116,325
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Write down and impairment of assets	500	500	500	500	500
Total expenses administered on behalf of Government	500	500	500	500	500

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	150	150	150	150	150
Total financial assets	150	150	150	150	150
Total assets administered on behalf of Government	150	150	150	150	150

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	115,957	115,358	116,169	115,817	116,325
Total cash received	115,957	115,358	116,169	115,817	116,325
Net cash from or (used by) operating activities	115,957	115,358	116,169	115,817	116,325
FINANCING ACTIVITIES					
Cash used					
Cash to Official Public Account	115,957	115,358	116,169	115,817	116,325
Total cash used	115,957	115,358	116,169	115,817	116,325
Net cash from or (used by) financing activities	(115,957)	(115,358)	(116,169)	(115,817)	(116,325)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

Table 5.10: Schedule of administered capital budget

APRA does not have any administered capital items.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

APRA does not have any administered property, plant, equipment or intangibles.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Budgeted departmental statement of financial performance

Revenues from government

APRA is funded by a special appropriation for levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported by APRA is net of the levies retained in the Official Public Account to fund the Australian Securities and Investments Commission (ASIC) for consumer

protection and market integrity functions, and the Australian Taxation Office (ATO), for unclaimed monies and lost member functions.

Other revenue

Revenue from rendering of specific services is recognised by reference to the stage of completion of contracts or other agreements. Revenue from licence fees is recognised on receipt of the application and licence fee. Revenue from sub-lease rentals is recognised upon issue of invoice. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Depreciation and amortisation

APRA's depreciation expense remains in balance with the capital programme aimed at maintaining APRA's processes and infrastructure to an appropriate standard.

Budgeted departmental statement of financial position

Financial assets

These include within receivables, levies invoiced but still outstanding at the financial year end and accrued revenues being interest and fees prorated over the periods to which they relate.

All accounts receivable are recorded at their estimated recoverable amount.

Non-financial assets

Non-financial assets include leasehold improvements, furniture and fittings, computer hardware and office equipment. All of the foregoing assets are shown at fair value. Intangible assets comprise capitalised software, including work in progress and are shown at cost. APRA does not own any land or buildings.

Other non-financial assets include prepayments.

Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making good leased premises and payments to trade creditors.

Equity

The opening balance of contributed equity represents the net value of assets and liabilities transferred from the Reserve Bank of Australia and the Insurance and Superannuation Commission on the formation of APRA on 1 July 1998, less an amount of \$2.1 million returned to the Consolidated Revenue Fund as a return of unused appropriation in 2004-05.

Budgeted departmental statement of cash flows

Cash received from operating activities includes the appropriation for levies collected from industry less amounts collected on behalf of the ATO and ASIC, cash from fees and charges, and interest earned on cash balances and investments held as government backed securities.

Schedule of budgeted revenues and expenses administered on behalf of Government

Revenues

The other non-taxation revenues are the levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported in this statement is higher than that reported by APRA in the budgeted agency statement of financial position by the amount retained in the Official Public Account to fund ASIC and ATO activities described above.

Write down and impairment of assets

Write down and impairment of assets represents waivers and write-offs of levies.

Schedule of budgeted assets and liabilities administered on behalf of Government

Financial assets

The financial assets include levy debt invoiced and still outstanding at year end.

Schedule of budgeted administered cash flows

All cash collected by APRA for levies, late lodgement and late payment penalties under the *Financial Institutions Supervisory Levies Collection Act 1998* is transferred to the Official Public Account at the close of business each day.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview	165
1.1 Summary of agency contributions to outcomes.....	165
Section 2: Resources for 2007-08.....	167
2.1 Appropriations and other resources.....	167
2.2 2007-08 Budget measures.....	169
2.3 Other resources available to be used	170
2.4 Movement of administered funds.....	170
2.5 Special appropriations	171
2.6 Movements in special accounts.....	171
Section 3: Outcomes	173
3.1 Summary of outcomes and contribution to outcomes	173
3.2 Outcome resources and performance information	175
Section 4: Other reporting requirements	180
4.1 Purchaser-provider arrangements	180
4.2 Cost recovery arrangements.....	180
4.3 Australian Government Indigenous Expenditure	180
Section 5: Budgeted financial statements	181
5.1 Analysis of budgeted financial statements.....	181
5.2 Budgeted financial statements tables	185
5.3 Notes to the financial statements.....	191

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview

The Australian Securities and Investments Commission (ASIC) is an independent government body that enforces company and financial services laws to protect consumers, investors and creditors. The Commission is established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act).

The ASIC Act requires that the Commission:

- uphold the law uniformly, effectively and quickly;
- promote confident and informed participation by investors and consumers in the financial system;
- receive, process and store information about companies and other bodies and ensure that this information is made available to the public as soon as practicable; and
- improve the performance of the financial system and the entities within it.

In performing its functions ASIC works closely with other financial, consumer and law enforcement bodies in Australia and internationally.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by ASIC which contribute to the achievement of its outcome are summarised in Table 1.1 and Figure 2 on page 174.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
<p>Outcome 1 A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>	<p>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.</p> <p>ASIC also has an enforcement and regulatory role designed to deal with misconduct in order to promote a confident and informed market.</p>	<p>Output Group 1.1 Australian Securities and Investments Commission</p>

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the Australian Securities and Investments Commission (ASIC) in the 2007-08 Budget is \$377.1 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental				Administered				Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Appropriation \$'000	Special Appropriation \$'000	
Australian Securities and Investments Commission									
Outcome 1									
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	291,566	-	-	7,099	5,206	-	36,000	50	339,921
Equity injections	-	37,210	-	-	-	-	-	-	37,210
Total	291,566	37,210	-	7,099	5,206	-	36,000	50	377,131

2.2 2007-08 BUDGET MEASURES

The following table summarises Budget measures relating to ASIC as explained in Budget Paper No. 2, *Budget Measures 2007-08*.

Table 2.2: Australian Securities and Investments Commission measures

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward estimate 2009-10 \$'000			Forward estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measures													
ASIC - information technology security and risk mitigation phase 2 and application development	1.1	-	19,577	19,577	-	23,550	23,550	-	15,143	15,143	-	2,224	2,224
Cole Inquiry - possible criminal offences ¹	1.1	-	1,014	1,014	-	1,036	1,036	-	-	-	-	-	-
Global Integration - Australian Business Number and business names registration system ²	1.1	-	69	69	-	149	149	-	31	31	-	32	32
ASIC - revised funding arrangements ³	1.1	-	2,500	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500	2,500
Total expense measures	1.1	-	23,160	23,160	-	27,235	27,235	-	17,674	17,674	-	4,756	4,756
Related capital													
ASIC - information technology security and risk mitigation phase 2 and application development	1.1	-	37,025	37,025	-	13,515	13,515	-	5,724	5,724	-	-	-
Global Integration - Australian Business Number and business names registration system ²	1.1	-	185	185	-	443	443	-	-	-	-	-	-
Total related capital	1.1	-	37,210	37,210	-	13,958	13,958	-	5,724	5,724	-	-	-

¹ This is a cross portfolio measure with the Attorney-General's portfolio.

² This is a cross portfolio measure with the Industry, Tourism and Resources portfolio.

³ This measure was published in the *Mid-Year Economic and Fiscal Outlook 2006-07*.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by ASIC for provision of goods or services. These resources are approved for use by ASIC and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Services	4,149	3,922
Interest	5,196	-
Other	5,233	3,177
Total departmental other resources available to be used	14,578	7,099

Revenue for services includes seminar fees, imaging/printing services, sale of database information, and the reimbursement of ASIC's expenses in discharging its responsibilities under section 1341 of the *Corporations Act 2001* in relation to companies unclaimed monies.

Other revenue includes amounts recovered by ASIC for court costs and investigations, prosecution disbursement and revenue from publications.

Effective from 1 July 2007, ASIC will operate under the *Financial Management and Accountability Act 1997* (FMA Act). In accordance with the Government's Agency Banking Framework, all surplus cash will be invested for the benefit of the Commonwealth. The Government has determined that ASIC will receive adjustments to its appropriation to reflect this change (refer Table 2.2).

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

Movement of administered funds from 2006-07 to 2007-08		\$'000
Corporate insolvency law reform - strengthening creditor protection and detering misconduct by company officers	Unspent appropriation of \$2.0 million from 2006-07 to 2007-08	2,000

In 2005, the Government provided ASIC with funds to finance preliminary investigations by expert liquidators of companies, selected by ASIC, that have been left insolvent with little or no assets. The implementation phase has taken longer than originally anticipated. ASIC has provided extensive training and consultation to liquidators, and has visited over 140 liquidators in 2006-07. This programme of training will continue during the remainder of the 2006-07 financial year. ASIC expects

the number of large matters funded to increase as a result of a greater awareness of the objectives of this initiative.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated special appropriation expenses		
<i>Banking Act 1959</i> - section 69	20,000	22,000
<i>Life Insurance Act 1995</i> - section 216	8,000	8,000
Total estimated special appropriation expenses	28,000	30,000

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

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

Refund of overpayment of fees paid under the *Corporations Act 2001*: All fees and charges collected in accordance with the *Corporations Act 2001* are banked into consolidated revenue in accordance with section 81 of the Commonwealth of Australia Constitution Act (Constitution). In 2007-08 it is forecast that an amount of \$6.0 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*).

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 2.6 shows the expected additions (credits) and reductions (debits) for each special account used by ASIC.

Table 2.6: Estimates of special account flows and balances

	Opening balance	Credits	Debits	Adjustments	Closing balance
	2007-08	2007-08	2007-08	2007-08	2007-08
	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Enforcement Special Account	-	30,000	30,000	-	-
Other Trust Moneys Account	-	-	-	-	-
Services for other Governments and Non-Agency Bodies Account	-	-	-	-	-
Total special accounts					
2007-08 Budget estimate	-	30,000	30,000	-	-
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	-	-	-	-	-

Section 3: Outcomes

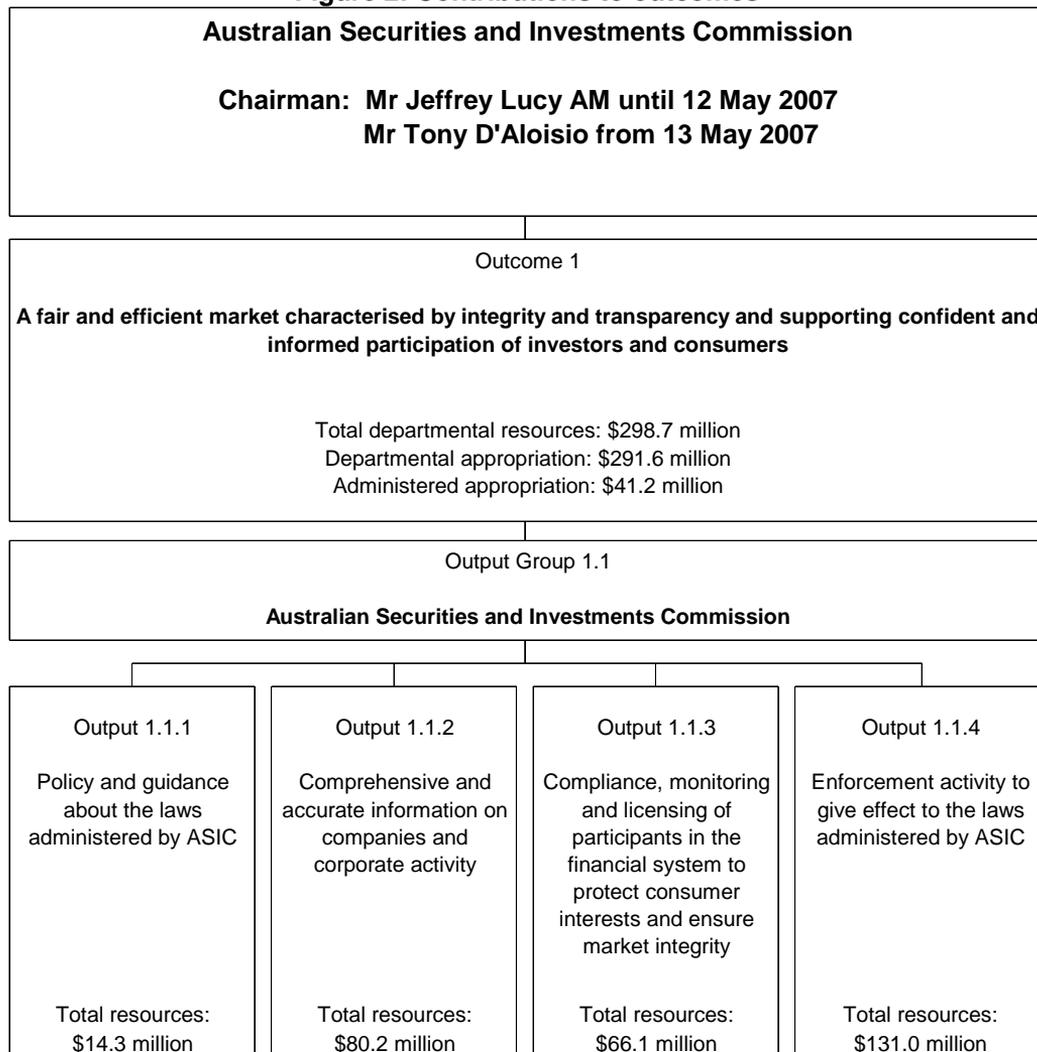
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the Australian Securities and Investments Commission (ASIC). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of ASIC and its outcome is summarised in Figure 2.

Figure 2: Contributions to outcomes



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.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered appropriation, departmental appropriation and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Appropriation Bill No.1		
Output Group 1.1 - Australian Securities and Investments Commission		
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	1,984	5,206
Special appropriation		
<i>Banking Act 1959</i> - Banking Unclaimed Monies	20,000	22,000
<i>Life Insurance Act 1959</i> - Life Unclaimed Monies	8,000	8,000
<i>Corporations Act 2001</i> - refund of overpayment of <i>Corporations Act 2001</i> fees	6,000	6,000
Total administered appropriations	35,984	41,206
Administered revenue from other sources		
Interest	50	50
Total administered revenue from other sources	50	50
Departmental appropriation		
Output Group 1.1 - Australian Securities and Investments Commission		
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	13,740	14,331
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	54,721	80,211
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	63,873	66,059
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC ¹	135,030	130,965
Total departmental appropriation	267,364	291,566
Departmental revenue from other sources		
Services	4,149	3,922
Interest	5,196	-
Other	5,233	3,177
Total departmental revenue from other sources	14,578	7,099
Total resources	317,976	339,921
	2006-07	2007-08
Average staffing level (number)	1,594	1,586

¹ Output 1.1.4 includes \$11.7 million of 2005-06 unspent appropriation for specific purpose enforcement tasks recognised in 2006-07.

ASIC has one outcome with a total departmental appropriation of \$291.6 million and a total administered appropriation of \$5.2 million.

3.2.2 Measures affecting Outcome 1

The Budget measures for ASIC appear in Table 2.2. Details of these measures are included in Budget Paper No. 2, *Budget Measures 2007-08*.

3.2.3 Contributions to achievement of Outcome 1

ASIC has developed a framework to ensure that delivery of specified outputs meets or exceeds anticipated requirements. These outputs reflect the programmes and activities ASIC undertakes as a regulatory authority to meet the objective of its outcome.

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. ASIC also has an enforcement and regulatory role designed to deal with misconduct in order to promote a confident and informed market.

3.2.4 Performance information for Outcome 1

Table 3.2 summarises the performance information for administered items, individual outputs and output groups relating to ASIC.

Table 3.2: Performance information for Outcome 1

Performance information for agency outputs

Output Group 1.1 - Australian Securities and Investment Commission

Output 1.1.1- Policy and guidance about the laws administered by ASIC

This includes:

Make recommendations to the Minister about market licence operating rules

Guide regulated entities about how ASIC will apply the law and exercise the law and exercise the discretions that Parliament has given ASIC, by developing and issuing policy statements, guidance notes and class orders.

Liaison with overseas regulators.

Provision of information about the legislation that comes within ASIC's jurisdiction to consumers, companies and investors.

Quality:

- Extent to which advice is approved by the Minister.
- Extent to which consumers, investors and other stakeholders are consulted during policy formulation
- Consumer issues in financial services exposed and steps taken to address them.
- Stakeholder liaison to ensure understanding of emerging consumer issues.

Quantity:

- Number of new and amended policy statements guidance notes and class orders issued. Press release to accompany all new policy statements, guidance notes and class orders.
- 80 per cent of advice to Minister on markets rule changes within 14 days of lodgement.
- Number of information requests to and from overseas regulators.
- Number of visits to FIDO (ASIC's consumer website - www.fido.gov.au).
- Number of consumer publications distributed.

Price: \$14.3 million

Output 1.1.2 Comprehensive and accurate information on companies and corporate activity

This includes:

Utilisation of ASIC's range of channels for the provision of advice and assistance about both lodging and searching company information.

Facilitation of annual review by all companies of that information currently held by ASIC, and the process to ensure all necessary updates.

Targeted compliance actions against those companies failing to provide the necessary information within the prescribed timeframes.

Providing stakeholders with information about their obligations under the *Corporations Act 2001*.

Quality:

- Percentage availability of the database.
- Percentage of online paid searches to counter searches.
- Calls answered < 2 minutes.
- Percentage of key documents processed < 48 hours of receipt.
- Percentage of documents requiring further details before entering onto database.

Quantity:

- Total use of the databases (free and paid).
- Percentage of documents lodged electronically.
- Percentage of company data lodged on time.
- Number of companies targeted to ensure compliance.
- Number of companies deregistered for failing to pay their annual review fee.
- Number of civil actions undertaken to ensure lodgement of financial reports.

Price: \$80.2 million

Table 3.2: Performance information for Outcome 1 (continued)

Performance information for agency outputs (continued)

Output group 1.1: Australian Securities and Investment Commission

<p>Output 1.1.3 Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity</p>	<p>Quality</p> <ul style="list-style-type: none"> - Feedback on extent to which market operators accept and implement ASIC's recommendations. - Extent to which serious compliance problems are identified <12 months after licence granted. - Extent to which serious problems with scheme compliance plans and constitutions are identified. - Extent to which recommendations are approved by the Minister. - Stakeholders acceptance and understanding with discretionary decision making (number of Administrative Appeals Tribunal appeals).
<p>This includes:</p>	
<p>Undertaking compliance activities on specific patterns, problems or risk areas and to respond to these problems using a range of regulatory tools.</p>	<p>Quantity</p> <ul style="list-style-type: none"> - 80 per cent of findings on assessment of markets advised to Minister within two months of inspection. - 70 per cent of applications for Australian Financial Services (AFS) licences and variations to AFS licences decided in 28 days. - 70 per cent of managed investment schemes registered within 8 business days. - 80 per cent of recommendations to Minister on new market licences made within 12 weeks of receiving an application. - 70 per cent of relief applications decided in principle within 21 days.
<p>Assess whether Australian market licensees comply with the standards of supervision required by the law.</p>	<ul style="list-style-type: none"> - 80 per cent of recommendations to Minister on new market licences made within 12 weeks of receiving an application. - 70 per cent of relief applications decided in principle within 21 days.
<p>Issue, amend or refuse licences to entities and individuals to sell and advise on financial products and services.</p>	<ul style="list-style-type: none"> - Number of additional disclosures to the market obtained.
<p>Approve new managed investment schemes.</p>	<ul style="list-style-type: none"> - Number of disclosure documents reviewed: <ul style="list-style-type: none"> - Product Disclosure Statements; and - Prospectuses.
<p>Approve new Australian market licences.</p>	<ul style="list-style-type: none"> - Number of documents reviewed where corrective disclosures achieved for: <ul style="list-style-type: none"> - Product Disclosure Statements; and - Prospectuses.
<p>Respond to novel and standard applications from business to exercise our discretion to modify the law.</p>	<ul style="list-style-type: none"> - Number of compliance surveillances. <p>Price: \$66.1 million</p>

Table 3.2: Performance information for Outcome 1 (continued)**Performance information for agency outputs (continued)****Output group 1.1: Australian Securities and Investment Commission**

Output 1.1.4 Enforcement activity to give effect to the laws administered by ASIC	Quality - 50 per cent of investigations resourced that led to a conclusion within 6 months of commencement.
This includes:	- No more than 15% of investigations resourced that led to a conclusion after 12 months of their commencement.
Undertaking investigations and litigation covering a range of breaches across the full spectrum of ASIC's responsibilities.	- 70 per cent of investigations resourced that lead to an enforcement outcome.
Expediting enforcement actions to maintain corporate and public confidence in financial markets, and compliance with the <i>Corporations Act 2001</i> generally.	Commonwealth Director of Public Prosecution (DPP). - Analysis of reports within agreed timeframes. - Percentage of complaints resolved. - Successful implementation of Assetless Administration Fund leading to more investigation of assetless administrations and enforcement actions arising from them.
Investigation of reports of crime and misconduct received from the public.	Quantity: - Number of investigations commenced. - Number of litigation concluded. - Number of goaling and number of banning. - Number of officers disqualified/banned from managing corporations. - Number of briefs provided to the DPP. - Number of illegal schemes investment wound up. - Amount of funds frozen and recovered for investors from illegal investment schemes. - Number of complaints analysed and assessed by ASIC. - Number of liquidators, administrators and receivers reports processed by ASIC.
	Price: \$131.0 million

Evaluations for Outcome 1

ASIC regularly seeks feedback from consumers, investors and other stakeholders on the effectiveness of policy advice and administration of the law.

The results of ASIC's performance will be presented in its 2007-08 Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

Cross agency overview

Information contained within ASIC's databases are purchased by several Australian Government agencies, including the Australian Taxation Office.

4.2 COST RECOVERY ARRANGEMENTS

ASIC does not carry out significant ongoing cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

ASIC does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

The budgeted departmental financial statements, administered schedule to the financial statements and related notes for the Australian Securities and Investments Commission (ASIC) are presented in this section. The financial statements and schedule should be read in conjunction with the accompanying notes. The Budget estimate and three forward years comprise the following statements (refer to Tables 5.1 to 5.9).

The budgeted financial statements and schedules contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework.

These budgeted financial statements and schedules also comply with Australian Accounting Standards, which include 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.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

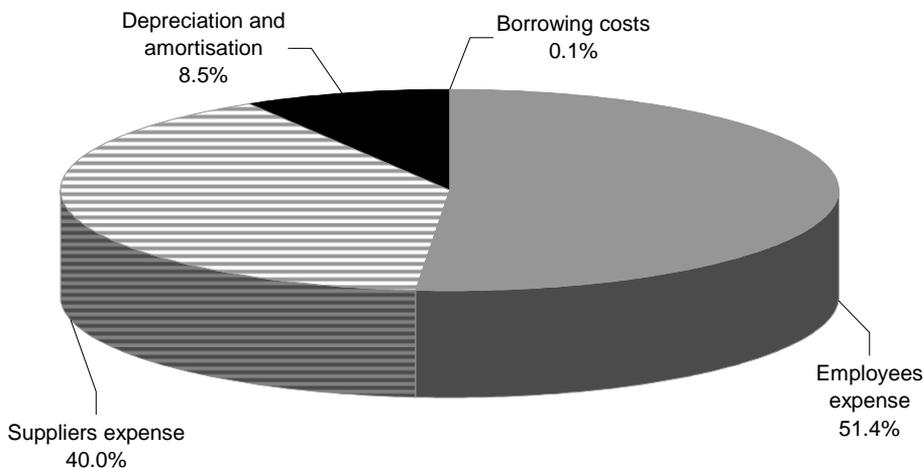
Budgeted departmental statement of financial performance

ASIC is budgeting for a break-even operating result for 2007-08 and for the remainder of the forward estimates.

Departmental appropriation for 2007-08 is \$291.6 million, which is an increase of \$24.1 million on the amount recognised in 2006-07. The increase in appropriation is primarily attributable to the Government's decision to fund ASIC for the programme of work associated with 2007-08 Budget measures (refer Table 2.2). Included in the total departmental appropriation is \$30.0 million that has been set aside by the Government in a special account to fund investigation costs relating to exceptional matters (refer also Table 2.6). ASIC will also generate \$7.1 million in revenue from independent sources.

Total expenses including borrowing costs for 2007-08 are estimated to be \$298.7 million, an increase of \$16.7 million over the prior financial year. The expenditure will be used to fund activities that contribute towards achieving the objective outputs 1.1.1 to 1.1.4 appearing in Table 3.2.

Budgeted total departmental expenses



Budgeted departmental statement of financial position

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

Equity

ASIC's budgeted equity (or net asset position) for 2007-08 is expected to be \$60.1 million. This includes additional capital funding of \$37.2 million associated with the 2007-08 Budget measures.

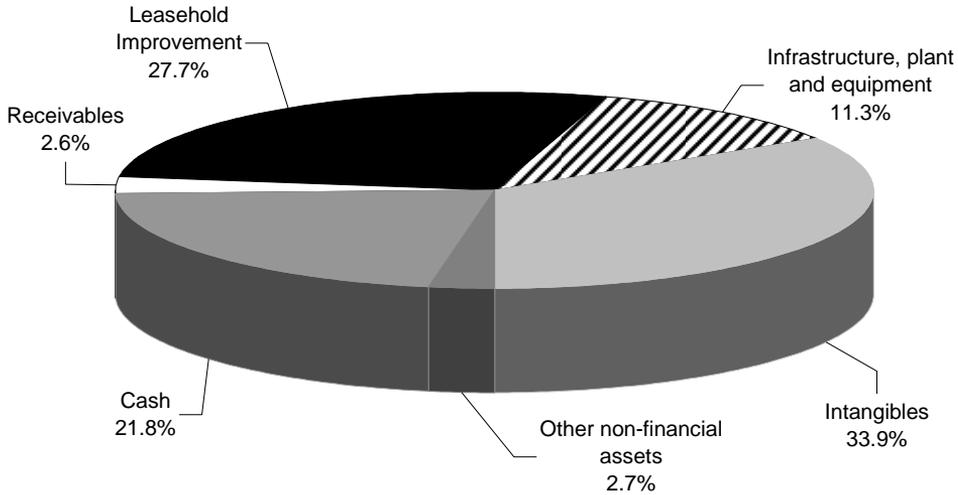
Financial assets

ASIC's cash includes an amount of \$11.3 million which is a quarantined equity injection received in 2004-05. ASIC is required to keep a minimum cash level of \$11.3 million. Accounts receivable is expected to be \$3.4 million.

Non-financial assets

A formal revaluation of leasehold improvement to fair value was undertaken in 2006-07 in accordance with ASIC's policy to revalue all classes of non-financial assets every three years, which is also required by AEIFRS. Between formal valuations, plant and equipment assets are reviewed by the Australian Valuation Office to ensure that reported amounts are not materially different to their fair values.

Budgeted total departmental assets



Liabilities — Debt

The principal item under this heading is the estimated amount owing by ASIC in respect of finance leases for computer equipment and peripherals. Other interest bearing liabilities consists of amortised property lease incentives, which decreases gradually over the expected life of the related property leases.

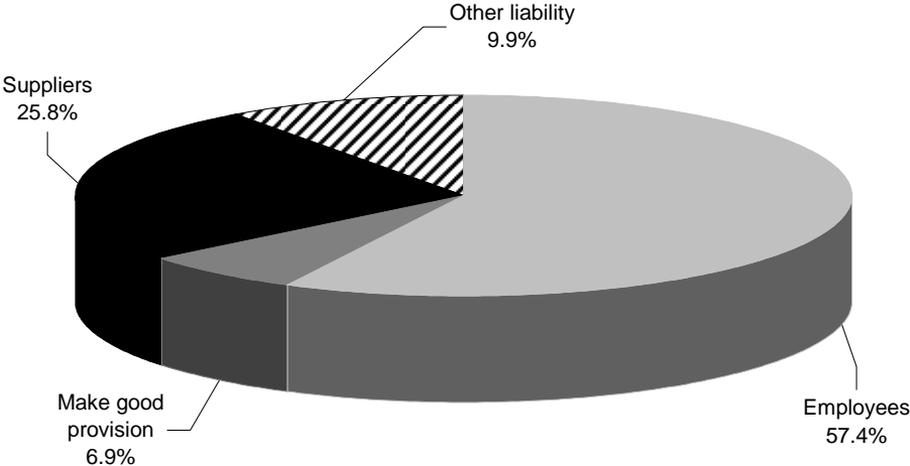
Provisions and payables

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 property leases.

Supplier payables

Represents amounts owing to suppliers remaining unpaid at 30 June each year. The increase of \$0.7 million over 2006-07 is in line with the increase in operating expenditure.

Budgeted total departmental liabilities



5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	267,364	291,566	303,411	305,580	282,547
Goods and services	4,149	3,922	4,000	4,080	4,162
Interest	5,196	-	-	-	-
Other	5,233	3,177	3,241	3,305	3,371
Total revenue	281,942	298,665	310,652	312,965	290,080
Total income	281,942	298,665	310,652	312,965	290,080
EXPENSE					
Employees	148,242	153,405	161,179	162,695	153,966
Suppliers	114,943	119,540	118,553	115,907	105,730
Depreciation and amortisation	18,569	25,456	30,655	34,075	30,074
Finance costs	188	264	265	288	310
Total expenses	281,942	298,665	310,652	312,965	290,080
Surplus (or deficit) attributable to the Australian Government	-	-	-	-	-

**Table 5.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	26,742	28,181	22,002	35,296	37,798
Receivables	3,788	3,354	3,381	3,408	3,436
Total financial assets	30,530	31,535	25,383	38,704	41,234
Non-financial assets					
Leasehold Improvements	33,519	35,856	48,333	45,522	42,992
Infrastructure, plant and equipment	8,358	14,686	19,452	17,465	17,803
Intangibles	15,844	43,890	56,883	52,623	47,541
Other	3,448	3,584	3,553	3,476	3,171
Total non-financial assets	61,169	98,016	128,221	119,086	111,507
Total assets	91,699	129,551	153,604	157,790	152,741
LIABILITIES					
Interest bearing liabilities					
Leases	885	193	-	-	-
Total interest bearing liabilities	885	193	-	-	-
Provisions					
Employees	38,543	39,883	41,900	42,301	40,031
Other	4,494	4,759	5,024	5,312	5,623
Total provisions	43,037	44,642	46,924	47,613	45,654
Payables					
Suppliers	17,241	17,922	17,765	17,382	15,855
Other	7,668	6,716	14,879	13,035	11,472
Total payables	24,909	24,638	32,644	30,417	27,327
Total liabilities	68,831	69,473	79,568	78,030	72,981
Net assets	22,868	60,078	74,036	79,760	79,760
EQUITY					
Contributed equity	20,595	57,805	71,763	77,487	77,487
Reserves	11,159	11,159	11,159	11,159	11,159
Accumulated deficits	(8,886)	(8,886)	(8,886)	(8,886)	(8,886)
Total equity	22,868	60,078	74,036	79,760	79,760
Current assets	33,978	35,119	28,936	42,180	44,405
Non-current assets	57,721	94,432	124,668	115,610	108,336
Current liabilities	48,491	49,593	52,893	52,350	48,730
Non-current liabilities	20,340	19,880	26,675	25,680	24,251

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,263	4,356	4,025	4,053	4,134
Appropriations	255,694	291,566	303,411	305,580	282,547
Interest	5,196	-	-	-	-
Other	26,287	21,659	30,548	16,409	15,211
Total cash received	290,440	317,581	337,984	326,042	301,892
Cash used					
Employees	143,244	152,065	159,162	162,294	156,236
Suppliers	113,802	118,601	118,822	116,494	106,951
Financing costs	904	692	193	-	-
Other	15,642	19,135	18,860	14,667	13,403
Total cash used	273,592	290,493	297,037	293,455	276,590
Net cash from or (used by) operating activities	16,848	27,088	40,947	32,587	25,302
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	31,309	62,167	60,891	25,017	22,800
Total cash used	31,309	62,167	60,891	25,017	22,800
Net cash from or (used by) investing activities	(31,309)	(62,167)	(60,891)	(25,017)	(22,800)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	6,513	37,210	13,958	5,724	-
Total cash received	6,513	37,210	13,958	5,724	-
Cash used					
Other	883	692	193	-	-
Total cash used	883	692	193	-	-
Net cash from or (used by) financing activities	5,630	36,518	13,765	5,724	-
Net increase or (decrease) in cash held	(8,831)	1,439	(6,179)	13,294	2,502
Cash at the beginning of the reporting period	35,573	26,742	28,181	22,002	35,296
Cash at the end of the reporting period	26,742	28,181	22,002	35,296	37,798

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	(8,886)	11,159	-	20,595	22,868
Estimated opening balance	(8,886)	11,159	-	20,595	22,868
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	37,210	37,210
Sub-total transactions with owners	-	-	-	37,210	37,210
Estimated closing balance as at 30 June 2008	(8,886)	11,159	-	57,805	60,078

Table 5.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2006-07	2007-08	2008-09	2009-10	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	6,513	37,210	13,958	5,724	-
Total loans	-	-	-	-	-
Total capital appropriations	6,513	37,210	13,958	5,724	-
Represented by:					
Purchase of non-financial assets	6,513	37,210	13,958	5,724	-
Other	-	-	-	-	-
Total represented by	6,513	37,210	13,958	5,724	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	6,153	37,210	13,958	5,724	-
Funded internally by departmental resources	25,156	24,957	46,933	19,293	22,800
Total	31,309	62,167	60,891	25,017	22,800

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Leasehold	Specialist	Other	Heritage	Computer	Other	Total
	property	improvements	military	infrastructure	and cultural	software	intangibles		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	43,002	-	21,311	-	43,965	-	108,278	
Accumulated depreciation	-	(9,483)	-	(12,953)	-	(28,121)	-	(50,557)	
Estimated opening net book value	-	33,519	-	8,358	-	15,844	-	57,721	
Additions:									
by purchase	-	7,074	-	13,174	-	9,751	-	29,999	
internally developed	-	-	-	-	-	32,168	-	32,168	
Depreciation/amortisation expense	-	(4,737)	-	(6,846)	-	(13,873)	-	(25,456)	
As at 30 June 2008									
Gross book value	-	50,076	-	34,485	-	85,884	-	170,445	
Accumulated depreciation	-	(14,220)	-	(19,799)	-	(41,994)	-	(76,013)	
Estimated closing net book value	-	35,856	-	14,686	-	43,890	-	94,432	

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	50	50	50	50	50
Other non-taxation revenues	553,198	560,028	568,233	576,511	584,866
Total non-taxation	553,248	560,078	568,283	576,561	584,916
Total revenues administered on behalf of Government	553,248	560,078	568,283	576,561	584,916
Total income administered on behalf of Government	553,248	560,078	568,283	576,561	584,916
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	1,984	5,206	3,423	3,426	3,494
Write down and impairment of assets	21,482	24,224	24,515	24,809	25,107
Other	28,000	30,000	32,000	33,000	34,000
Total expenses administered on behalf of Government	51,466	59,430	59,938	61,235	62,601

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	3,768	3,817	3,867	3,917	3,967
Receivables	71,570	68,757	67,826	68,799	69,700
Total financial assets	75,338	72,574	71,693	72,716	73,667
Total assets administered on behalf of Government	75,338	72,574	71,693	72,716	73,667
Payables					
Other payables	5,600	5,600	5,600	5,600	5,600
Total payables	5,600	5,600	5,600	5,600	5,600
Total liabilities administered on behalf of Government	5,600	5,600	5,600	5,600	5,600

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	50	50	50	50	50
Other	535,139	538,909	544,962	551,042	559,177
Total cash received	535,189	538,959	545,012	551,092	559,227
Cash used					
Suppliers	1,984	5,206	3,423	3,426	3,494
Other	28,362	30,292	32,313	33,313	34,319
Total cash used	30,346	35,498	35,736	36,739	37,813
Net cash from or (used by) operating activities	504,843	503,461	509,276	514,353	521,414
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	35,984	41,206	41,423	42,426	43,494
Total cash received	35,984	41,206	41,423	42,426	43,494
Cash used					
Cash to Official Public Account	540,021	544,618	550,649	556,729	564,858
Total cash used	540,021	544,618	550,649	556,729	564,858
Net cash from or (used by) financing activities	(504,037)	(503,412)	(509,226)	(514,303)	(521,364)
Net increase or (decrease) in cash held	806	49	50	50	50
Cash at beginning of reporting period	2,962	3,768	3,817	3,867	3,917
Cash at end of reporting period	3,768	3,817	3,867	3,917	3,967

Table 5.10: Schedule of administered capital budget

ASIC does not have any administered capital.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

ASIC does not have any administered property, plant, equipment or intangibles.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Budgeted departmental 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.

Budgeted departmental income statement

Revenues

Revenue from external sources (refer Section 2.3).

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.

Budgeted departmental balance sheet

Non financial assets

Asset valuation

ASIC has adopted fair value as a basis for valuing plant and equipment and leasehold improvements, which occurs on a three yearly revaluation cycle. Intangible assets include capitalised software and work in progress and are shown at cost.

Asset recognition threshold

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

Leases

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

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the lower of the fair value or the present value of minimum lease payments at the inception of the lease, and a liability is 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

Depreciable leasehold improvements, plant and equipment assets are written down to their estimated residual values over their estimated useful lives to ASIC.

(i) Plant and equipment

Computer equipment is depreciated using the declining-balance method whilst, for all other plant and equipment, the straight-line method of depreciation is applied. Depreciation of computer equipment was changed to the declining balance method for the first time in 2004-05. This change was made as the resultant depreciation pattern from the declining balance method more accurately reflects the reduction in fair value over the life of these assets.

(ii) Leasehold improvements

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 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.

Financial assets

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 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 unclaimed monies and Life Insurance Act unclaimed monies is transferred to the OPA when received.

AUSTRALIAN TAXATION OFFICE

Section 1: Overview	197
1.1 Summary of agency contributions to outcomes.....	197
Section 2: Resources for 2007-08.....	199
2.1 Appropriations and other resources.....	199
2.2 2007-08 Budget measures.....	201
2.3 Other resources available to be used	204
2.4 Movement of administered funds.....	204
2.5 Special appropriations	205
2.6 Movements in special accounts.....	205
Section 3: Outcomes	207
3.1 Summary of outcomes and contribution to outcomes	207
3.2 Outcome resources and performance information	208
Section 4: Other reporting requirements.....	215
4.1 Purchaser-provider arrangements	215
4.2 Cost recovery arrangements.....	215
4.3 Australian Government Indigenous Expenditure	216
Section 5: Budgeted financial statements.....	217
5.1 Analysis of budgeted financial statements.....	217
5.2 Budgeted financial statements tables	219
5.3 Notes to the financial statements.....	227

AUSTRALIAN TAXATION OFFICE

Section 1: Overview

The role of the Australian Taxation Office (Tax Office) is to manage and shape taxation, excise and superannuation systems that fund services for Australians, giving effect to social and economic policy. Through these systems the Tax Office is the Australian Government's principal revenue management agency. In 2007-08, the Tax Office will collect 90.3 per cent of the Australian Government's revenue on behalf of the Australian community.

The main role of the Tax Office is to administer legislation for taxes, superannuation and excise (but not customs duty). In doing this, the Tax Office addresses broad issues affecting Australia's revenue system, such as aggressive tax planning, persistent tax debtors, globalisation and the cash economy.

The Tax Office also supports the delivery of community benefits, having roles in other services, including:

- Private health insurance;
- Family assistance;
- Fuel grants and benefit schemes;
- Valuation Services; and
- Cross agency support, such as working with Centrelink to reduce benefit fraud, with the Child Support Agency to ensure income transfer for the care of children, and with the Australian Bureau of Statistics to reduce the cost to the community of collecting statistical data.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to the achievement of outcomes for the Tax Office are summarised in Table 1.1 on the following page and Figure 2 on page 208.

Table 1.1: Contribution to outcomes

Outcome	Description	Output group
Outcome 1		
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems	The provision of an integrated platform for a viable and sustainable revenue administration.	Output Group 1.1 Australian Taxation Office

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the Australian Taxation Office (Tax Office) in the 2007-08 Budget is \$12,280.3 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental			Administered					Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation resources \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Other \$'000	Special Appropriation resources \$'000	
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	2,782,828	-	-	66,794	-	-	-	9,384,100	12,233,722
Equity injections	-	46,580	-	-	-	-	-	-	46,580
TOTAL	2,782,828	46,580	-	66,794	-	-	-	9,384,100	12,280,302

Note: Estimated expenses from individual special appropriations are shown in Table 2.5. The amount showing for appropriations represents appropriations to deliver Tax Office programmes. Amounts disclosed under special appropriations do not include expenditure to pay refunds under the tax system.

Table 2.2: Australian Taxation Office measures (continued)

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward Estimate 2009-10 \$'000			Forward Estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Energy Grants (Cleaner Fuels) Scheme ⁶	1.1	-	-	-	-	-	-	-	-	-	-	-	
Superannuation - additional Government co-contribution	1.1	-	-	-	-	-	-	-	-	-	-	-	
Superannuation - taxation of lump sum superannuation death benefit payments to non-dependents of defence personnel and police	1.1	800	-	800	300	-	300	-	-	-	-	-	
Standard Business Reporting ⁷	1.1	-	-	-	-	-	-	-	-	-	-	-	
Total expense measures		77,900	105,483	183,383	87,400	86,457	173,857	102,100	48,648	150,748	104,000	45,012	149,012
Related capital													
Debt collection enhancement - reducing taxation debt and outstanding superannuation guarantee charge payments ¹	1.1	-	3,300	3,300	-	1,300	1,300	-	1,300	1,300	-	-	-
Global Integration - Australian Business Number and business names registration system ³	1.1	-	8,364	8,364	-	12,435	12,435	-	-	-	-	-	-
Total related capital		-	11,664	11,664	-	13,735	13,735	-	1,300	1,300	-	-	-

Table 2.2: Australian Taxation Office measures (continued)

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward Estimate 2009-10 \$'000			Forward Estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Related revenue													
Debt collection enhancement - reducing taxation debt and outstanding superannuation guarantee charge payments ¹	1.1	5,000	-	5,000	45,000	-	45,000	45,000	-	45,000	45,000	-	45,000
Screen media support package ⁵	1.1	-	-	-	11,000	-	11,000	22,000	-	22,000	22,000	-	22,000
Total related revenue		5,000	-	5,000	56,000	-	56,000	67,000	-	67,000	67,000	-	67,000

- 1 This is a cross agency measure with the Department of the Treasury.
- 2 This is a cross portfolio measure with the Immigration and Citizenship portfolio.
- 3 This is a cross portfolio measure with the Industry, Tourism and Resources portfolio.
- 4 This is a cross portfolio measures with the Family, Community Services and Indigenous Affairs portfolio.
- 5 This is a cross portfolio measure with the Communications, Information Technology and the Arts portfolio.
- 6 This is a cross portfolio measure with the Attorney-General's portfolio.
- 7 This is a cross portfolio measure with the Attorney-General's and Finance and Administration portfolios.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the Tax Office for the provision of goods or services as well as resources received free of charge. These resources are approved for use by the Tax Office and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Child Support Agency	12,797	15,391
Department of Families, Community Services and Indigenous Affairs	9,015	9,015
Sub-lease revenue	6,881	4,632
Other - resources received free of charge	2,600	2,900
Other	3,782	2,661
Australian Federal Police	1,302	2,517
Legal recovery from taxpayers	1,244	1,150
National tax equivalent regime	1,120	1,120
AusAID	1,378	1,000
Department of Health and Ageing	609	609
Total departmental other resources available to be used	40,728	40,995

Note: This table represents resources available for spending on departmental purposes. It does not include departmental special accounts and therefore does not match Table 2.1 or Table 3.1. These resources are collected under section 31 of the *Financial Management and Accountability Act 1997* and cover a range of services provided by the Tax Office.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The Tax Office does not have any movement of administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated special appropriation expenses		
Refunds - section 16 <i>Tax Administration Act 1953</i> ¹	67,785,000	72,744,100
Family Tax Benefit ²	2,207,000	2,138,000
Measure for a Better Environment - Cleaner Fuels	116,000	226,000
Product Stewardship Waste Oil	30,000	30,000
Large Scale Film Production	50,000	120,000
R&D refundable tax offset for small companies	290,000	320,000
Superannuation Co-contribution	1,957,000	1,266,000
<i>Superannuation Guarantee (Administration) Act 1992</i> - Distribution of charges	130,000	205,000
Total estimated special appropriation expenses³	72,565,000	77,049,100

1 Refunds under section 16 of the *Tax Administration Act 1953* are primarily taxation refunds from revenue but may include amounts for the First Child tax offset, the Private Health Insurance Benefit, Fuel Tax Credits and interest on overpayments. Refunds also include amounts previously reported under the Energy Grants (Credits) Scheme and Fuel Sales Grants Scheme.

2 This represents the portion of the Family Tax Benefit administered by the Tax Office only.

3 The total amount showing for special appropriations differs to the amount shown in Figure 2 as it includes appropriations for taxation refunds from revenue. In Figure 2, taxation refunds are netted off against taxation revenue.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. The following table shows the expected additions (credits) and reductions (debits) for each account used by the Tax Office.

Table 2.6: Estimates of special account cash flows and balances

	Opening Balance	Credits	Debits	Adjustments	Closing Balance
	2007-08	2007-08	2007-08	2007-08	2007-08
	2006-07	2006-07	2006-07	2006-07	2006-07
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Valuation Office ¹	3,485	25,499	25,354	-	3,630
	3,296	26,794	26,605	-	3,485
Excise Security Deposits ²	45	-	-	-	45
	52	-	7	-	45
Other Trust Moneys Account ²	19,344	30,000	-	-	49,344
	19,844	9,500	10,000	-	19,344
Superannuation Holding Accounts	50,169	210,000	32,500	-	227,669
Reserve Trust Accounts ³	57,769	400	8,000	-	50,169
Total special accounts					
2007-08 Budget estimate	73,043	265,499	57,854	-	280,688
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	80,961	36,694	44,612	-	73,043

1 This special account is departmental in nature and is governed by the *Financial Management and Accountability Act 1997*.

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

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

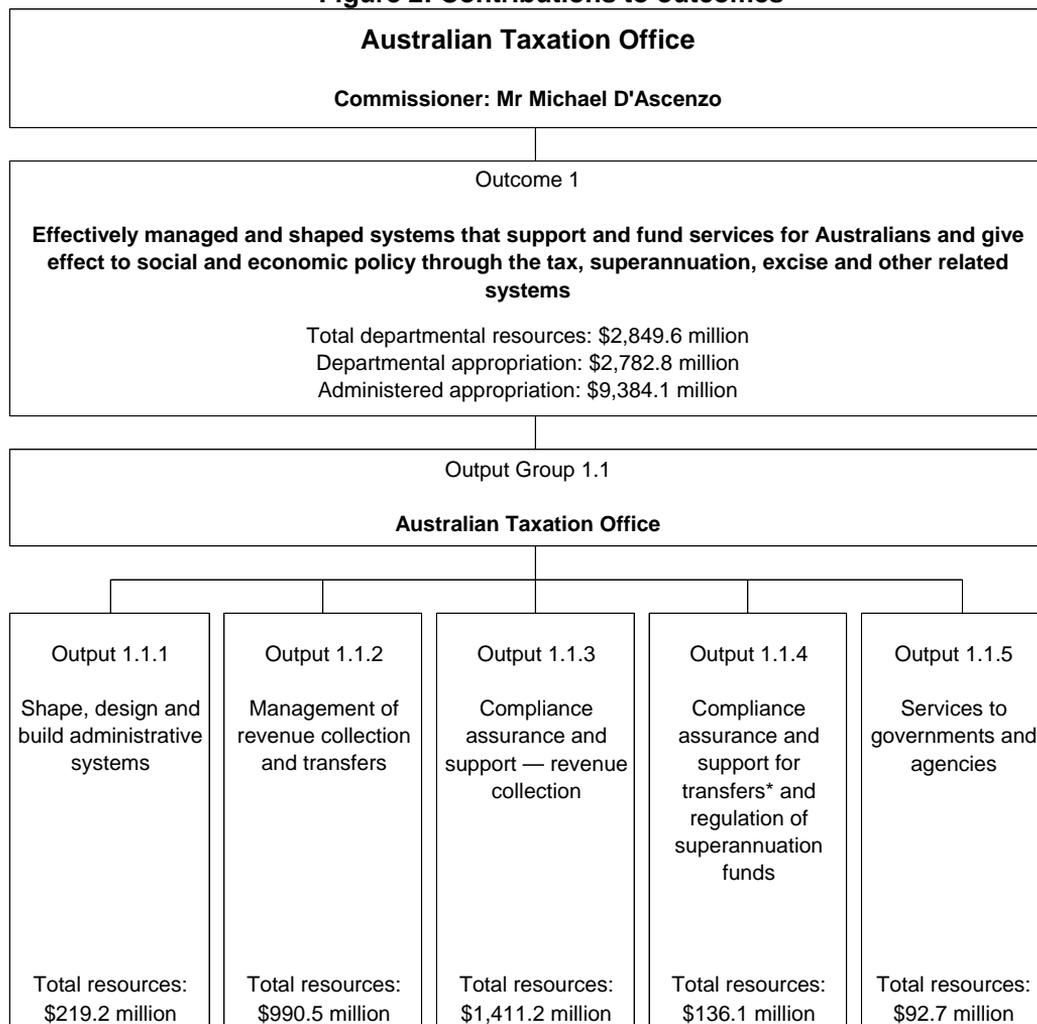
Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the Australian Taxation Office (Tax office). Key performance measures and performance evaluation activities are specified for each outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the Tax Office and its outcome is summarised in Figure 2. The Tax Office has made a change to Output 1.1.4 since the *Portfolio Additional Estimates Statements 2006-07*. Previously the output read 'Compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards'. The output now reads 'Compliance assurance and support for transfers and regulation of superannuation funds'.

Figure 2: Contributions to outcomes



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

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, departmental appropriations, and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Special appropriations	9,681,000	9,384,100
Total administered appropriations	9,681,000	9,384,100
Departmental appropriations		
Output Group 1.1 - Australian Taxation Office		
Output 1.1.1 - Shape, design and build administrative systems	196,642	219,182
Output 1.1.2 - Management of revenue collection and transfers	948,012	990,464
Output 1.1.3 - Compliance assurance and support - revenue collection	1,307,574	1,411,176
Output 1.1.4 - Compliance assurance and support for transfers and regulation of superannuation funds	124,867	136,127
Output 1.1.5 - Services to government and agencies	16,040	25,879
Total departmental appropriations	2,593,135	2,782,828
Departmental revenue from other sources		
Goods and services	61,551	63,894
Other	2,600	2,900
Total departmental revenue from other sources	64,151	66,794
Total departmental resources	2,657,286	2,849,622
Total resources	12,338,286	12,233,722
	2006-07	2007-08
Average staffing level (number)	20,908	20,792

3.2.2 Measures affecting Outcome 1

The Budget measures for the Tax Office appear in Table 2.2. Details of these measures are included in Budget Paper No. 2, *Budget Measures 2007-08*.

3.2.3 Contributions to achievement of Outcome 1

Administered activities

The Tax Office is the Australian Government's principal revenue collection agency and is part of the Treasury portfolio. The Tax Office's role is to manage and shape tax, excise and superannuation systems that fund services for Australians. The Tax Office plays an important role in building a better Australia by giving effect to social and economic policy, in 2007-08 the Tax Office intends to deliver approximately \$9 billion in subsidies and benefits schemes.

The Tax Office manages revenue through a range of collection systems, including income tax, GST (collected by the Australian Government on behalf of state and territory governments), superannuation and excise (but not customs duty). It also

Tax Office Budget Statement: Outcomes

administers a range of benefits and refunds, including income tax and GST refunds, excise grants, family tax benefits, superannuation guarantees and fuel tax credits.

The Tax Office also addresses broader issues affecting Australia's revenue systems, such as aggressive tax planning, persistent tax debtors, globalisation and the cash economy.

The main areas of the tax system administered by the Tax Office are:

- income tax (including pay as you go (PAYG) withholding and instalments, capital gains tax and fringe benefits tax);
- wine equalisation tax;
- luxury car tax;
- goods and services tax (GST);
- higher education funding (on a joint basis);
- excise duty;
- fuel grants and benefit schemes;
- superannuation (including the superannuation guarantee, small superannuation accounts, 'lost' members, superannuation co-contribution and self managed superannuation funds); and
- the Australian business number and Australian business register.

The Tax Office also supports the delivery of community benefits, with roles in other areas such as private health insurance, family assistance and cross-agency support.

Departmental outputs

There are five distinct outputs that contribute to Outcome 1:

- Output 1.1.1: reflects the Tax Office's role in effectively shaping the systems to give effect to the legislation administered by the organisation;
- Output 1.1.2: represents the operational aspects of managing the taxation, superannuation and excise systems;
- Output 1.1.3: represents the processes required to assure and support compliance with tax obligations, providing the community with information and assistance;

- Output 1.1.4: represents the processes required to assure and support compliance with transfers and superannuation obligations administered by the Tax Office, providing the community with information and assistance; and
- Output 1.1.5: reflects the range of services the Tax Office provides the Treasurer and the Minister for Revenue and Assistant Treasurer, to the Parliament and to other Australian Public Service agencies.

3.2.4 Performance information for Outcome 1

The following table summarises the performance information for administered items, individual outputs and output groups relating to the Tax Office.

Table 3.2: Performance information for Outcome 1

Overall achievement of the Outcome	Effectiveness Indicators
Deliver to Government	Revenue collections as a percent of budgeted revenue Actual transfers as a percent of budgeted transfers Overall levels of compliance improved Implementing new policy measures, and specifically funded activities, efficiently and effectively
Maintain community confidence	Corporate survey results Corporate service standards Technical Quality Assurance
Improve ease of compliance	Take up rate of new improved products, services and channels Corporate survey results
Efficient, ethical and adaptive organisation	Manage the Tax Office within budget Sound governance system Capable and engaged workforce
Performance indicators for administered items including third party outputs	
The management of administered items is integrated into outputs 1.1.2 and 1.1.4 to enable cost effective delivery of both revenue and transfers	
Performance indicators for individual outputs	
Output group 1.1 Australian Taxation Office	
Output 1.1.1 - Shape, design and build administrative systems	<p>Quality:</p> <ul style="list-style-type: none"> - Treasury is satisfied with the timeliness and quality of the Tax Office's input to the development of taxation policy and laws in relation to costings, modelling and forecasting work - The programme delivering easier, cheaper and more personalised service is implemented in accordance with the agreed intent and outcomes enabling delivery of promised improved user experience - Administrative systems are in place and support products are provided for taxpayers and their advisers on time and on budget for implementation of new tax laws - The Tax Office evaluates the alignment of the change programme to progress or support strategic business outcomes <p>Quantity:</p> <ul style="list-style-type: none"> - A number of administrative advice and costings are provided and managed to help shape the Government's programme - The programme delivering easier, cheaper and more personalised service is implemented in accordance with schedule and costs <p>Price \$219.2 million</p>

Table 3.2: Performance information for Outcome 1 (continued)

<p>Output 1.1.2 - Management of revenue collection and transfers</p>	<p>Quality:</p> <ul style="list-style-type: none"> - Performance to service standards - Client perceptions of professionalism in related areas against benchmark - Collectable debt compared with total collections <p>Quantity:</p> <ul style="list-style-type: none"> - Dollar value of revenue collected - Dollar value of revenue transferred - Number of registrations processed and records maintained - Number of accounts managed, refunds issued and payments processed - Number of debt cases finalised - Number of products processed <p>Price \$990.5 million</p>
<p>Output 1.1.3 - Compliance assurance and support - revenue collections</p>	<p>Quality:</p> <ul style="list-style-type: none"> - Evaluation of selected Tax Office information products from a client perspective, both pre and post implementation delivery - Percentage of technical advice passing quality assurance trend over time - Performance to service standards - Client perceptions of professionalism in related areas against benchmark - Evaluation of Tax Office risk management and strategic intelligence <p>Quantity:</p> <ul style="list-style-type: none"> - Number of information, interpretation and active compliance products delivered, liabilities raised/collected and numbers of risk reviews conducted <p>Price \$1,411.2 million</p>
<p>Output 1.1.4 - Compliance assurance and support for transfers and regulation of superannuation funds</p>	<p>Quality:</p> <ul style="list-style-type: none"> - Evaluation of selected Tax Office information products, from a client perspective, both pre and post implementation delivery - Percentage of technical advice passing quality assurance trend over time - Performance to service standards - Client perceptions of professionalism in related areas against benchmark - Evaluation of Tax Office risk management and strategic intelligence <p>Quantity:</p> <ul style="list-style-type: none"> - Dollar value of required transfers effected - Numbers of information, interpretation and active compliance products delivered, liabilities raised/collected and numbers of risk reviews conducted <p>Price \$136.1 million</p>

Table 3.2: Performance information for Outcome 1 (continued)

Output 1.1.5 - Services to governments and agencies	<p>Quality:</p> <ul style="list-style-type: none">- Client satisfaction - number and percentage of work completed for Centrelink within agreed timeframes fourteen days- Cross agency support delivered to agreed standard and timeliness- Ministerial and Parliamentary services delivered to agreed standard and timeliness <p>Quantity:</p> <ul style="list-style-type: none">- Number of Centrelink valuations completed- AVO level of net operating profit - on-going performance against budget- Required volume of services delivered for cross agency support and Ministerial and Parliamentary services <p>Price \$92.7 million</p>
---	---

3.2.5 Evaluations for Outcome 1

The Australian National Audit Office and Tax Office Internal Audit have a rolling programme of issues that are audited during the financial year. Other issues are evaluated within the Tax Office during the financial year as required. Results of evaluations will be shown in the Tax Office Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

4.1.1 Cross agency overview

The Australian Taxation Office (Tax Office) maintains purchaser-provider arrangements with the Department of Families, Community Services and Indigenous Affairs (FaCSIA), Department of Education, Science and Training (DEST), Department of Human Services and the Department of Health and Ageing. These allow the Tax Office to provide services to each of these departments to enable them to achieve their stated outcomes in 2007-08.

The Tax Office will be providing services to:

- FaCSIA for the Family Assistance Office and administration of the Tax Office component of the family tax benefit;
- DEST for the administration of the Higher Education Loan Programme;
- Department of Human Services for the Child Support Agency; and
- Department of Health and Ageing for the implementation of the private health insurance rebate.

The Tax Office has negotiated a number of memorandums of understanding (MOUs) for the purchaser-provider arrangements outlined above. These MOUs include various levels and types of reporting responsibilities and control arrangements for the Tax Office and relevant agencies. Refer to Table 3.2 for performance information relating to cross agency support provided by the Tax Office.

4.2 COST RECOVERY ARRANGEMENTS

The Tax Office does not presently have any significant cost recovery arrangements. The majority of receipts from independent sources are excluded for the purposes of the *Australian Government's Cost Recovery Guidelines for Regulatory Agencies* as they relate to intergovernmental charging, taxation and/or comply with competitive neutrality principles.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

For information on the Tax Office's Australian Government indigenous expenditure refer to the portfolio summary table on page 7.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted departmental income statement

The Australian Taxation Office (Tax Office) is budgeting for a balanced budget in 2007-08 after income tax equivalents payable by the Australian Valuation Office.

Operating revenues

Total agency revenue is estimated to be \$2,849.6 million and consists of \$2,782.8 million appropriation and revenue from other sources of \$66.8 million. This is an increase of \$192.3 million from the 2006-07 estimated actual.

This rise in revenue is primarily a result of increases in appropriation flowing from budget measures.

Operating expenses

Total expenses are estimated to be \$2,849.6 million. This is an increase of \$192.9 million from the 2006-07 estimated actual.

Operating expenses consist of \$1,683.9 million in employees, \$1,044.2 million in suppliers and \$121.3 million in depreciation and amortisation.

Budgeted departmental balance sheet

In 2007-08 the Tax Office's equity position will be \$19.8 million. This is a significant improvement over the estimated actual position for 2006-07 of negative \$26.5 million due largely to equity injections of \$46.6 million.

Assets

The Tax Office's assets are predominantly non-financial assets. In 2007-08 the Tax Office will continue to maintain its commitment to long term improvement, investing \$191.9 million in capital expenditure.

A significant proportion of the Tax Office's capital investment is directed toward the development or improvement of internally developed systems and software in support of the Tax Office's intention of making people's experience with the revenue systems easier, cheaper and more personalised, and improving the integrity and flexibility of the superannuation business systems.

Liabilities

The Tax Office's liabilities are predominantly employee entitlements and are estimated to be \$782.4 million. Total liabilities have increased \$17.1 million from 2006-07. This has been driven primarily by an increase in employee entitlements.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	2,593,135	2,782,828	2,760,460	2,728,068	2,711,383
Goods and services	61,551	63,894	52,456	52,696	52,891
Other	2,600	2,900	3,200	3,500	3,800
Total revenue	2,657,286	2,849,622	2,816,116	2,784,264	2,768,074
Total income	2,657,286	2,849,622	2,816,116	2,784,264	2,768,074
EXPENSE					
Employees	1,632,689	1,683,867	1,697,235	1,720,983	1,722,834
Suppliers	904,793	1,044,170	976,392	907,219	890,554
Depreciation and amortisation	118,936	121,318	142,222	155,795	154,419
Total expenses	2,656,418	2,849,355	2,815,849	2,783,997	2,767,807
Surplus (deficit) before income tax	868	267	267	267	267
Income tax expense	267	267	267	267	267
Surplus (deficit) attributable to the Australian Government	601	0	0	0	0

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	32,723	28,109	31,121	41,684	41,082
Receivables	192,833	190,032	189,960	216,299	234,277
Total financial assets	225,556	218,141	221,081	257,983	275,359
Non-financial assets					
Land and buildings	105,122	104,595	104,068	103,541	103,014
Infrastructure, plant and equipment	53,146	48,988	44,830	40,672	36,514
Intangibles	341,304	416,561	443,432	430,932	418,508
Deferred tax asset	629	629	629	629	629
Other	13,044	13,253	13,253	13,253	13,253
Total non-financial assets	513,245	584,026	606,212	589,027	571,918
Total assets	738,801	802,167	827,293	847,010	847,277
LIABILITIES					
Payables					
Suppliers	140,684	140,336	132,635	126,058	126,058
Tax liabilities	-	-	-	267	534
Other payables	3,299	3,299	3,299	3,299	3,299
Total payables	143,983	143,635	135,934	129,624	129,891
Interest bearing liabilities					
Leases	31,490	29,500	27,589	25,678	25,678
Total interest bearing liabilities	31,490	29,500	27,589	25,678	25,678
Provisions					
Employees	543,207	562,909	570,860	597,498	597,498
Other provisions	46,613	46,346	46,346	46,346	46,346
Total provisions	589,820	609,255	617,206	643,844	643,844
Total liabilities	765,293	782,390	780,729	799,146	799,413
Net assets	(26,492)	19,777	46,564	47,864	47,864
EQUITY					
Contributed equity	199,353	245,933	273,031	274,331	274,331
Reserves	37,767	37,767	37,767	37,767	37,767
Accumulated deficits	(263,612)	(263,923)	(264,234)	(264,234)	(264,234)
Total equity	(26,492)	19,777	46,564	47,864	47,864
Current assets	242,327	263,111	271,352	277,819	277,907
Non-current assets	496,474	539,056	555,941	569,191	569,370
Current liabilities	583,919	596,964	595,696	609,748	609,952
Non-current liabilities	181,374	185,426	185,033	189,398	189,461

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	61,551	63,894	54,364	54,606	52,891
Appropriations	2,606,635	2,789,495	2,753,238	2,699,746	2,693,405
Net GST received	89,366	90,547	98,380	89,819	84,790
Total cash received	2,757,552	2,943,936	2,905,982	2,844,171	2,831,086
Cash used					
Employees	1,608,019	1,664,166	1,689,284	1,694,344	1,722,834
Suppliers	904,788	1,042,175	982,798	912,207	886,754
Taxes Paid	267	267	267	-	-
Net GST paid	90,553	96,321	93,000	89,747	84,790
Total cash used	2,603,627	2,802,929	2,765,349	2,696,298	2,694,378
Net cash from or (used by) operating activities	153,925	141,007	140,633	147,873	136,708
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	171,767	191,890	164,408	138,610	137,310
Total cash used	171,767	191,890	164,408	138,610	137,310
Net cash from or (used by) investing activities	(171,767)	(191,890)	(164,408)	(138,610)	(137,310)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	14,457	46,580	27,098	1,300	-
Total cash received	14,457	46,580	27,098	1,300	-
Cash used					
Dividends paid	304	311	311	-	-
Total cash used	304	311	311	-	-
Net cash from or (used by) financing activities	14,153	46,269	26,787	1,300	-
Net increase or (decrease) in cash held	(3,689)	(4,614)	3,012	10,563	(602)
Cash at the beginning of the reporting period	36,412	32,723	28,109	31,121	41,684
Cash at the end of the reporting period	32,723	28,109	31,121	41,684	41,082

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	(263,612)	37,767	-	199,353	(26,492)
Estimated opening balance	(263,612)	37,767	-	199,353	(26,492)
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	(311)	-	-	-	(311)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	46,580	46,580
Sub-total transactions with owners	(311)	-	-	46,580	46,269
Estimated closing balance as at 30 June 2008	(263,923)	37,767	-	245,933	19,777

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	14,457	46,580	27,098	1,300	-
Total loans	-	-	-	-	-
Total capital appropriations	14,457	46,580	27,098	1,300	-
Represented by:					
Purchase of non-financial assets	14,457	46,580	27,098	1,300	-
Other	-	-	-	-	-
Total represented by	14,457	46,580	27,098	1,300	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	14,457	46,580	27,098	1,300	-
Funded internally by departmental resources	157,310	145,310	137,310	137,310	137,310
Total	171,767	191,890	164,408	138,610	137,310

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	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
As at 1 July 2007									
Gross book value	-	-	148,845	-	102,234	-	-	627,879	878,958
Accumulated depreciation	-	-	(43,723)	-	(49,088)	-	-	(286,575)	(379,386)
Estimated opening net book value	-	-	105,122	-	53,146	-	-	341,304	499,572
Additions:									
by purchase	-	-	25,140	-	12,150	-	-	154,600	191,890
Depreciation/amortisation expense	-	-	(25,667)	-	(16,308)	-	-	(79,343)	(121,318)
As at 30 June 2008									
Gross book value	-	-	173,985	-	114,384	-	-	782,479	1,070,848
Accumulated depreciation	-	-	(69,390)	-	(65,396)	-	-	(365,918)	(500,704)
Estimated closing net book value	-	-	104,595	-	48,988	-	-	416,561	570,144

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	188,530,000	198,530,000	210,750,000	223,100,000	233,270,000
Indirect tax	64,630,000	67,280,000	70,030,000	72,950,000	76,190,000
Other taxes, fees and fines	18,900	20,200	45,500	53,800	55,800
Total taxation	253,178,900	265,830,200	280,825,500	296,103,800	309,515,800
Non-taxation					
Other sources of non-taxation revenues	370,000	336,000	376,000	416,000	456,000
Total non-taxation	370,000	336,000	376,000	416,000	456,000
Total revenues administered on behalf of Government	253,548,900	266,166,200	281,201,500	296,519,800	309,971,800
Total income administered on behalf of Government	253,548,900	266,166,200	281,201,500	296,519,800	309,971,800
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	4,722,000	5,202,100	5,466,100	5,674,100	6,011,000
Personal benefits	4,549,000	3,697,000	3,704,000	3,759,000	3,851,000
Write down and impairment of assets	3,490,000	3,893,000	3,948,000	4,108,000	4,248,000
Finance costs	280,000	280,000	330,000	330,000	330,000
Other	130,000	205,000	230,000	250,000	280,000
Total expenses administered on behalf of Government	13,171,000	13,277,100	13,678,100	14,121,100	14,720,000

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	223,976	223,976	223,976	223,976	223,976
Receivables	13,902,700	14,370,900	15,119,400	15,961,200	16,965,000
Accrued revenues	8,160,593	8,625,593	9,130,593	9,610,593	9,860,593
Total financial assets	22,287,269	23,220,469	24,473,969	25,795,769	27,049,569
Non-financial assets					
Other	22	22	22	22	22
Total non-financial assets	22	22	22	22	22
Total assets administered on behalf of Government	22,287,291	23,220,491	24,473,991	25,795,791	27,049,591
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,806,789	1,806,789	1,806,789	1,806,789	1,806,789
Other provisions	542,277	567,277	597,277	627,277	657,277
Total provisions	2,349,066	2,374,066	2,404,066	2,434,066	2,464,066
Payables					
Grants and subsidies	1,080,560	1,013,360	936,360	858,360	887,360
Personal benefits payable	3,918,770	3,896,770	3,871,770	3,888,770	3,949,770
Other payables	20,596	20,596	20,596	20,596	20,596
Total payables	5,019,926	4,930,726	4,828,726	4,767,726	4,857,726
Total liabilities administered on behalf of Government	7,368,992	7,304,792	7,232,792	7,201,792	7,321,792

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	184,906,491	195,133,800	207,078,500	219,310,200	229,668,200
Indirect tax	63,350,000	65,880,000	68,560,000	71,410,000	74,560,000
Other taxes, fees and fines	18,900	20,200	45,500	53,800	55,800
Other	194,000	306,000	316,000	316,000	186,000
Total cash received	248,469,391	261,340,000	276,000,000	291,090,000	304,470,000
Cash used					
Interest paid	280,000	280,000	330,000	330,000	330,000
Subsidies paid	4,914,000	5,269,300	5,543,100	5,752,100	5,982,000
Personal benefits	4,383,000	3,719,000	3,729,000	3,742,000	3,790,000
Other	167,000	180,000	200,000	220,000	250,000
Total cash used	9,744,000	9,448,300	9,802,100	10,044,100	10,352,000
Net cash from / (used by) operating activities	238,725,391	251,891,700	266,197,900	281,045,900	294,118,000
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	9,744,000	9,448,300	9,802,100	10,044,100	10,352,000
Total cash received	9,744,000	9,448,300	9,802,100	10,044,100	10,352,000
Cash used					
Cash to Official Public Account	248,469,391	261,340,000	276,000,000	291,090,000	304,470,000
Total cash used	248,469,391	261,340,000	276,000,000	291,090,000	304,470,000
Net cash from / (used by) financing activities	(238,725,391)	(251,891,700)	(266,197,900)	(281,045,900)	(294,118,000)
Net increase / (decrease) in cash held					
Cash at beginning of reporting period	223,976	223,976	223,976	223,976	223,976
Cash at end of reporting period	223,976	223,976	223,976	223,976	223,976

Table 5.10: Schedule of administered capital budget

The Tax Office does not have any administered capital.

**Table 5.11: Schedule of administered property, plant, equipment and intangibles
— summary of movement (Budget Year 2007-08)**

The Tax Office does not have any administered property, plant, equipment or intangibles.

5.3 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 agency items in the financial statements included in Tables 5.1 to 5.6 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Administration 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 agency 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 by the Department of the Treasury.

Notes to the administered statements

The administered financial statements included in Tables 5.7 to 5.9 have been prepared on the basis of Australian Accounting Standards.

The standards require that taxation revenues are recognised on an accrual basis when the following conditions apply:

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

The amount of taxation revenue recognised takes account of legislative steps, discretion to be exercised and any refunds and/or credit amendments to which the taxpayers may become entitled.

Recognition of taxation revenue

Taxation revenue is recognised when the Government, through the application of legislation by the Tax Office and other relevant activities, gains control over the future economic benefits that flow from taxes and other statutory charges – the Economic Transaction Method (ETM). This methodology relies on the estimation of the probable flows of taxes from transactions which have occurred in the economy, but not yet reported, and are likely to be reported, to the Tax Office through an assessment or disclosure.

However in circumstances when there is an ‘inability to reliably measure tax revenues when the underlying transactions or events occur’, the standards permit an alternative approach – the Taxation Liability Method (TLM). Under this basis, taxation revenue is recognised at the earlier of when an assessment of a tax liability is made or payment is received by the Tax Office. This recognition policy means that taxation revenue is generally measured at a later time than would be the case if it were measured under the ETM method.

In accordance with the above revenue recognition approach, the Tax Office uses ETM as the basis for revenue recognition, except for income tax for individuals, companies and superannuation funds and superannuation surcharge which are recognised on a TLM basis.

Items recognised as reductions to taxation revenue

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

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

CORPORATIONS AND MARKETS ADVISORY COMMITTEE

- Section 1: Overview 231**
 - 1.1 Summary of agency contributions to outcomes..... 231

- Section 2: Resources for 2007-08..... 232**
 - 2.1 Appropriations and other resources..... 232
 - 2.2 2007-08 Budget measures..... 234
 - 2.3 Other resources available to be used 234
 - 2.4 Movement of administered funds..... 234
 - 2.5 Special appropriations 234
 - 2.6 Movements in special accounts 234

- Section 3: Outcomes 235**
 - 3.1 Summary of outcomes and contribution to outcomes 235
 - 3.2 Outcome resources and performance information 236

- Section 4: Other reporting requirements..... 239**
 - 4.1 Purchaser-provider arrangements 239
 - 4.2 Cost recovery arrangements..... 239
 - 4.3 Australian Government Indigenous Expenditure 239

- Section 5: Budgeted financial statements..... 240**
 - 5.1 Analysis of budgeted financial statements..... 240
 - 5.2 Budgeted financial statements tables 241
 - 5.3 Notes to the financial statements..... 246

CORPORATIONS AND MARKETS ADVISORY COMMITTEE

Section 1: Overview

The Corporations and Markets Advisory Committee (CAMAC) was established in September 1989. Its role, as set out in section 148 of the *Australian Securities and Investments Commission Act 2001* (the ASIC Act), is to advise the Minister on any matters concerning the *Corporations Act 2001* or improving the efficiency of financial markets. CAMAC may undertake reviews on its own initiative, as well as at the request of the Minister.

The Legal Committee was established in September 1991 to provide expert legal analysis, assessment and advice to the Advisory Committee.

The Treasurer appoints the members of the Advisory Committee and Legal Committee in their personal capacities.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by CAMAC which contribute to the achievement of outcomes are summarised in Table 1.1 and Figure 2 on page 235.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	CAMAC is a statutory body that is the principal source of external advice to the Australian Government on issues in corporations and financial markets law and practice.	Output Group 1.1 Corporations and Markets Advisory Committee

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the Corporations and Markets Advisory Committee (CAMAC) in the 2007-08 Budget is \$1.1 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental				Administered				Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Appropriation \$'000	Special Appropriation resources \$'000	
Outcome 1									
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,040	-	-	12	-	-	-	-	1,052
Total	1,040	-	-	12	-	-	-	-	1,052

2.2 2007-08 BUDGET MEASURES

Table 2.2 Corporations and Markets Advisory Committee measures

CAMAC does not have any 2007-08 Budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by CAMAC for provision of goods or services as well as resources received free of charge. These resources are approved for use by CAMAC and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Resources received free of charge	-	12
Interest	18	-
Total departmental other resources available to be used	18	12

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

CAMAC does not have any administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

CAMAC does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Table 2.6: Estimates of special account cash flows and balances

CAMAC does not have any special accounts.

Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the Corporations and Markets Advisory Committee (CAMAC). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of CAMAC and its outcome is summarised in the below figure.

Figure 2: Contributions to outcomes



There have been no changes to CAMAC's outcome or outputs from the *Portfolio Budget Statements 2006-07*.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including departmental appropriation and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriation		
Output Group 1.1 - Corporations and Markets Advisory Committee		
Output 1.1.1 - Annual Report and discussion papers	497	489
Output 1.1.2 - Recommendations and reports	561	551
Total departmental appropriation	1,058	1,040
Departmental revenue from other sources		
Interest	18	-
Resources received free of charge	-	12
Total departmental revenue from other sources	18	12
Total resources	1,076	1,052
	2006-07	2007-08
Average staffing level (number)	4	4

3.2.2 Measures affecting Outcome 1

CAMAC does not have any 2007-08 Budget measures.

3.2.3 Contributions to achievement of Outcome 1

The output of CAMAC focuses on the legislation related to corporations and financial markets. Its operations involve either on its own initiative or at the request of the Government conducting major policy reviews, which may include analysing procedural and other issues in current practice. This process is basic to achieving the Government outcome of fair and efficient financial markets characterised by integrity and transparency and supporting confident and informed participation of investors and consumers.

Administered activities

CAMAC does not administer any activities on behalf of the Australian Government.

Departmental outputs

Output 1.1.1 Annual Report and discussion papers

The Advisory Committee publishes discussion papers that seek to inform, stimulate and lead public debate on the enhancement of standards for corporations and participants in financial markets. For this purpose, the papers propose regulatory reform where necessary. This public consultation process is designed to ensure that the commercial community has the opportunity to participate fully in the law reform process.

The Committee's annual report consolidates this public consultation process by summarising in a publicly available document the work of the Committee over the previous financial year.

Output 1.1.2 Recommendations and reports

The Committee builds on the public consultation process by thoroughly reviewing all submissions on discussion papers and providing timely advice to the Australian Government in the form of Advisory Committee reports, containing detailed law reform recommendations, where appropriate.

3.2.4 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to CAMAC are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance indicators for agency outputs

Output group 1.1: Corporations and Markets Advisory Committee

Output 1.1.1 - Annual Report and discussion papers

The Advisory Committee seeks to stimulate and lead public debate on the enhancement of standards for corporations and participants in financial markets, and proposes regulatory reform where necessary.

Price: \$0.5 million

Output 1.1.2 - Recommendations and reports

To achieve these performance goals, the Advisory Committee seeks the expert advice of its Legal Committee, encourages public comment on its discussion papers and thoroughly reviews all submissions received by them. This well-established process of public review is designed to ensure that the commercial community has the opportunity to fully participate in the law reform process.

Through this consultation and review process, and the provision of timely advice to the Treasurer in the form of Advisory Committee Reports and other papers, the Committee seeks to ensure that Australian financial markets and corporations continue to operate in a commercial environment of the highest standards supported by appropriate legislation.

Price: \$0.6 million

3.2.5 Evaluations for Outcome 1

There are no planned evaluation activities in the 2007-08 financial year.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Corporations and Markets Advisory Committee (CAMAC) does not have any purchaser-provider arrangements with any other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

CAMAC does not have any cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

CAMAC does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted departmental income statement

The Corporations and Markets Advisory Committee (CAMAC) is budgeting for a break-even operating result for 2007-08.

Budgeted departmental balance sheet

This statement shows the financial position of CAMAC. It helps decision-makers to track the management of CAMAC'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 capital budget statement

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

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

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

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	1,058	1,040	1,052	1,064	1,074
Interest	18	-	-	-	-
Other	-	12	12	12	12
Total revenue	1,076	1,052	1,064	1,076	1,086
EXPENSE					
Employees	602	582	590	597	603
Suppliers	459	455	459	464	468
Depreciation and amortisation	15	15	15	15	15
Total expenses	1,076	1,052	1,064	1,076	1,086
Surplus (or deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	115	110	105	100	95
Receivables	14	14	14	14	14
Total financial assets	129	124	119	114	109
Non-financial assets					
Land and buildings	13	12	11	10	9
Infrastructure, plant and equipment	93	99	105	111	117
Other	9	9	9	9	9
Total non-financial assets	115	120	125	130	135
Total assets	244	244	244	244	244
LIABILITIES					
Provisions					
Employees	171	171	171	171	171
Other	32	32	32	32	32
Total provisions	203	203	203	203	203
Total liabilities	203	203	203	203	203
Net assets	41	41	41	41	41
EQUITY					
Reserves	10	10	10	10	10
Retained surpluses	31	31	31	31	31
Total equity	41	41	41	41	41
Current assets	138	133	128	123	118
Non-current assets	106	111	116	121	126
Current liabilities	182	182	182	182	182
Non-current liabilities	21	21	21	21	21

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,058	1,040	1,053	1,064	1,074
Interest	18	-	-	-	-
GST Recovered	39	39	39	39	45
Total cash received	1,115	1,079	1,092	1,103	1,119
Cash used					
Employees	602	582	590	597	603
Suppliers	498	482	487	491	501
Total cash used	1,100	1,064	1,077	1,088	1,104
Net cash from (or used by) operating activities	15	15	15	15	15
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	20	20	20	20	20
Total cash used	20	20	20	20	20
Net cash from (or used by) investing activities	(20)	(20)	(20)	(20)	(20)
Net increase (or decrease) in cash held	(5)	(5)	(5)	(5)	(5)
Cash at the beginning of the reporting period	120	115	110	105	100
Cash at the end of the reporting period	115	110	105	100	95

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	31	10	-	-	41
Estimated opening balance	31	10	-	-	41
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Estimated closing balance as at 30 June 2008	31	10	-	-	41

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	20	20	20	20	20
Total	20	20	20	20	20

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software purchased	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	21	-	288	-	1	-	310
Accumulated depreciation	-	-	(8)	-	(195)	-	(1)	-	(204)
Opening net book value	-	-	13	-	93	-	-	-	106
Additions:									
by purchase	-	-	-	-	20	-	-	-	20
Depreciation/amortisation expense	-	-	(1)	-	(14)	-	-	-	(15)
As at 30 June 2008									
Gross book value	-	-	21	-	308	-	1	-	330
Accumulated depreciation	-	-	(9)	-	(209)	-	(1)	-	(219)
Estimated closing net book value	-	-	12	-	99	-	-	-	111

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

CAMAC does not have any administered items.

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

CAMAC does not have any administered items.

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

CAMAC does not have any administered items.

Table 5.10: Schedule of administered capital budget

CAMAC does not have any administered items.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

CAMAC does not have any administered items.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

INSPECTOR-GENERAL OF TAXATION

Section 1: Overview	249
1.1 Summary of agency contributions to outcomes.....	249
Section 2: Resources for 2007-08.....	250
2.1 Appropriations and other resources.....	250
2.2 2007-08 Budget measures.....	252
2.3 Other resources available to be used	252
2.4 Movement of administered funds.....	252
2.5 Special appropriations	252
2.6 Movements in special accounts.....	252
Section 3: Outcomes	253
3.1 Summary of outcomes and contribution to outcomes	253
3.2 Outcome resources and performance information	254
Section 4: Other reporting requirements.....	257
4.1 Purchaser-provider arrangements	257
4.2 Cost recovery arrangements.....	257
4.3 Australian Government Indigenous Expenditure	257
Section 5: Budgeted financial statements.....	258
5.1 Analysis of budgeted financial statements.....	258
5.2 Budgeted financial statements tables	259
5.3 Notes to the financial statements.....	265

INSPECTOR-GENERAL OF TAXATION

Section 1: Overview

The *Inspector-General of Taxation Act 2003* established an independent statutory agency to review:

- systems established by the Australian Taxation Office to administer the tax laws; and
- systems established by tax laws in relation to administrative matters.

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 and conducting reviews of systemic issues in the administration of the tax laws and providing independent advice to the Government.

To ensure that reviews undertaken reflect areas of key concern to the Australian community, the Inspector-General develops a work programme following broad-based consultation with other stakeholders including taxpayers and their representatives, the Commonwealth Ombudsman, the Commonwealth Auditor-General and the Commissioner of Taxation.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the IGT which contribute to the achievement of outcomes are summarised in Table 1.1 and Figure 2 on page 253.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
Improved administration of the tax laws for the benefit of all taxpayers	Identify and investigate systemic issues in tax administration to provide independent advice to government.	Output Group 1.1 Inspector-General of Taxation

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the Inspector-General of Taxation (IGT) in the 2007-08 Budget is \$2.3 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

Inspector-General of Taxation	Departmental				Administered				Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other \$'000	Special Appropriation \$'000	
Outcome 1									
Improved administration of the tax laws for the benefit of all taxpayers	2,188	-	-	82	-	-	-	-	-
Total	2,188	-	-	82	-	-	-	-	2,270

2.2 2007-08 BUDGET MEASURES

Table 2.2: Inspector-General of Taxation measures

The IGT does not have any 2007-08 Budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by the IGT for the provision of goods or services as well as resources received free of charge. These resources are approved for use by the IGT and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	60	82
Total departmental other resources available to be used	60	82

Note: Departmental resources are collected under section 31 of the *Financial Management and Accountability Act 1997*.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The IGT does not have any administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The IGT does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Table 2.6: Estimates of special account cash flows and balances

The IGT does not have any special accounts.

Section 3: Outcomes

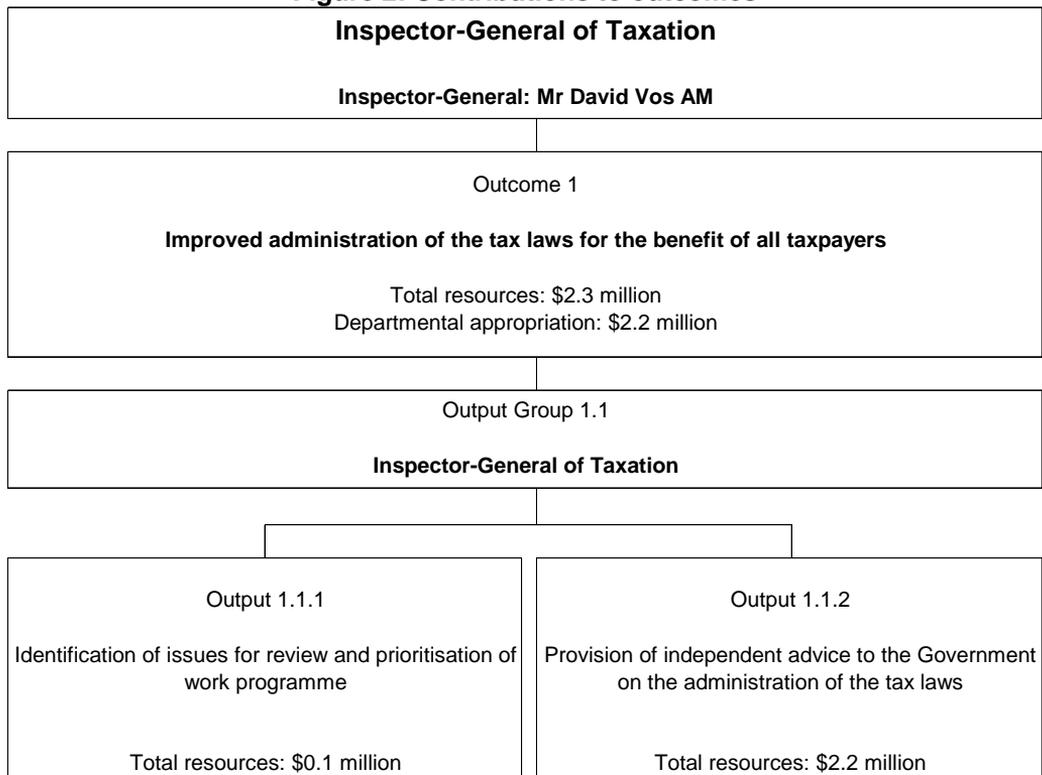
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the Inspector-General of Taxation (IGT). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the IGT and its outcome is summarised in the following figure.

Figure 2: Contributions to outcomes



The IGT's two outputs derive from the statutory functions. These outputs involve, firstly, the identification of systemic issues for review and the prioritisation of the work programme and, secondly, the provision of independent advice to Government on the administration of the tax laws.

The scope of the work programme is determined by the identification and prioritisation of a systemic issue by the Inspector-General. However, the *Inspector-General of Taxation Act 2003* also provides that the Minister may direct that a matter be included on the work programme, and that the Inspector-General considers requests to conduct reviews from:

- the Minister (separate from the direction provision); or
- the Commissioner of Taxation; or
- a resolution of either House, or both Houses, of the Parliament; or
- a resolution of a Committee of either House, or both Houses, of the Parliament.

Broad-based community involvement in the identification of issues and the opportunity for all stakeholders to provide submissions ensures that reviews undertaken are relevant and timely for all stakeholders. In view of this, the Inspector-General requires the flexibility to vary resourcing allocations so as to allow emerging and important systemic issues to be addressed in a manner that is timely and relevant to government.

The IGT has no power to direct the Commissioner of Taxation in the administration of the tax laws. The effectiveness with which the Inspector-General's advice to Government contributes to the achievement of the outcome may be difficult to assess. In some instances, the provision of advice to Government may lead to legislative change to address an identified systemic issue. However, on other occasions the Commissioner of Taxation may independently address a systemic issue identified by the IGT either as a result of undertaking a review, or following the release of a Review Report by the Minister or the publication of an Issues Paper or Work Programme by the Inspector-General.

3.2.4 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the IGT are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance indicators for individual outputs

Output Group 1.1 - Inspector-General of Taxation

Output 1.1.1 - Identification of issues for review and prioritisation of work programme

Quality:

Broad-based community involvement in the identification of systemic issues in the administration of tax laws

Reviews undertaken are relevant and timely for government and other stakeholders

Price: \$0.1 million

Output 1.1.2 - Provision of independent advice to the Government on the administration of the tax laws

Quality:

Reports, undertaken in accordance with required processes, are of a high standard, timely and useful to Government.

Findings and recommendations achieve improved administration.

Price: \$2.2 million

3.2.5 Evaluations for Outcome 1

Internal, informal monitoring of the IGT's performance and output is undertaken on a continuous basis.

Evaluation of actual levels of achievement will be shown in the IGT's 2007-08 Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Inspector-General of Taxation (IGT) does not have any purchaser-provider arrangements with any other Government agencies.

4.1.1 Cross agency overview

The IGT does not have any cross agency arrangements with any other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

The IGT does not have any cost recovery arrangements in place in respect of operational activities. Various organisations do provide travel and accommodation associated with some speaking engagements. The Inspector-General has negotiated a cost recovery/contra agreement with the Australian Reinsurance Pool Corporation in respect of office arrangements in Sydney and Canberra. While mutually beneficial to both organisations, the arrangement is revenue positive for the Inspector-General and the proceeds are covered by an agreement under section 31 of the *Financial Management and Accountability Act 1997*.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The IGT does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

For 2007-08, the office of the Inspector-General of Taxation (IGT) is expected to consist of a statutory office holder and six staff. The IGT relies upon the support and contribution to reviews of many in the private sector, particularly professional associations and business groups. The cooperation and support of relevant Government agencies is also very important to the achievement of the outcome.

Budgeted departmental financial statements

It is expected that for 2007-08, approximately 50 per cent of the budget allocation will be expended on employee costs, 25 per cent on office accommodation and corporate overheads, and 25 per cent on direct costs associated with completion of the work programme. It is expected that this expenditure pattern will also continue in future years.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	2,170	2,188	2,211	2,230	2,250
Goods and services	60	82	82	82	82
Total revenue	2,230	2,240	2,263	2,282	2,302
Total income	2,230	2,240	2,263	2,282	2,302
EXPENSE					
Employees	1,162	1,196	1,232	1,269	1,307
Suppliers	759	973	933	998	974
Depreciation and amortisation	66	101	128	45	51
Total expenses	1,987	2,240	2,263	2,282	2,302
Surplus or (deficit) attributable to the Australian Government	243	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	65	136	231	240	259
Receivables	1,638	1,630	1,630	1,630	1,630
Total financial assets	1,703	1,766	1,861	1,870	1,889
Non-financial assets					
Infrastructure, plant and equipment	192	129	38	38	25
Other	3	-	-	-	-
Total non-financial assets	195	129	38	38	25
Total assets	1,898	1,895	1,899	1,908	1,914
LIABILITIES					
Provisions					
Employees	249	255	261	267	275
Other	63	63	63	63	63
Total provisions	312	318	324	330	338
Payables					
Suppliers	46	37	35	38	36
Total payables	46	37	35	38	36
Total liabilities	358	355	359	368	374
Net assets	1,540	1,540	1,540	1,540	1,540
EQUITY					
Retained surpluses	1,540	1,540	1,540	1,540	1,540
Total equity	1,540	1,540	1,540	1,540	1,540
Current assets	1,703	1,766	1,861	1,870	1,889
Non-current assets	195	129	38	38	25
Current liabilities	295	292	296	305	311
Non-current liabilities	63	63	63	63	63

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	58	59	52	52	52
Appropriations	1,803	2,188	2,211	2,230	2,250
Total cash received	1,861	2,247	2,263	2,282	2,302
Cash used					
Employees	1,125	1,190	1,226	1,263	1,301
Suppliers	717	948	904	972	944
Total cash used	1,842	2,138	2,130	2,235	2,245
Net cash from or (used by) operating activities	19	109	133	47	57
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	16	38	38	38	38
Total cash used	16	38	38	38	38
Net cash from or (used by) investing activities	(16)	(38)	(38)	(38)	(38)
Net increase or (decrease) in cash held	3	71	95	9	19
Cash at the beginning of the reporting period	62	65	136	231	240
Cash at the end of the reporting period	65	136	231	240	259

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	1,296	-	1	-	1,297
Estimated opening balance	1,296	-	1	-	1,297
Income and expense					
Surplus (deficit) for the period	243	-	-	-	243
Total income and expenses recognised directly in equity	243	-	-	-	243
Estimated closing balance as at 30 June 2008	1,539	-	1	-	1,540

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by:	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	16	38	38	38	38
Total	16	38	38	38	38

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	property	property		military	infrastructure	and cultural	software	intangibles	
	\$'000	\$'000	\$'000	equipment	plant and	assets	\$'000	\$'000	\$'000
					equipment				
As at 1 July 2007									
Gross book value	-	-	-	-	309	-	-	-	309
Accumulated depreciation	-	-	-	-	(117)	-	-	-	(117)
Opening net book value	-	-	-	-	192	-	-	-	192
Additions:									
by purchase	-	-	-	-	38	-	-	-	38
Depreciation/amortisation expense	-	-	-	-	(101)	-	-	-	(101)
As at 30 June 2008									
Gross book value	-	-	-	-	347	-	-	-	347
Accumulated depreciation	-	-	-	-	(218)	-	-	-	(218)
Estimated closing net book value	-	-	-	-	129	-	-	-	129

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The IGT does not have any administered items.

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The IGT does not have any administered items.

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The IGT does not have any administered items.

Table 5.10: Schedule of administered capital budget

The IGT does not have any administered items.

Table 5.11: Schedule of administered property, plant, equipment and intangibles – summary of movement (Budget year 2007-08)

The IGT does not have any administered items.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

NATIONAL COMPETITION COUNCIL

Section 1: Overview	269
1.1 Summary of agency contributions to outcomes.....	269
Section 2: Resources for 2007-08.....	270
2.1 Appropriations and other resources.....	270
2.2 2007-08 Budget measures.....	272
2.3 Other resources available to be used	272
2.4 Movement of administered funds.....	272
2.5 Special appropriations	272
2.6 Movements in special accounts.....	272
Section 3: Outcomes	273
3.1 Summary of outcomes and contribution to outcomes	273
3.2 Outcome resources and performance information	274
Section 4: Other reporting requirements.....	276
4.1 Purchaser — provider arrangements.....	276
4.2 Cost recovery arrangements.....	276
4.3 Australian Government Indigenous Expenditure	276
Section 5: Budgeted financial statements.....	277
5.1 Analysis of budgeted financial statements.....	277
5.2 Budgeted financial statements tables	278
5.3 Notes to the financial statements.....	283

NATIONAL COMPETITION COUNCIL

Section 1: Overview

The National Competition Council (NCC) is an independent statutory agency established under Part IIA of the *Trade Practices Act 1974* (TPA). The NCC was established to oversee and assist the implementation of National Competition Policy (NCP) and to recommend on the design and coverage of infrastructure access regulation.

With the end of the NCP reform agenda in 2006 the NCC's role in relation to NCP has effectively ended and the NCC has refocused its activities on access regulation matters. In relation to this, the NCC's specific tasks are to make recommendations¹ relating to access to services provided by monopoly infrastructure under Part IIIA of the TPA (declaration and certification) and to undertake similar functions under the National Third Party Access Code for Natural Gas Pipeline Systems (the Gas Code).

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the NCC which contribute to the achievement of outcomes are summarised in Table 1.1 and Figure 2 on page 273.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	Provide advice to governments on competition policy and infrastructure access and public information on competition policy.	Output Group 1.1 National Competition Council

1 Recommendations are made to the Australian Government Treasurer or other Ministers, or State or Territory Leaders depending on the particular subject matter.

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the National Competition Council (NCC) in the 2007-08 Budget is \$4.0 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

National Competition Council	Departmental				Administered				Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Appropriation \$'000	Special Appropriation resources \$'000	
Outcome 1									
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	4,025	-	-	24	-	-	-	-	4,049
Total	4,025	-	-	24	-	-	-	-	4,049

2.2 2007-08 BUDGET MEASURES

Table 2.2: National Competition Council measures

The NCC does not have any 2007-08 Budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by the NCC for the provision of goods or services as well as resources received free of charge. These resources are approved for use by the NCC and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	33	-
Other - resources received free of charge	19	24
Total departmental other resources available to be used	52	24

Note: Departmental resources are collected under section 31 of the *Financial Management and Accountability Act 1997*.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The NCC does not have any administered appropriations.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The NCC does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Table 2.6: Estimates of special account cash flows and balances

The NCC does not have any special accounts.

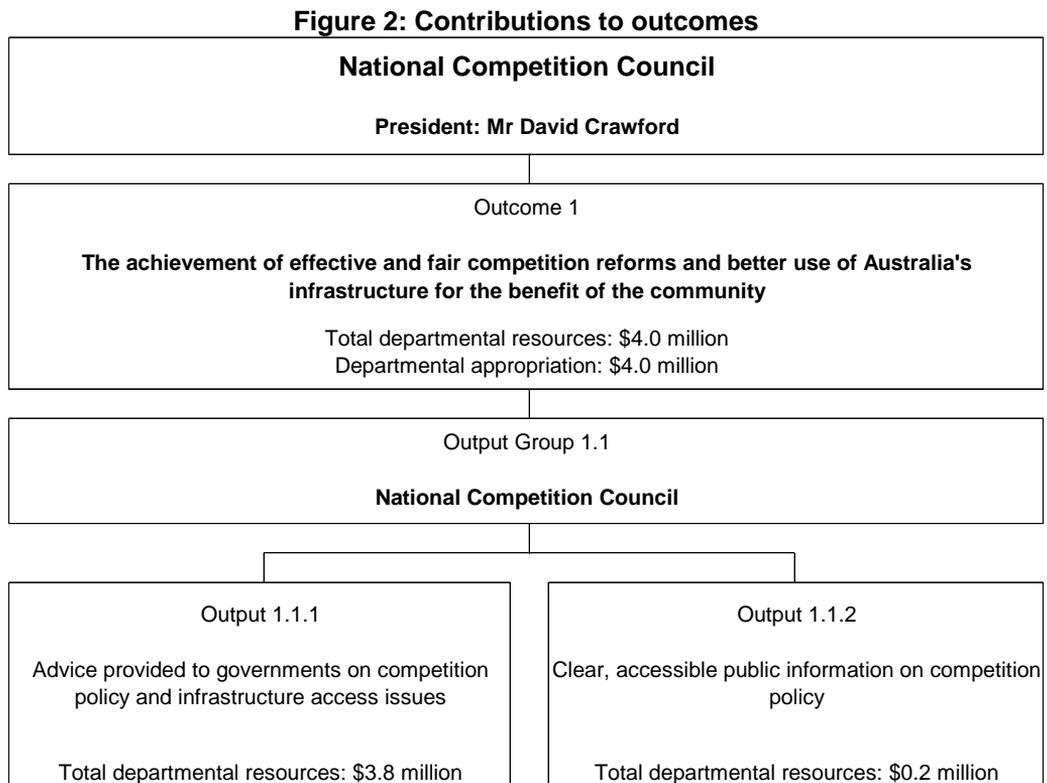
Section 3: Outcomes

General Government Sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) on behalf of the Government.

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the National Competition Council (NCC). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the NCC and its outcome is summarised in the figure below.



The NCC has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07*.

The NCC uses a process of cost allocation to estimate the costs for each output in Table 3.1. The cost of Output 1.1.1 is comprised of direct and indirect costs. The cost of Output 1.1.2 primarily includes direct costs only, as the expenditure is not material to the NCC’s budget.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including departmental appropriations and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriations		
Output Group 1.1 - National Competition Council		
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	3,824	3,825
Output 1.1.2 - Clear accessible public information on competition policy	207	200
Total departmental appropriations	4,031	4,025
Revenue from other sources		
Output Group 1.1 - National Competition Council		
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	52	24
Total revenue from other sources	52	24
Total resources	4,083	4,049
	2006-07	2007-08
Average staffing level (number)	15	9

3.2.2 Measures affecting Outcome 1

The NCC does not have any 2007-08 Budget measures.

3.2.3 Contributions to achievement of Outcome 1

The NCC pursues goals and strategies that allow it to provide advice to governments on competition policy and infrastructure access and public information on competition policy. These goals and strategies work towards the achievement of effective and fair competition reforms and better use of Australia’s infrastructure for the benefit of the community.

Administered activities

NCC does not administer any activities on behalf of the Australian Government.

Departmental outputs

The NCC has two outputs that contribute to the achievement of the defined outcome. The outcome is for effective and fair competition reforms and better use of Australia’s infrastructure for the benefit of the community. The outputs are:

- advice provided to governments on competition policy and infrastructure access issues; and
- clear accessible public information on competition policy.

3.2.4 Performance information for Outcome 1

The following table summarises the performance information for individual outputs and output groups relating to the NCC.

Table 3.2: Performance information for Outcome 1

Performance indicators for group outputs	
Output group 1.1: National Competition Council	
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	<p>Quality: Advice and recommendations meet criteria of robustness, quality and timeliness.</p> <p>Advice and recommendations take into account all relevant considerations and meet Ministers' needs.</p> <p>Recommendations to governments and representations to the Australian Competition Tribunal on access to essential infrastructure services, and responses to reviews requested by governments, are effective and timely.</p> <p>Price: \$3.8 million</p>
Output 1.1.2 - Clear, accessible public information on competition policy	<p>Quality: Publications and explanatory material, including the Annual Report and the Councils' website are comprehensive and meet deadlines, and information provided is effective in promoting understanding of competition reform, policy and processes.</p> <p>Price: \$0.2 million</p>

3.2.5 Evaluations for Outcome 1

Internal, informal monitoring of the NCC’s performance and outputs is undertaken on a continuous basis.

Section 4: Other reporting requirements

4.1 PURCHASER — PROVIDER ARRANGEMENTS

The National Competition Council (NCC) does not have any purchaser-provider arrangements with other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

The National Gas Pipeline Access Law and the National Gas Code allow the NCC to charge for coverage and revocation applications. The NCC has determined the appropriate charge to be \$7,500 per application, which represents partial cost recovery.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The NCC does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Government's financial budgeting and reporting framework, as well as specific guidelines issued by the Department of Finance and Administration. The budgeted statements show the planned financial performance for the 2007-08 budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the National Competition Council's (NCC) budgeted financial statements is provided below.

Budgeted departmental income statement

The NCC is budgeting for a breakeven operating result in 2007-08.

Operating revenues

Total agency revenue is estimated to be \$4.0 million. This is a decrease of \$0.1 million from the 2006-07 estimated actual.

Operating expenses

Total expenses are estimated to be \$4.0 million. This is a decrease of \$0.1 million from the 2006-07 estimated actual.

Budgeted departmental balance sheet

In 2007-08 the NCC's equity position will be positive \$1.3 million.

Assets

The NCC's assets are predominantly financial assets. In 2007-08 the NCC will be investing \$0.01 million in capital.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2006-07.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	4,031	4,025	4,060	4,103	4,142
Other	52	24	24	24	24
Total revenue	4,083	4,049	4,084	4,127	4,166
Total income	4,083	4,049	4,084	4,127	4,166
EXPENSE					
Employees	1,650	1,469	1,526	1,584	1,645
Suppliers	2,377	2,571	2,535	2,510	2,481
Depreciation and amortisation	56	9	23	33	40
Total expenses	4,083	4,049	4,084	4,127	4,166
Surplus or (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	592	265	265	265	265
Receivables	1,215	1,464	1,459	1,465	1,479
Other receivables	39	-	-	-	-
Total financial assets	1,846	1,729	1,724	1,730	1,744
Non-financial assets					
Infrastructure, plant and equipment	61	21	54	77	93
Other	11	11	11	11	11
Total non-financial assets	72	32	65	88	104
Total assets	1,918	1,761	1,789	1,818	1,848
LIABILITIES					
Provisions					
Employees	421	344	372	401	431
Other	-	8	8	8	8
Total provisions	421	352	380	409	439
Payables					
Suppliers	239	151	151	151	151
Total payables	239	151	151	151	151
Total liabilities	660	503	531	560	590
Net assets	1,258	1,258	1,258	1,258	1,258
EQUITY					
Reserves	3	3	3	3	3
Retained surpluses	1,255	1,255	1,255	1,255	1,255
Total equity	1,258	1,258	1,258	1,258	1,258
Current assets	1,857	1,740	1,735	1,741	1,755
Non-current assets	61	21	54	77	93
Current liabilities	450	323	337	352	367
Non-current liabilities	210	180	194	208	223

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	4,031	4,025	4,060	4,103	4,142
Other	33	-	-	-	-
Total cash received	4,064	4,025	4,060	4,103	4,142
Cash used					
Employees	1,596	1,442	1,498	1,555	1,615
Suppliers	2,358	2,420	2,384	2,359	2,330
Total cash used	3,954	3,862	3,882	3,914	3,945
Net cash from or (used by) operating activities	110	163	178	189	197
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	56	10	56	56	56
Total cash used	56	10	56	56	56
Net cash from or (used by) investing activities	(56)	(10)	(56)	(56)	(56)
FINANCING ACTIVITIES					
Cash used					
Other	54	480	122	133	141
Total cash used	54	480	122	133	141
Net cash from or (used by) financing activities	(54)	(480)	(122)	(133)	(141)
Net increase or (decrease) in cash held	-	(327)	-	-	-
Cash at the beginning of the reporting period	592	592	265	265	265
Cash at the end of the reporting period	592	265	265	265	265

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	1,255	-	3	-	1,258
Estimated opening balance	1,255	-	3	-	1,258
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Estimated closing balance as at 30 June 2008	1,255	-	3	-	1,258

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07	Budget estimate 2007-08	Forward estimate 2008-09	Forward estimate 2009-10	Forward estimate 2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by:	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	56	10	56	56	56
Total	56	10	56	56	56

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	\$'000	\$'000	\$'000	military	infrastructure	and cultural	software	intangibles	
		property		equipment	plant and	assets			
					equipment				\$'000
As at 1 July 2007									
Gross book value	-	-	98	-	94	-	-	-	192
Accumulated depreciation	-	-	(98)	-	(74)	-	-	-	(172)
Estimated opening net book value	-	-	-	-	20	-	-	-	20
Additions:									
by purchase	-	-	-	-	10	-	-	-	10
Depreciation/amortisation expense	-	-	-	-	(9)	-	-	-	(9)
As at 30 June 2008									
Gross book value	-	-	98	-	104	-	-	-	202
Accumulated depreciation	-	-	(98)	-	(83)	-	-	-	(181)
Estimated closing net book value	-	-	-	-	21	-	-	-	21

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The NCC does not have any administered items.

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The NCC does not have any administered items.

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The NCC does not have any administered items.

Table 5.10: Schedule of administered capital budget

The NCC does not have any administered items.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

The NCC does not have any administered items.

5.3 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.

PRODUCTIVITY COMMISSION

Section 1: Overview	287
1.1 Summary of agency contributions to outcomes.....	287
Section 2: Resources for 2007-08.....	288
2.1 Appropriations and other resources.....	288
2.2 2007-08 Budget measures.....	290
2.3 Other resources available to be used	291
2.4 Movement of administered funds.....	292
2.5 Special appropriations	292
2.6 Movements in special accounts	292
Section 3: Outcomes	293
3.1 Summary of outcomes and contribution to outcomes	293
3.2 Outcome resources and performance information	295
Section 4: Other reporting requirements.....	298
4.1 Purchaser-provider arrangements	298
4.2 Cost recovery arrangements.....	298
4.3 Australian Government Indigenous Expenditure	298
Section 5: Budgeted financial statements.....	299
5.1 Analysis of budgeted financial statements.....	299
5.2 Budgeted financial statements tables	300
5.3 Notes to the financial statements.....	306

PRODUCTIVITY COMMISSION

Section 1: Overview

The Productivity Commission (the Commission) is the Australian Government’s principal review and advisory body on microeconomic policy and regulation. The Commission’s work covers all sectors of the economy. It extends to the public and private sectors and focuses on areas of Australian Government as well as State and Territory responsibility.

As a review and advisory body the Commission does not have responsibility for implementing government programmes. It carries out research, inquiry, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The 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. It does this by undertaking:

- 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.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Commission which contribute to the achievement of its outcome are summarised in Table 1.1 and Figure 2 on page 294.

Table 1.1: Contribution to outcomes

Outcome	Description	Output group
Outcome 1		
Well-informed policy decision-making and public understanding on matters relating to Australia’s productivity and living standards, based on independent and transparent analysis from a community-wide perspective	To enhance understanding and community awareness of how Australia’s productivity and living standards can be improved.	Output Group 1.1 Productivity Commission

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation (including capital appropriation) and other resources for the Productivity Commission (the Commission) in the 2007-08 Budget is \$35.0 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome and departmental classification.

2.2 2007-08 BUDGET MEASURES

The following table summarises the Commission's Budget measure as explained in Budget Paper No. 2, *Budget Measures 2007-08*.

Table 2.2: Productivity Commission measure

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward Estimate 2009-10 \$'000			Forward Estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measure													
COAG - performance benchmarking for Australian business regulation	1.1	-	2,385	2,385	-	3,091	3,091	-	3,170	3,170	-	3,238	3,238
Related capital													
COAG - performance benchmarking for Australian business regulation	1.1	-	462	462	-	-	-	-	-	-	-	-	-

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by the Commission for the provision of goods or services as well as resources received free of charge. These resources are approved for use by the Commission and are also included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	50	50
Other - resources received free of charge	35	35
Total departmental other resources available to be used	85	85

Note: Departmental resources are collected under section 31 of the *Financial Management and Accountability Act 1997*.

Receipts from goods and services include the sale of publications, sale of surplus equipment and external use of the Commission's library (of which some \$7,000 is due to cost recovery arrangements).

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The Commission does not have any administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The Commission does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. The following table shows the expected additions (credits) and reductions (debits) for each account used by the Commission.

Table 2.6: Estimates of special account cash flows and balances

	Opening Balance 2007-08 <i>2006-07</i> \$'000	Credits 2007-08 <i>2006-07</i> \$'000	Debits 2007-08 <i>2006-07</i> \$'000	Adjustments 2007-08 <i>2006-07</i> \$'000	Closing Balance 2007-08 <i>2006-07</i> \$'000
Other Trust Moneys Account	-	-	-	-	-
Services for Other Government and Non-Agency Bodies Account	-	-	-	-	-
Total special accounts					
2007-08 Budget estimate	-	-	-	-	-
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	-	-	-	-	-

Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the Productivity Commission (the Commission). Key performance measures and performance evaluation activities are specified for the outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The Commission has one outcome:

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.

The Commission's five outputs derive from its statutory functions. The quantum and scope of the work under each output is largely determined externally (for example, government commissioned projects, regulation impact statement assessments, competitive neutrality complaints investigations). In view of this, the Commission requires the flexibility to vary resources amongst its various outputs.

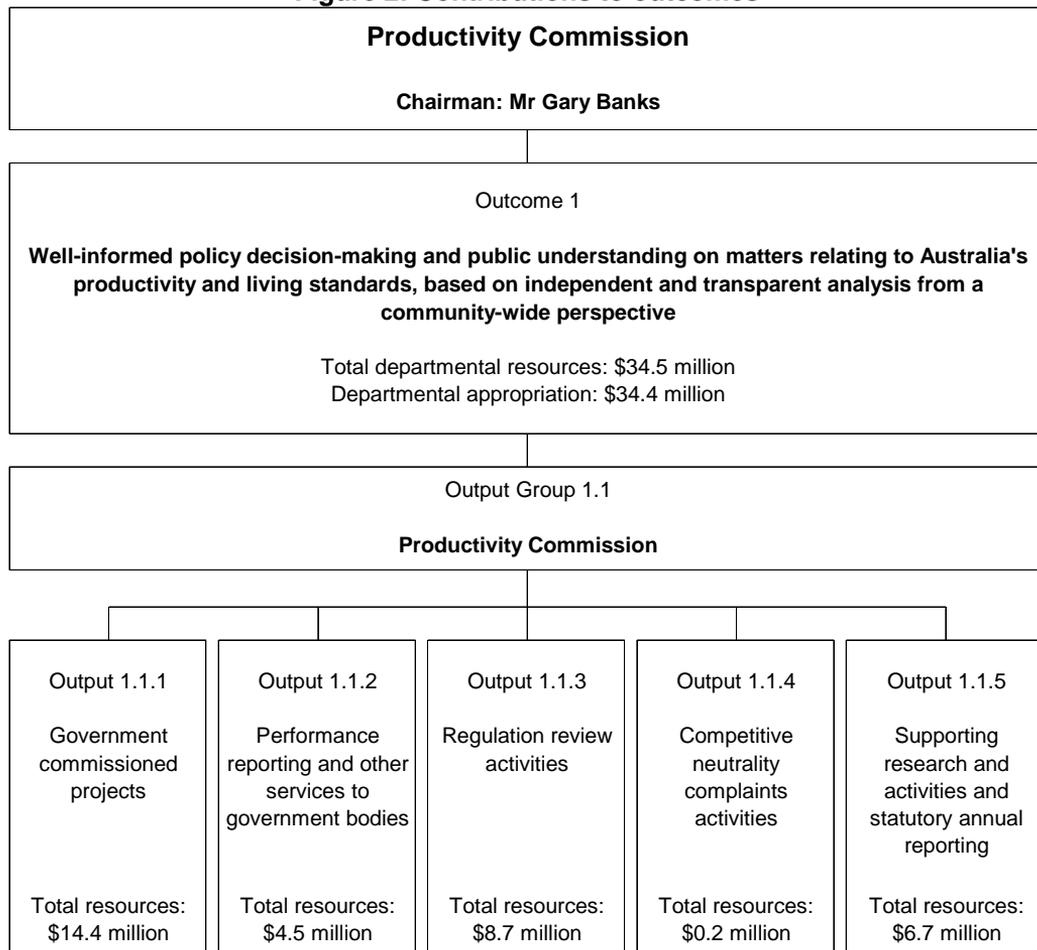
The effectiveness with which the Commission's outputs contribute to the achievement of the outcome is difficult to assess. The Commission is but one source of policy advice on matters relating to Australia's productivity and living standards and many issues are complex and long term. The Commission aims to demonstrate its effectiveness by reporting annually on the relevance, quality, timeliness and cost effectiveness of its outputs.

An elaboration of the activities covered by each of the outputs is included under 'Contributions to achievement of Outcome 1' in section 3.2.3.

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.

The relationship between activities of the Commission and its outcome is summarised in Figure 2.

Figure 2: Contributions to outcomes



There have been no changes to the number, wording or structure of outcomes or outputs, from the *Portfolio Budget Statements 2006-07*.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

The following table shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including departmental appropriation and revenue from other sources.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriation		
Output Group 1.1 - Productivity Commission		
Output 1.1.1 - Government commissioned projects	14,100	14,300
Output 1.1.2 - Performance reporting and other services to government bodies	4,700	4,500
Output 1.1.3 - Regulation review activities	6,600	8,700
Output 1.1.4 - Competitive neutrality complaints activities	200	200
Output 1.1.5 - Supporting research and activities and statutory annual reporting	6,651	6,743
Total departmental appropriation	32,251	34,443
Departmental revenue from other sources		
Goods and services	50	50
Other	35	35
Total departmental revenue from other sources	85	85
Total resources	32,336	34,528
	2006-07	2007-08
Average staffing level (number)	204	218

3.2.2 Measures affecting Outcome 1

The Budget measure for the Commission appears in Table 2.2. Detail of this measure is included in Budget Paper No. 2, *Budget Measures 2007-08*.

3.2.3 Contributions to achievement of Outcome 1

Departmental outputs

Output 1: Government commissioned projects

Public inquiries (for example, the review of Australia's consumer policy framework), case studies and other commissioned work (such as the review of regulatory burdens on business and the study into local government revenue raising capacity).

Output 2: Performance reporting and other services to government bodies

Government services performance reports including Australian Government/State/Territory service provision, key indicators of indigenous disadvantage, performance monitoring and related research on government trading enterprises.

Output 3: Regulation review activities

Assessments of regulation impact statements, compliance costings, consultations and a range of associated activities such as annual reporting, research, advice and education.

Output 4: Competitive neutrality complaints activities

Investigations of competitive neutrality complaints and associated activities such as research, advice and education.

Output 5: Supporting research and activities and statutory annual reporting

Statutory annual reporting; research and working papers in support of the Commission's varying inquiry programme and to contribute to public policy issues; and associated activities such as submissions, conferences and speeches.

3.2.4 Performance information for Outcome 1

The following table summarises the performance information for individual outputs and output groups relating to the Commission.

Table 3.2: Performance information for Outcome 1

Performance indicators for individual outputs

Output group 1.1: Productivity Commission

Output 1.1.1 - Government commissioned projects

Quality:

Projects of a high standard, useful to government, undertaken in accordance with required processes and on time.

Quantity:

Capacity to undertake projects to the total price of outputs.

Price: \$14.4 million

Output 1.1.2 - Performance reporting and other services to government bodies

Quality:

Reports of a high standard, useful to government, and completed on time.

Quantity:

Capacity to provide reports and services to the total price of outputs.

Price: \$4.5 million

Output 1.1.3 - Regulation review activities

Quality:

Regulation Impact Statement (RIS) and compliance cost assessments, consultation and associated activities of a high standard, advice useful to government and on time.

Quantity:

Capacity to undertake RIS assessments and associated activities to the total price of outputs.

Price: \$8.7 million

Output 1.1.4 - Competitive neutrality complaints activities

Quality:

Competitive neutrality complaints successfully resolved within 90 days; associated activities of a high standard and useful to government.

Quantity:

Capacity to undertake activities to the total price of outputs.

Price: \$0.2 million

Output 1.1.5 - Supporting research and activities and statutory annual reporting

Quality:

Reports, projects and associated activities of a high standard, useful to government, raising community awareness and on time.

Quantity:

Capacity to undertake research that supports the government's current and emerging policy agenda to the total price of outputs.

Price: \$6.7 million

3.2.5 Evaluations for Outcome 1

Evaluation of actual levels of achievement will be shown in the Commission's 2007-08 Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Productivity Commission (the Commission) has no purchaser-provider arrangements with any other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

As disclosed in the comments for Table 2.3: Other resources available to be used, the Commission has a single cost recovery arrangement for the external use of its library and expects to receive approximately \$7,000 in 2007-08.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

In the 2003-04 Budget, the Government provided the Commission with additional funding of \$2.4 million over four years to prepare a report annually on key indicators of indigenous disadvantage. This funding is now provided on an ongoing basis.

As part of the Council of Australian Governments' Reconciliation agenda, the objective is to identify key indicators that are of relevance to all governments and indigenous stakeholders, and that can demonstrate the impact of programme and policy interventions on addressing indigenous disadvantage.

Table 4.1: Australian Government Indigenous Expenditure

For information on the Commission's Australian Government indigenous expenditure refer to the Portfolio table on page 7.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF 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) 2007-08 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.

Budgeted departmental financial statements

The Commission is budgeting for a break even operating result in 2007-08 and the forward estimate years. The increase in revenue in 2007-08 is primarily a consequence of the 2007-08 Budget measure – refer Table 2.2. There is a corresponding increase in operating expenses.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	32,251	34,443	35,556	35,929	36,625
Goods and services	50	50	50	50	50
Other	35	35	35	35	35
Total revenue	32,336	34,528	35,641	36,014	36,710
Gains					
Net gains from sale of assets	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	32,336	34,528	35,641	36,014	36,710
EXPENSE					
Employees	24,182	25,575	25,879	26,139	26,634
Suppliers	7,235	7,989	8,802	8,915	9,116
Depreciation and amortisation	894	939	935	935	935
Finance costs	25	25	25	25	25
Write-down of assets and impairment of assets	-	-	-	-	-
Total expenses	32,336	34,528	35,641	36,014	36,710
Surplus or (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	204	276	237	252	257
Receivables	7,900	8,700	8,500	9,100	9,700
Other financial assets	320	330	340	350	360
Total financial assets	8,424	9,306	9,077	9,702	10,317
Non-financial assets					
Land and buildings	1,406	1,215	1,500	1,035	569
Infrastructure, plant and equipment	838	860	939	949	988
Intangibles	39	76	81	86	91
Total non-financial assets	2,283	2,151	2,520	2,070	1,648
Total assets	10,707	11,457	11,597	11,772	11,965
LIABILITIES					
Provisions					
Employees	7,333	7,579	7,679	7,814	7,967
Other provisions	758	800	840	880	920
Total provisions	8,091	8,379	8,519	8,694	8,887
Payables					
Suppliers	120	120	120	120	120
Total payables	120	120	120	120	120
Total liabilities	8,211	8,499	8,639	8,814	9,007
Net assets	2,496	2,958	2,958	2,958	2,958
EQUITY					
Contributed equity	2,396	2,858	2,858	2,858	2,858
Reserves	1,172	1,172	1,172	1,172	1,172
Accumulated deficits	(1,072)	(1,072)	(1,072)	(1,072)	(1,072)
Total equity	2,496	2,958	2,958	2,958	2,958
Current assets	8,424	9,306	9,077	9,702	10,317
Non-current assets	2,283	2,151	2,520	2,070	1,648
Current liabilities	6,853	7,099	7,199	7,334	7,487
Non-current liabilities	1,358	1,400	1,440	1,480	1,520

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	50	50	50	50	50
Appropriations	32,251	34,443	35,556	35,929	36,625
Total cash received	32,301	34,493	35,606	35,979	36,675
Cash used					
Employees	24,228	25,895	26,172	26,404	26,987
Suppliers	7,451	8,091	8,923	9,055	9,193
Cash to Official Public Account	-	100	100	100	100
Total cash used	31,679	34,086	35,195	35,559	36,280
Net cash from or (used by) operating activities	622	407	411	420	395
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	10	10	10	10	10
Total cash received	10	10	10	10	10
Cash used					
Purchase of property, plant and equipment	1,285	807	460	415	400
Total cash used	1,285	807	460	415	400
Net cash from or (used by) investing activities	(1,275)	(797)	(450)	(405)	(390)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	685	462	-	-	-
Total cash received	685	462	-	-	-
Net cash from or (used by) financing activities	685	462	-	-	-
Net increase or (decrease) in cash held	32	72	(39)	15	5
Cash at the beginning of the reporting period	172	204	276	237	252
Cash at the end of the reporting period	204	276	237	252	257

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	(1,072)	1,172	-	2,396	2,496
Estimated opening balance	(1,072)	1,172	-	2,396	2,496
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	462	462
Sub-total transactions with owners	-	-	-	462	462
Estimated closing balance as at 30 June 2008	(1,072)	1,172	-	2,858	2,958

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	685	462	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	685	462	-	-	-
Represented by:					
Purchase of non-financial assets	685	462	-	-	-
Other	-	-	-	-	-
Total represented by	685	462	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	685	462	-	-	-
Funded internally by					
Departmental resources	600	345	460	415	400
Total	1,285	807	460	415	400

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	\$'000	\$'000	\$'000	military	infrastructure	and cultural	software	intangibles	\$'000
		property		equipment	plant and	assets			
					equipment				\$'000
As at 1 July 2007									
Gross book value	-	-	2,544	-	2,974	-	590	-	6,108
Accumulated depreciation	-	-	(1,138)	-	(2,136)	-	(551)	-	(3,825)
Estimated opening net book value	-	-	-	-	-	-	-	-	-
Additions:									
by purchase	-	-	342	-	402	-	63	-	807
Depreciation/amortisation expense	-	-	(533)	-	(380)	-	(26)	-	(939)
As at 30 June 2008									
Gross book value	-	-	2,886	-	3,376	-	653	-	6,915
Accumulated depreciation	-	-	(1,671)	-	(2,516)	-	(577)	-	(4,764)
Estimated closing net book value	-	-	1,215	-	860	-	76	-	2,151

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The Commission does not have any administered items.

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The Commission does not have any administered items.

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Commission does not have any administered items.

Table 5.10: Schedule of administered capital budget

The Commission does not have any administered items.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

The Commission does not have any administered items.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

This agency section is dedicated to Mr Terry Carrigg.

ROYAL AUSTRALIAN MINT

Section 1: Overview	309
1.1 Summary of agency contributions to outcomes.....	309
Section 2: Resources for 2007-08.....	310
2.1 Appropriations and other resources.....	310
2.2 2007-08 Budget measures.....	312
2.3 Other resources available to be used	313
2.4 Movement of administered funds.....	313
2.5 Special appropriations	313
2.6 Movements in special accounts.....	314
Section 3: Outcomes	315
3.1 Summary of outcomes and contribution to outcomes	315
3.2 Outcome resources and performance information	316
Section 4: Other reporting requirements.....	318
4.1 Purchaser-provider arrangements	318
4.2 Cost recovery arrangements.....	318
4.3 Australian Government Indigenous Expenditure	318
Section 5: Budgeted financial statements.....	319
5.1 Analysis of budgeted financial statements.....	319
5.2 Budgeted financial statements tables	321
5.3 Notes to the financial statements.....	327

ROYAL AUSTRALIAN MINT

Section 1: Overview

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

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Mint which contribute to the achievement of outcomes for the Mint are summarised in Table 1.1 and Figure 2 on page 315.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
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

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total capital appropriation for the Royal Australian Mint (Mint) in the 2007-08 Budget is \$15.1 million. This appropriation represents the capital funding for refurbishment, the purchase of plant and equipment and internal security and upgrade of associated systems. The total resources (including capital appropriation) required for the Mint's operations in 2007-08 is estimated to be \$71.2 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

Royal Australian Mint	Departmental				Administered				Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Appropriation \$'000	Special Appropriation resources \$'000	
Outcome 1									
Satisfy the Reserve Bank of Australia's forecast for circulating coin	-	-	-	56,098	-	-	-	-	56,098
Equity injections	-	15,100	-	-	-	-	-	-	15,100
Total	-	15,100	-	56,098	-	-	-	-	71,198

2.2 2007-08 BUDGET MEASURES

The following table summarises the Mint's Budget measures as explained in Budget Paper No. 2, *Budget Measures 2007-08*.

Table 2.2: Royal Australian Mint measures

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward Estimate 2009-10 \$'000			Forward Estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Capital measure													
Royal Australian Mint - internal security and upgrade of associated systems	1.1	-	6,500	6,500	-	100	100	-	-	-	-	-	-
Related expense													
Royal Australian Mint - internal security and upgrade of associated systems	1.1	-	1,116	1,116	-	286	286	-	-	-	-	-	-

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table provides details of resources obtained by the Mint for provision of goods or services. These resources are approved for use by the Mint and are also included in Table 2.1.

The use of a special account established under the *Financial Management and Accountability Act 1997 (FMA Act)* enables the Mint to fund its operations relating to the production of circulating coin from the revenue received from the Reserve Bank of Australia (RBA). As such, funds are received indirectly via the amounts retained from seigniorage for the production of circulating coin.

The Mint uses the revenue relating to the sales of numismatic coins and like products to fund its other operations.

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	53,254	55,953
Other - resources received free of charge	144	145
Total departmental other resources available to be used	53,398	56,098

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The Mint does not have any movement of administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The Mint does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by the Mint. The Mint uses a special account for all of its operations.

Table 2.6: Estimates of special account cash flows and balances

	Opening balance	Credits	Debits	Adjustments	Closing balance
	2007-08	2007-08	2007-08	2007-08	2007-08
	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	7,039	174,228	173,735	-	7,532
	5,608	172,417	170,986	-	7,039
Total special accounts					
2007-08 Budget estimate	7,039	174,228	173,735	-	7,532
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	5,608	172,417	170,986	-	7,039

Note: This special account is departmental in nature and is established under section 20 of the *Financial Management and Accountability Act 1997*.

Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for The Royal Australian Mint (the Mint).

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the Mint and its outcomes is summarised in Figure 2.

Figure 2: Contributions to outcomes



There has been no change to outcomes and outputs structure of the Mint from the *Portfolio Budget Statements 2006-07*.

Table 3.2: Performance information for Outcome 1

Performance indicators for individual outputs	
Output group 1: Royal Australian Mint	
Output 1.1.1 - 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 meet Reserve Bank of Australia needs.</p> <p>Meet financial performance targets.</p> <p>Maintain the National Coin Collection and the Royal Australina Mint's Visitor Gallery and promote public understanding about the cultural and historical significance of coins.</p> <p>Price: \$56.1 million</p>

3.2.5 Evaluations for Outcome 1

Evaluation and review activities planned by the Mint for 2007-08 include:

- the meeting of RBA forecasts are measured on a monthly basis;
- review of the cost of production and related pricing of products; and
- feedback will be sought from key stakeholders on a regular basis on the effectiveness of advice and visitor services.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Royal Australian Mint (the Mint) does not have any purchaser-provider arrangements with any other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

The Mint does not presently have any cost recovery arrangements. All receipts from independent sources are excluded for the purposes of the *Commonwealth Cost Recovery Guidelines* as the Mint complies with competitive neutrality principles.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The Mint does not have any specific indigenous expenditure.

Section 5: 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 2007-08 Annual Report.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

In the income statement the Mint has budgeted for a profit of \$1.0 million in 2007-08. Income from the sales of numismatic coin and like product is expected to remain steady in the forward years.

The balance sheet provides a consistent picture between the budget and previous financial years. The net asset position is expected to increase from previous financial years due to the replacement of old plant and equipment, for which the Mint received capital appropriation over five years from 2003-04.

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.

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.

The Mint Budget Statement: Budgeted financial statements

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.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Goods and services	52,746	55,433	54,618	55,054	54,209
Interest	471	480	490	499	499
Rents	181	185	189	193	193
Total revenue	53,398	56,098	55,297	55,746	54,901
Total income	53,398	56,098	55,297	55,746	54,901
EXPENSE					
Employees	9,041	9,403	7,997	10,170	10,170
Suppliers	8,828	10,120	9,470	9,368	9,368
Depreciation and amortisation	1,152	1,135	1,386	1,640	1,640
Other	33,154	34,422	33,887	33,723	33,723
Total expenses	52,175	55,080	52,740	54,901	54,901
Surplus (deficit) before income tax	1,223	1,018	2,557	845	-
Income tax expense	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	1,223	1,018	2,557	845	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	4,507	5,000	5,242	5,725	6,208
Receivables	14,242	14,846	16,095	18,254	19,254
Tax assets	353	353	353	353	353
Total financial assets	19,102	20,199	21,690	24,332	25,815
Non-financial assets					
Infrastructure, plant and equipment	16,552	31,652	38,872	37,551	36,092
Inventories	30,179	30,179	22,145	23,855	24,701
Intangibles	240	257	230	211	202
Other	1,184	1,184	1,184	1,184	1,184
Total non-financial assets	48,155	63,272	62,431	62,801	62,179
Total assets	67,257	83,471	84,121	87,133	87,994
LIABILITIES					
Provisions					
Employees	2,983	3,054	2,964	3,407	3,305
Total provisions	2,983	3,054	2,964	3,407	3,305
Payables					
Suppliers	9,707	9,719	9,427	9,427	9,527
Other	1,042	1,055	1,068	1,080	1,098
Total payables	10,749	10,774	10,495	10,507	10,625
Total liabilities	13,732	13,828	13,459	13,914	13,930
Net assets	53,525	69,643	70,662	73,219	74,064
EQUITY					
Contributed equity	23,888	38,988	38,988	38,988	38,988
Reserves	5,393	5,393	5,393	5,393	5,393
Retained surpluses	24,244	25,262	26,281	28,838	29,683
Total equity	53,525	69,643	70,662	73,219	74,064
Current assets	50,112	51,209	44,666	49,018	51,347
Non-current assets	17,145	32,262	39,455	38,115	36,647
Current liabilities	13,153	13,247	12,869	13,347	13,363
Non-current liabilities	579	581	590	567	567

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	161,228	158,943	155,514	155,996	155,769
Other	174	185	189	193	200
Total cash received	161,402	159,128	155,703	156,189	155,969
Cash used					
Employees	9,611	9,625	9,869	9,727	9,822
Suppliers	116,108	112,588	110,098	109,980	111,870
Other	34,112	34,422	33,887	33,723	31,829
Total cash used	159,831	156,635	153,854	153,430	153,521
Net cash from or (used by) operating activities	1,571	2,493	1,849	2,759	2,448
INVESTING ACTIVITIES					
Cash received					
Other	11,015	15,100	100	-	-
Total cash received	11,015	15,100	100	-	-
Cash used					
Purchase of property, plant and equipment	2,500	4,500	1,707	2,276	1,965
Other	8,565	12,600	-	-	-
Total cash used	11,065	17,100	1,707	2,276	1,965
Net cash from or (used by) investing activities	(50)	(2,000)	(1,607)	(2,276)	(1,965)
Net increase or (decrease) in cash held	1,521	493	242	483	483
Cash at the beginning of the reporting period	2,986	4,507	5,000	5,242	5,725
Cash at the end of the reporting period	4,507	5,000	5,242	5,725	6,208

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	24,244	5,393	-	23,888	53,525
Estimated opening balance	24,244	5,393	-	23,888	53,525
Income and expense					
Surplus (deficit) for the period	1,018	-	-	-	1,018
Total income and expenses recognised directly in equity	1,018	-	-	-	1,018
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	15,100	15,100
Sub-total transactions with owners	-	-	-	15,100	15,100
Estimated closing balance as at 30 June 2008	25,262	5,393	-	38,988	69,643

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07	Budget estimate 2007-08	Forward estimate 2008-09	Forward estimate 2009-10	Forward estimate 2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	11,015	15,100	100	-	-
Total loans	-	-	-	-	-
Total capital appropriations	11,015	15,100	100	-	-
Represented by:					
Purchase of non-financial assets	2,500	4,500	1,607	2,276	1,965
Other	8,565	12,600	100	-	-
Total represented by	11,065	17,100	1,707	2,276	1,965
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	11,015	15,100	100	-	-
Funded internally by departmental resources	50	2,000	1,607	2,276	1,965
Total	11,065	17,100	1,707	2,276	1,965

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	property	property		military	infrastructure	and cultural	software	intangibles	
	\$'000	\$'000	\$'000	equipment	plant and	assets	\$'000	\$'000	\$'000
					equipment				
As at 1 July 2007									
Gross book value	-	-	-	-	18,896	-	2,321	-	21,217
Accumulated depreciation	-	-	-	-	(2,344)	-	(2,081)	-	(4,425)
Estimated opening net book value	-	-	-	-	16,552	-	240	-	16,792
Additions:									
by purchase	-	-	-	-	17,100	-	129	-	17,229
Disposals	-	-	-	-	(977)	-	-	-	(977)
Depreciation/amortisation expense	-	-	-	-	(1,023)	-	(112)	-	(1,135)
As at 30 June 2008									
Gross book value	-	-	-	-	35,019	-	2,450	-	37,469
Accumulated depreciation	-	-	-	-	(3,367)	-	(2,193)	-	(5,560)
Estimated closing net book value	-	-	-	-	31,652	-	257	-	31,909

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	99,264	104,076	101,417	101,125	101,225
Total non-taxation	99,264	104,076	101,417	101,125	101,225
Total revenues administered on behalf of Government	99,264	104,076	101,417	101,125	101,225
Total income administered on behalf of Government	99,264	104,076	101,417	101,125	101,225
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Other	99,264	104,076	101,417	101,125	101,225
Total expenses administered on behalf of Government	99,264	104,076	101,417	101,125	101,225

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The Mint does not have any administered assets and liabilities.

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	99,264	104,076	101,417	101,125	101,125
Total cash received	99,264	104,076	101,417	101,125	101,125
Cash used					
Other	99,264	104,076	101,417	101,125	101,125
Total cash used	99,264	104,076	101,417	101,125	101,125
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	99,264	104,076	101,417	101,125	101,125
Transfers to other entities (Finance - Whole of Government)	99,264	104,076	101,417	101,125	101,125
Cash at end of reporting period	-	-	-	-	-

Table 5.10: Schedule of administered capital budget

The Mint does not have any administered capital.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget Year 2007-08)

The Mint does not have any administered property, plant, equipment or intangibles.

5.3 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 in 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.

Other

Other expenses include the cost of goods sold.

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 2007-08 \$2.5 million will be provided for the replacement of plant and equipment, \$6.1 million for the refurbishment of the Mint and \$6.5 million for internal security and upgrade of associated systems.

Administered items

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.

PORTFOLIO 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	Revenues, expenses, 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).

Glossary

Departmental	Revenue, expenses, assets and liabilities that 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 (for example, trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. (<i>see outcomes</i>)
Operating result	Equals revenue less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
Output groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs 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.

Glossary

Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations (<i>Financial Management and Accountability (FMA) Act 1997</i> , subsection 20 and 21). 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 FMA Act) or through an Act of Parliament (referred to in section 21 of the FMA Act).
Special Appropriations (including Standing Appropriations)	<p>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.</p> <p>Standing appropriations are a sub-category consisting of ongoing special appropriations— the amount appropriated will depend on circumstances specified in the legislation.</p>