



BUDGET*

PORTFOLIO BUDGET STATEMENTS 2008-09
BUDGET RELATED PAPER NO. 1.17

TREASURY PORTFOLIO

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

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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 2008-09 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, appearing to read 'Wayne Swan'.

Wayne Swan

Abbreviations and conventions

The following notations may be used:

..	not zero, but rounded to zero
*	The nature of this measure is such that a reliable estimate cannot be provided.
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million

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 Nicole Scott in the Department of the 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>.

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

The purpose of the 2008-09 Portfolio Budget Statements (PBS) 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 appropriation acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PBS is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2, 2008-09. In this sense the PBS 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 PBS provides 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 PBS.

STRUCTURE OF THE PORTFOLIO BUDGET STATEMENTS

The PBS have been revised for the 2008-09 Budget, with significant changes made to reduce the work load on agencies and to provide Parliament with more targeted and comprehensive information on government expenditure.

Included below is a brief outline of each section of the revised document.

Portfolio overview

The portfolio overview is largely unchanged with portfolio departments required to briefly outline the responsibilities of the portfolio, list the relevant agencies and Ministers and the resources available.

Agency resources and planned performance

A statement (under the name of the agency) for each agency within the portfolio.

Section 1: Agency overview and resources

- This section includes three components:
 - 1.1 Strategic direction for 2008-09;
 - 1.2 Resource statement; and
 - 1.3 Budget measures table.
- The intention of section 1 is to provide readers with an overview of the functions and responsibilities of the agency, its contribution towards its outcomes for the budget year and the resources available.
- In the *Strategic Direction for 2008-09* agencies are to present a narrative approach rather than being restricted to a fixed number of headings. The key emphasis is on telling the agency 'story'; the key strategies it is implementing to achieve its outcomes, what is involved and how success and progress are to be measured.
- The agency resource statement and budget measures table summarise resource information into two tables. The new agency resource statement details the source and nature of all resources available to the agency. Budget measures information reflects the information covered in Budget Paper 2, with the output group against which the measures are to be pursued to improve cross-referencing.

Agency resources and planned performance (continued)	
Section 2: Outcomes and planned performance	<ul style="list-style-type: none"> • The outcomes section has undergone significant change to re-orientate agency reporting towards their results in contributing to outcomes and away from focusing on the activities and processes of agencies. • The outcome resource statement provides lower level resourcing information for general users at the results level, grouped by output group rather than appropriation type as has been the case previously. • Following the outcome resource statement agencies will use output groups for each outcome to group their intended contributions and the performance indicators used to assess the agency's effectiveness. By focusing on the results and impacts agencies are making towards outcomes, the revised PBS will be more focused on how agencies contribute to outcomes rather than detailing activities.
Section 3: Explanatory tables and budgeted financial statements	<ul style="list-style-type: none"> • This section has been re-worked to increase the readability of technical financial information. The section now includes: <ul style="list-style-type: none"> – an explanation of any differences at agency level between the information included in the Budget Papers and the PBS arising from the use of the Government Finance Statistics and Australian Accounting Standards accounting methodologies; and – explanatory tables to provide supplementary information on the reconciliation between total available appropriation and outcome attribution, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure. • It should also be noted that the capital budget statement and the property, plant, equipment and intangibles statements are no longer mandatory in the financial statements. This change has been made as information provided was generally of little value. Agencies with significant investment programs and/or balance sheets may continue using the statements to better explain their overall position.
Glossary	Explains key terms relevant to the portfolio.

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PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

MINISTERS AND 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 **Department of 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.

Portfolio Overview

The **Australian Office of Financial Management (AOFM)** is responsible for the management of Australian Government debt and financial assets. Through its output – debt management – the AOFM aims to manage its net debt portfolio at least cost over the medium term, subject to an acceptable level of risk and to contribute 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 **Commonwealth Grants Commission** output is directed at fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory which is achieved through the distribution by Government, of GST revenue and health care grants. Its output is to report on State revenue sharing relativities.

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 that advises and makes recommendations under the National Access Regime and recommendations and decisions in relation to natural gas pipelines. Its outcome is aimed at the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community. The output is advice provided to governments on infrastructure access issues.

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; competitive neutrality complaints activities; and supporting research and activities and statutory annual reporting.

The **Royal Australian Mint** manufactures and sells circulating coins to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries. Its outputs are manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice; manufacture and sale of circulating coins for foreign countries; production and sale of collector coins and other minted and like products for Australian and other clients; and provide gallery and visitor services.

Figure 1: Portfolio structure and outcomes

<p>Portfolio Minister - Treasurer The Hon Wayne Swan MP</p> <p>Assistant Treasurer and Minister for Competition Policy and Consumer Affairs The Hon Chris Bowen MP</p> <p>Minister for Superannuation and Corporate Law Senator the Hon Nick Sherry</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 and efficiency, competition, contestability and competitive neutrality</p>
<p>Australian Securities and Investments Commission Chairman: Mr Tony D'Aloisio</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>Commonwealth Grants Commission Secretary: Mr John Spasojevic</p> <p>Fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory is achieved through the distribution, by Government, of GST revenue and Health Care Grants</p>
<p>Corporations and Markets Advisory Committee Convenor: Mr Richard St John</p> <p>A fair and efficient market 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 Acting President: Mr David Crawford</p> <p>The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community</p>
<p>Productivity Commission Chairman: Mr Gary Banks AO</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>Manufacture and sale of circulating coins, to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries</p>

PORTFOLIO RESOURCES MADE AVAILABLE IN THE BUDGET YEAR

Table 1: Portfolio resources made available in the Budget year

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	5,000	161,677	45,301,816	-	45,468,493
Departmental appropriations	146,446	9,541	-	10,818	166,805
Total:	151,446	171,218	45,301,816	10,818	45,635,298
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	282,775	5,365	-	17,960	306,100
Total:	282,775	5,365	-	17,960	306,100
Australian Competition and Consumer Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	139,227	4,247	-	500	143,974
Total:	139,227	4,247	-	500	143,974
Australian Office of Financial Management					
Administered appropriations	10	-	302,283,539	-	302,283,549
Departmental appropriations	8,467	-	-	867	9,334
Total:	8,477	-	302,283,539	867	302,292,883
Australian Prudential and Regulation Authority					
Administered appropriations	-	-	500	-	500
Departmental appropriations	5,036	1,865	-	93,685	100,586
Total:	5,036	1,865	500	93,685	101,086
Australian Securities and Investments Commission					
Administered appropriations	3,424	-	24,540	38,000	65,964
Departmental appropriations	298,963	17,117	-	8,287	324,367
Total:	302,387	17,117	24,540	46,287	390,331
Australian Taxation Office					
Administered appropriations	-	-	8,646,700	53,000	8,699,700
Departmental appropriations	2,861,097	82,615	-	62,038	3,005,750
Total:	2,861,097	82,615	8,646,700	115,038	11,705,450
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	7,809	-	-	8	7,817
Total:	7,809	-	-	8	7,817

Portfolio Overview

Table 1: Portfolio resources made available in the Budget year (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Corporations and Markets					
Advisory Committee					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,031	-	-	-	1,031
Total:	1,031	-	-	-	1,031
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,167	-	-	52	2,219
Total:	2,167	-	-	52	2,219
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,781	-	-	-	2,781
Total:	2,781	-	-	-	2,781
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	30,753	-	-	265	31,018
Total:	30,753	-	-	265	31,018
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	9,979	-	160,438	170,417
Total:	-	9,979	-	160,438	170,417
Resources available within the Treasury portfolio:					360,790,405

**AGENCY RESOURCES AND
PLANNED PERFORMANCE**

DEPARTMENT OF THE TREASURY

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DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The mission of the Department of the Treasury (the Treasury) is to improve the wellbeing of the Australian people by providing sound and timely advice to the Government, based on objective and thorough analysis of options, and by assisting Treasury ministers in the administration of their responsibilities and the implementation of government decisions.

In carrying out its mission, the Treasury has responsibility for the following policy outcomes:

- sound macroeconomic environment;
- effective government spending arrangements;
- effective taxation and retirement income arrangements; and
- well functioning markets.

As a central policy agency, the Treasury is expected to anticipate and analyse policy issues with a broad whole-of-government perspective, understand government and stakeholder circumstances, and respond rapidly to changing events and directions. As such, the Treasury's interests are broad and diverse.

Key priorities over the coming year include implementing the Government's election and budget commitments; continuing work on the Government's Council of Australian Governments (COAG) reform agenda; delivering the Government's comprehensive review of Australia's tax system; continuing to provide sound policy advice on macroeconomic management and microeconomic reform; and promoting strategic responses to the significant challenges facing the Australian economy. The Treasury's ongoing program of international engagement will be central in building capacity in Australia's economic region, assisting in monitoring international developments which will affect the Australian economy and promoting regional macroeconomic stability.

Australia's strong economic growth momentum has been crucial to weathering the current turbulence in world financial markets; however, this growth also has presented challenges. A tight labour market, strong domestic demand and growing overseas

demand for resources have contributed to building inflationary pressures within the domestic economy.

In responding to these challenges, the Government has formulated a five-point plan to fight inflation. The plan encompasses a conservative fiscal target, addresses skills and infrastructure capacity constraints in the economy, encourages private saving and aims to lift workforce participation.

Careful fiscal management, a key component of the Government's plan, is central to the Treasury's fiscal policy advice. Fiscal strategy advice takes into account medium term, as well as budget, priorities, debt and balance sheet management. It includes advising on the Future Fund's operation, implementing the new Funds announced in the Budget and contributing to the Review of Government Spending.

An important component of the Government's fiscal policy is the revenue collection system and its impact on incentives for all Australians to work, save and invest. The Treasury will assist the Government's review of Australia's tax system to create a tax structure that will position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century and enhance Australia's economic and social outcomes.

The Treasury also will undertake other important reforms to the Government's revenue collection system. In particular, it will lead implementation of the outcomes of the Tax Design Review Panel, streamlining and enhancing the mechanisms by which tax laws are amended.

Positioning Australia's economy to deliver the best possible outcomes for Australians will require ongoing commitment to key microeconomic policy objectives.

Central to this policy development will be implementing the broad reform agenda in partnership with the States and Territories. In December 2007, COAG announced a reform agenda addressing issues in health and ageing, productivity, climate change and water, infrastructure, business regulation and competition, housing and Indigenous reform.

Reforms to the architecture of Commonwealth-State financial relations underpin this program. The Treasury, with the Department of the Prime Minister and Cabinet, provides leadership and policy expertise to deliver the reform agenda according to key milestones, including implementing the new financial framework starting on 1 January 2009.

Housing affordability is important in the COAG reform agenda. The Treasury will help implement major initiatives combining government contributions and lower taxes for first home buyers saving for first home deposits.

The First Home Saver Accounts will complement other important government initiatives to improve housing affordability. The Government also will implement a National Rental Affordability Scheme to encourage investors to provide new and affordable housing at below-market rent.

Australia's transition to a less carbon-intensive economy will present major economic challenges. The Government is committed to implementing market-based mechanisms to reduce Australia's carbon footprint at the lowest possible cost to the economy. The Treasury will continue to provide advice on these issues in 2008-09. This includes modelling climate change policy, contributing to the design of an Emissions Trading System for implementation by 2010, and also to the design of a system of Mandatory Renewable Energy Targets by 2020.

The Treasury is mindful of the need to ensure a high degree of competition in Australian markets for consumer products. In addition, the Treasury will work to ensure the banking sector is competitive and continues to deliver benefits to Australian consumers.

Recent events in global financial markets have highlighted the need for sound financial sector regulation. Australia's robust regulatory framework and institutions have helped Australia weather the fallout from disruptions to global credit markets. However, the Australian financial system must remain dynamic and responsive, and regulation must be well targeted and not overly burdensome or restrictive.

The Treasury will implement new financial disclosure arrangements to safeguard investor interests. This will help Australians be confident about their financial system and the regulatory environment's efficiency and preparedness for future challenges.

International financial market developments have created an uncertain global economic outlook. Slowing of the US economy poses a number of downside risks which must be balanced against the significant economic growth of India and China.

The Treasury continues to monitor and assess global economic conditions, and provides advice to achieve sustained growth, openness and sound governance in the global economy. This international engagement is crucial to advance Australia's economic interests as it helps maintain macroeconomic stability, meet the challenges of inflation and respond to tight labour markets.

The Treasury will continue to promote Australia's interests through international financial institutions and forums. It also will continue to engage bilaterally with a range of countries to improve economic governance in the Pacific, and develop deeper economic engagement with China and India, reflecting these countries growing importance.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. It summarises how resources will be applied by outcome and by administered and departmental classifications.

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior year ⁺ amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	71,450 ⁴	146,446 ¹	217,896	150,844
Receipts from other sources (s31)	-	10,818 ³	10,818	11,144
Total departmental outputs	71,450	157,264	228,714	161,988
Administered expenses				
Outcome 4 - Housing Loan Insurance Company Limited - payments in respect of insurance claims	-	5,000 ¹	5,000	5,000
Total administered expenses	-	5,000	5,000	5,000
Total ordinary annual services	A 71,450	162,264	233,714	166,988
Other services				
Departmental non-operating				
Equity injections	-	9,541 ²	9,541	8,978
Previous years' outputs	-	-	-	1,820
Total departmental non-operating	-	9,541	9,541	10,798
Administered expenses				
Outcome 2 - Additional First Home Owners Scheme	-	2,413 ²	2,413	-
Outcome 2 - Crude oil excise - condensate	-	72,300 ²	72,300	80,000
Outcome 4 - Standard Business Reporting - payments to State Revenue Offices	-	7,120 ²	7,120	3,240
Outcome 4 - Compensation - companies regulation	-	-	-	173,868
Total administered expenses	-	81,833	81,833	257,108
Administered non-operating				
Administered Assets and Liabilities Subscriptions to international financial institutions	-	3,053 ²	3,053	3,654
Payments in relation to the HIH Assistance Scheme	-	76,791 ²	76,791	50,119
Total administered non-operating	-	79,844	79,844	53,773
Total other services	B -	171,218	171,218	321,679
Total available annual appropriations (A + B)	71,450	333,482	404,932	488,667

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior year ⁺ amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Special appropriations				
<i>International Monetary Agreements Act 1947</i>	-	21,816	21,816	31,050
<i>A New Tax System (Commonwealth- State Financial Arrangements) Act 1999</i>	-	45,280,000	45,280,000	42,673,196
<i>Appropriation (HIH Assistance) Act 2001</i>	-	-	-	11,017
Total special appropriations	C	45,301,816	45,301,816	42,715,263
Total appropriations (A + B + C)	71,450	45,635,298	45,706,748	43,203,930
Special accounts⁵				
Opening balance	3,580	-	3,580	3,580
Non-appropriation receipts to special accounts	-	1,809	1,809	1,809
Total special accounts	D	1,809	5,389	5,389
Total resourcing (A + B + C + D)	75,030	45,637,107	45,712,137	43,209,319
Less receipts from other sources credited to special accounts	-	1,809	1,809	1,809
Total net resourcing for the Treasury	75,030	45,635,298	45,710,328	43,207,510

1. Appropriation Bill (No. 1) 2008-09.

2. Appropriation Bill (No. 2) 2008-09.

3. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

4. Estimated adjusted balance carried forward from previous year for annual appropriations.

5. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Budget Paper No. 2, *Budget Measures 2008-09*, details budget measures relating to the Treasury. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Department of the Treasury 2008-09 Budget measures

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Revenue measures (related expense)						
Albatrosses and Petrels						
	Conservation Secretariat - tax relief	2.1	-
	Crude oil excise - condensate	2.1	80,000	72,300	84,100	85,100
	Excise and customs duty - increased rates on 'other excisable beverages'	2.1	8,700	57,100	64,000	71,600
	Fringe benefits tax - exemption for eligible work- related items	2.1	-	5,000	20,000	45,000
	Fringe benefits tax - meal cards	2.1	-	15,000	30,000	35,000
	GST - relief for charities	2.1	*	*	*	*
	GST and international telecommunications - mobile telephone global roaming	2.1	-	-	-	-
	GST and the sale of real property - integrity measure	2.1	-	90,000	150,000	175,000
	GST and the sale of real property - not to proceed with previously announced deferred integrity measure	2.1	*	*	*	*
	Indirect tax - refund restrictions and four year amendment period	2.1	-	*	*	*
	PAYG annual instalments - deferring the 2007-08 Budget measure	2.1	-	35,000	(30,000)	-
	Political donations - removing tax deductibility	2.1	-	-	-	-
	Tourist refund scheme - not to proceed with private provider proposal	2.1	61,000	55,000	57,000	60,000
Total revenue measures (related expense)						
	Administered expenses		149,700	329,400	375,100	471,700
					471,700	522,200

Table 1.2: Department of the Treasury 2008-09 Budget measures (continued)

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures						
Council of Australian Governments - additional resources to support the COAG reform agenda						
Departmental outputs	All	-	3,112	3,144	1,618	1,627
Humanitarian migration program - additional 500 places for Iraqis in 2008-09						
Administered expenses	2.1	-	800	800	800	900
Humanitarian migration program - additional 750 Special Humanitarian Program places from 2009-10						
Administered expenses	2.1	-	-	1,300	2,500	3,900
Migration Program - 37,500 place increase for 2008-09						
Administered expenses	2.1	-	94,600	195,300	303,600	419,700
Migration Program - additional 6,000 skill stream places for 2007-08						
Administered expenses	2.1	-	17,600	18,100	18,800	19,500
Responsible Economic Management - Goods and services tax compensation to the States for small business concession - recovery of overpayments						
Administered expenses	2.1	-	(286,000)	10,000	10,000	10,000
Visa places for Iraqi locally engaged employees						
Administered expenses	2.1	-	900	1,000	1,000	1,100
Australia's Future Tax System						
Departmental outputs	3.1	-	5,000	5,000	-	-
Responsible Economic Management - Corporations Payments to the States - termination						
Administered expenses	4.1	-	(179,780)	(184,273)	(188,880)	(193,603)
Total expense measures						
	Administered expenses	-	(351,880)	42,227	147,820	261,497
	Departmental outputs	-	8,112	8,144	1,618	1,627

.. Not zero, but rounded to zero.

* The nature of this measure is such that a reliable estimate cannot be provided.

Prepared on a Government Finance Statistics basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Government requires agencies to measure their intended and actual performance by outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

Each of the Treasury's outcomes is described by output groups, with performance indicators and targets used to assess and monitor the Treasury's performance in achieving government outcomes.

2.1.1 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 Government's control, policy aims to improve prospects for the Australian economy rather than target specific outcomes or major economic indicators. Success is more about improving Australia's medium to long-term performance compared to its past and compared to other countries than the results of any one year.

Outcome 1 strategy

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.

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 developing countries development aspirations, and shaping the evolution of regional economic architecture.

In 2008-09, the Treasury will provide advice on:

- domestic and international developments affecting the Australian economy and forecasts of the direction of the Australian and international economies;
- the setting of sound macroeconomic policies;
- housing affordability, as part of the Treasury and Department of the Prime Minister and Cabinet's leadership role in delivering the COAG Reform Agenda;

- 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;
- work with others to reform, strengthen and modernise key international forums (including the World Bank, International Monetary Fund (IMF), Organisation for Economic Cooperation and Development (OECD), and Asian Development Bank (ADB));
- the Treasury's key role in shaping the Group of Twenty (G-20), the Asia Pacific Economic Cooperation (APEC) forum, and the East Asia Summit process;
- deeper economic engagement strategies with China and India, reflecting the importance of these countries in the international economy, and building on already close links with policy makers in other key East Asian countries, including Japan and Indonesia;
- the work with Indonesian Government counterparts in support of their reform efforts under the \$50 million Government Partnerships Fund, a key component of the \$1 billion Australia-Indonesia Partnership for Reconstruction and Development;
- the lead role the Treasury can play in government initiatives to develop well functioning economic ministries in the Pacific, particularly in Papua New Guinea, Solomon Islands and Nauru, and advising Treasury ministers in various Pacific Ministerial Forums; and
- high quality, strategic policy support to selected countries in the Asia-Pacific region.

Outcome 1 resource statement

Table 2.1.1 details budget appropriations and the total resourcing for outcome 1.

Table 2.1.1: Total resources for outcome 1

Outcome 1: Sound macroeconomic environment	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Macroeconomic Group		
Departmental outputs		
Output 1.1.1 - Domestic economic policy advice and forecasting	9,831	9,486
Output 1.1.2 - International economic policy advice and assessment	17,489	19,193
Receipts from other sources (s31)	5,943	5,854
Special appropriations		
<i>International Monetary Agreements Act 1947</i>	21,816	31,050
Total resources for outcome 1	55,079	65,583

Average staffing level (number)	2008-09	2007-08
	192	206

Note: Departmental splits, by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Macroeconomic Group
<p>Components of output group 1.1 are:</p> <p>Special appropriation — <i>International Monetary Agreements Act 1947</i>.</p> <ul style="list-style-type: none"> • Payments are made under the <i>International Monetary Agreements Act 1947</i> to promote international monetary cooperation, exchange stability and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease the balance of payments adjustment. <p>Administered item — subscriptions to international financial institutions.</p> <ul style="list-style-type: none"> • Payments are made to facilitate the achievement of government objectives in international forums, including strengthening the international financial system, multilateral debt relief and institutional reform in multilateral development banks. Timely and accurate financial transactions with international financial institutions are made with due regard to minimising cost and risk for Australia. <p>Output 1.1.1 — Domestic economic policy advice and forecasting; and</p> <p>Output 1.1.2 — International economic policy advice and assessment.</p>

Contributions to outcome 1 (continued)

Output group 1.1 — Macroeconomic Group (continued)	
Key performance indicators	2008-09 target
Advice meets the Government's needs in administering its responsibilities and making and implementing government decisions that contribute to a sound macroeconomic environment and relate to international economic and financial issues. The degree of client satisfaction with the quality and timeliness of the advice provided will be assessed through formal and informal feedback mechanisms.	Policy advice is timely and high quality, and based on a deep understanding of issues and a whole-of-government and whole-of-economy perspective. It is influential in the Government's decision making and longer term strategies on macroeconomic policy and international economic issues.
Effective presentation of budget documents and other publications adequately informs public debate.	Budget and Mid-Year Economic and Fiscal Outlook documentation and the quarterly publication of the Economic Roundup are timely and high quality.
Progress made on the COAG Reform Agenda meets the expectations of the Commonwealth and States agreed at the December 2007, March 2008 and subsequent meetings.	Leadership and policy expertise meets the targets established by COAG at its quarterly meetings for the COAG Working Group on housing.
Effective participation in international forums and bilateral dialogue supports the achievement of government objectives.	Representation by Treasury officials at the IMF, World Bank, OECD, ADB, G-20 and APEC meetings is influential.
Advice to Ministers is effective in improving economic governance and policies and building capacity in Papua New Guinea, Solomon Islands and Nauru.	Advice to Treasury Ministers on Pacific issues is timely and influential.
Support is effective for Pacific programs — the Strongim Gavman Program in Papua New Guinea, Regional Assistance Mission to Solomon Islands and Economic Advice and Governance Assistance Program in Nauru.	Assessment that relevant components meet/exceed satisfactory ratings as assessed under performance evaluation systems (for example, Australian Agency for International Development (AusAID) implementation quality system).
Payment of subscriptions to international financial institutions, including the IMF is timely and accurate.	Financial transactions with the international financial institutions, including the IMF, are timely and accurate and made with due regard to minimising cost and risk for Australia.

2.1.2 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.

The Treasury provides policy advice to portfolio ministers to promote government decisions that further these objectives.

Outcome 2 strategy

The Treasury takes a whole-of-government and whole-of-economy perspective in developing its advice on the fiscal strategy and spending arrangements across and within portfolios.

In 2008-09, the Treasury will provide advice on:

- the fiscal strategy, including for the medium-term, and on budget priorities, debt and balance sheet management consistent with the fiscal strategy. This includes advising on the operation of the Future Fund, implementing the new Funds announced in the Budget, and contributing to the Review of Government Spending;
- the Commonwealth Budget and related financial papers;
- leadership and policy expertise to deliver the COAG Reform Agenda agreed in December 2007. For outcome 2, this will be undertaken more particularly with respect to the agendas for the Working Groups on health and ageing, productivity, climate change and water, and Indigenous reform;
- leadership and policy expertise to enable Commonwealth and State Treasurers to finalise a new Intergovernmental Agreement on Commonwealth-State financial arrangements on the basis agreed by COAG on 26 March 2008; and
- market mechanisms and frameworks to achieve environmental outcomes, including modelling climate change, and contributing to the design of an Emissions Trading System, for implementation by 2010 and a system of Mandatory Renewable Energy Targets by 2020.

Outcome 2 resource statement

Table 2.1.2 details budget appropriations and the total resourcing for outcome 2.

Table 2.1.2: Total resources for outcome 2

Outcome 2: Effective government spending arrangements	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 2.1 - Fiscal Group		
Departmental outputs		
Output 2.1.1 - Budget policy advice and coordination	4,058	3,999
Output 2.1.2 - Commonwealth-State financial policy advice	3,017	2,942
Output 2.1.3 - Industry, environment and defence policy advice	8,719	8,313
Output 2.1.4 - Social and income support policy advice	5,562	4,827
Receipts from other sources (s31)	275	251
Administered items		
Additional First Home Owners Scheme	2,413	-
Crude oil excise - condensate	72,300	80,000
Special appropriations		
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	45,280,000	42,673,196
Total resources for outcome 2	45,376,344	42,773,528

	2008-09	2007-08
Average staffing level (number)	154	137

Note: Departmental splits, by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 2

Output group 2.1 — Fiscal Group
Components of output group 2.1 are:
Administered item — Additional First Home Owners Scheme.
<ul style="list-style-type: none"> The Australian Government is funding an additional First Home Owners Scheme. Grants continue to be paid to eligible applicants due to the time needed to complete construction and the period allowed to lodge an application, once construction is complete.
Administered item — crude oil excise — condensate.
<ul style="list-style-type: none"> The Australian Government will provide the Western Australian Government with ongoing compensation for the loss of shared offshore petroleum royalty revenue as a result of the imposition of crude oil excise on condensate.

Contributions to outcome 2 (continued)

Output group 2.1 — Fiscal Group (continued)	
<p>Special appropriation — <i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>.</p> <ul style="list-style-type: none"> • GST revenue is paid to the States and Territories under <i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>. <p>Output 2.1.1 — Budget policy advice and coordination;</p> <p>Output 2.1.2 — Commonwealth-State financial policy advice;</p> <p>Output 2.1.3 — Industry, environment and defence policy advice; and</p> <p>Output 2.1.4 — Social and income support policy advice.</p>	
Key performance indicators	2008-09 target
<p>Advice meets the Government's needs in administering its responsibilities and making and implementing government decisions on fiscal and budget strategy and spending arrangements, including its longer term strategies. The degree of client satisfaction with the quality and timeliness of the advice provided will be assessed through formal and informal feedback mechanisms.</p>	<p>Policy advice is timely and high quality, and based on a deep understanding of issues and a whole-of-government and whole-of-economy perspective. It is influential in the Government's decision making and longer term strategies on fiscal and budget strategy, and spending arrangements.</p>
<p>Timely, high quality, accurate and transparent Budget reports, Mid-Year Economic and Fiscal Outlook and Final Budget Outcome documents meet the Government's expectations. The budget preparation and coordination process is subject to an annual evaluation.</p>	<p>Budget, Mid-Year Economic and Fiscal Outlook and Final Budget Outcome documentation is timely and high quality.</p>
<p>Progress made on the COAG Reform Agenda meets the expectations of the Commonwealth and States agreed at the December 2007, March 2008 and subsequent meetings.</p>	<p>Leadership and policy expertise meets the targets established by COAG at its quarterly meetings for COAG Working Groups on health and ageing, productivity, climate change and water, and Indigenous reform.</p> <p>Leadership and policy expertise enables COAG to finalise the architecture of Commonwealth-State financial relations.</p>
<p>Advice meets the Government's needs in making and implementing government decisions on environmental issues. The degree of client satisfaction with the quality and timeliness of the advice provided will be assessed through formal and informal feedback mechanisms.</p>	<p>Contribution to the Garnaut Climate Change Review, including through provision of climate change modelling, to be finalised in September 2008.</p> <p>Work influentially with other Commonwealth and State agencies on the design and implementation of an Emissions Trading System and a system of Mandatory Renewable Energy Targets.</p>

Contributions to outcome 2 (continued)

Output group 2.1 — Fiscal Group (continued)	
Key performance indicators	2008-09 target
For the administered and special appropriation items, accurate calculation of payments to State and Territory Governments are made according to the agreed formulae.	Payments to State and Territory Governments are made according to agreed schedules.

2.1.3 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.

Tax 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, tax measures contribute to wellbeing, either directly or by providing the revenue base to finance government services.

The Treasury provides policy advice to government to promote government decisions that further these objectives.

Outcome 3 strategy

The Treasury takes a whole-of-government and whole-of-economy perspective in developing its tax and retirement income policies.

In 2008-09, the Treasury will provide advice on:

- implementation of government election commitments, including introducing an education tax refund and first home saver accounts, and establishing an optional superannuation clearing house facility;
- the Government’s comprehensive review of Australia’s tax system;
- progress of the National Reform Agenda agreed to by COAG, in particular with respect to the housing, water, business regulation and competition working groups;
- development of quantitative modelling to identify the labour force participation effects of government policy proposals, including tax changes;
- obligations under the *Charter of Budget Honesty Act 1998*;

- review and renegotiation of tax treaties with key investment partners, tax information exchange agreements with offshore financial centres, Australia's contribution to the tax policy work of the OECD and the program of reform of Australia's international tax arrangements; and
- processes and outputs in developing advice on tax and retirement income policies (including implementing the outcomes of the review by the Tax Design Review Panel into ways to streamline and enhance tax law changes).

Outcome 3 resource statement

Table 2.1.3 details budget appropriations and the total resourcing for outcome 3.

Table 2.1.3: Total resources for outcome 3

Outcome 3: Effective taxation and retirement income arrangements	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 3.1 - Revenue Group		
Departmental outputs		
Output 3.1.1 - Taxation policy and legislation advice	34,776	30,652
Output 3.1.2 - Retirement income and saving policy and legislation advice	12,204	11,556
Receipts from other sources (s31)	590	563
Total resources for outcome 3	47,570	42,771

Average staffing level (number)	2008-09	2007-08
	307	287

Note: Departmental splits, by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 3

Output group 3.1 — Revenue Group	
Components of output group 3.1 are: Output 3.1.1 — Taxation policy and legislation advice; and Output 3.1.2 — Retirement income and saving policy and legislation advice.	
Key performance indicators	2008-09 target
Advice meets the Government's needs in administering its responsibilities, and making and implementing decisions on tax policy and legislation and on retirement income and savings policy and legislation. The degree of client satisfaction with the quality and timeliness of the advice provided will be assessed through formal and informal feedback mechanisms.	Policy advice is timely, and high quality to enable the Government to make informed decisions on tax policy and legislation and on retirement income and savings policy and legislation. Advice includes business, personal, international and indirect taxation and involves extensive consultation. It is influential in the Government's decision making and longer term strategies.

Contributions to outcome 3 (continued)

Output group 3.1 — Revenue Group (continued)	
Key performance indicators	2008-09 target
Effective presentation of relevant information, including budget documentation and other publications, adequately informs public debate.	Documentation is timely and high quality. Budget publications are available free on the Internet. Widespread access to documents helps keep the public informed.
Tax, retirement income and savings policy law is developed in accordance with the principles of good law design.	An increasing number of tax and superannuation measures will be designed using a principles-based approach. On a majority of measures, stakeholders will be consulted. At least one post-implementation review will be undertaken annually to ascertain, among other things, how to improve the law development process.
Legislation is delivered according to government priorities.	Budget and other announcements on tax, retirement income and savings policy are implemented. The majority of prospective tax and retirement income legislation will be ready to introduce into Parliament within twelve months of the Government announcing it. The majority of retrospective legislation will be ready to introduce into Parliament within six months of the Government announcing it. Revenue Group will put in place arrangements to ensure legislation is delivered according to government priorities.

2.1.4 Outcome 4: Well functioning markets

Well functioning markets contribute to improving national productivity and promoting stronger economic growth, which enhances the living standards of all Australians.

Well functioning markets enable the most efficient use of resources and maximises consumer confidence in markets, thereby enhancing community benefits from economic activity.

Outcome 4 strategy

The Treasury provides advice on policies that promote competitive, efficient markets and that work to enhance consumer wellbeing, a secure financial system and sound corporate practices, and foreign investment consistent with Australia's national interest.

Department of the Treasury Budget Statements

In 2008-09, the Treasury will provide advice on:

- measures to promote competition in the financial system including strategies to enhance consumers' ability to switch between banking providers, and to enhance disclosure of penalty fees;
- major projects on financial services reform, including simplifying product disclosure and transferring responsibility from the States and Territories to the Commonwealth for the regulation of mortgages, margin loans and trustee corporations;
- a facility to rationalise financial products and progress policy projects on director liability, corporate responsibility and corporate reporting;
- reforms to strengthen financial system stability, expansion of Australia's export of financial services, promotion of competition in banking, superannuation and insurance, improved payment systems and ongoing access and affordability issues in insurance;
- international cooperation in financial system regulation, corporate governance, financial reporting, auditing and corporate insolvency including developing further regulatory recognition and cooperation with, in particular, the United States and New Zealand;
- the reform agenda for competition policy, including implementing criminal offences for serious cartel conduct;
- implementation of the COAG reform agenda (particularly competition and regulatory reform) and microeconomic reforms in key infrastructure markets such as energy, transport and communications;
- the Government's response to the Productivity Commission's review of the Australian consumer policy framework and reforms delivering a nationally harmonised consumer product safety system;
- Australia's foreign investment policy, including advice on reforms to the existing framework, as well as international investment and trade policy issues. In providing advice on the design and administration of Australia's foreign investment framework, the Treasury will improve the efficiency and effectiveness of existing regulation by providing advice on the appropriateness of existing legislative and policy provisions, as well as on operational processes for the handling of individual foreign investment applications;

- work with the Foreign Investment Review Board and other stakeholders to ensure foreign investment analysis and advice to the Government is appropriately coordinated, particularly in relation to major foreign investment proposals that have potential significance for Australia's national interest; and
- representation of Australia's interests on investment issues in negotiating free trade agreements and in multilateral forums such as the OECD and APEC. This includes promoting the OECD Guidelines for Multinational Enterprises to businesses operating in and out of Australia. The Treasury will participate in specific work aimed at improving investment climates in the Asia-Pacific region.

The Treasury will also:

- continue to provide services to support a range of portfolio bodies. This work includes providing secretariat services and, in some cases, maintaining day-to-day operations;
- serve as the lead agency for Standard Business Reporting which will simplify and reduce the burden of business-to-government financial reporting; and
- support the operations of the Australian Government Actuary.

Outcome 4 resource statement

Table 2.1.4 details Budget appropriations and the total resourcing for outcome 4.

Table 2.1.4: Total resources for outcome 4

Outcome 4: Well functioning markets	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 4.1 - Markets Group		
Departmental outputs		
Output 4.1.1 - Foreign investment and trade policy advice and administration	5,592	5,506
Output 4.1.2 - Financial system and corporate governance policy advice	38,198	35,383
Output 4.1.3 - Competition and consumer policy advice	7,000	18,986
Output 4.1.4 - Actuarial services	-	-
Receipts from other sources (s31)	4,010	4,476
Administered items		
Housing Loan Insurance Company Limited - payments in respect of insurance claims	5,000	5,000
Standard Business Reporting - payments to State Revenue Offices	7,120	3,240
Special accounts		
Actuarial Services Special Account		
Opening Balance	1,580	1,580
Non-appropriation receipts to special accounts	1,629	1,629
Lloyd's Deposit Trust Special Account		
Opening Balance	2,000	2,000
Non-appropriation receipts to special accounts	180	180
Total resources for outcome 4	72,309	77,980
	2008-09	2007-08
Average staffing level (number)	267	290

Note: Departmental splits, by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 4

Output group 4.1 — Markets Group	
<p>Components of output group 4.1 are:</p> <p>Administered item — Housing Loans Insurance Company Limited — payments in respect of insurance claims.</p> <ul style="list-style-type: none"> The Housing Loans Insurance Company Limited pre-transfer contract portfolio will be managed to ensure all liabilities arising from claims under this portfolio are met and any related debts are recovered. <p>Administered item — Standard Business Reporting — payments to State Revenue Offices.</p> <ul style="list-style-type: none"> Payments are made to facilitate inter-governmental input to Standard Business Reporting which will simplify and reduce the burden of business-to-government reporting. <p>Administered item — HIH Claims Support Scheme — payment of assistance.</p> <ul style="list-style-type: none"> The HIH Claims Support Scheme (HCSS) will focus on finalising remaining claims and payment of assistance to wind up the claims portfolio. <p>Output 4.1.1 — Foreign investment and trade policy advice and administration;</p> <p>Output 4.1.2 — Financial system and corporate governance policy advice;</p> <p>Output 4.1.3 — Competition and consumer policy advice; and</p> <p>Output 4.1.4 — Actuarial services.</p>	
Key performance indicators	2008-09 target
Advice meets the Government's needs in administering its responsibilities, and making and implementing decisions on policy that supports well functioning markets. The degree of client satisfaction with the quality and timeliness of the advice provided will be assessed through formal and informal feedback mechanisms.	Policy advice is timely and high quality, and based on a deep understanding of issues and a whole-of-government and whole-of-economy perspective to enable the Government to make informed decisions that support well functioning markets. It is influential in the Government's decision making and longer term strategies.
Effective presentation of relevant information, including publications, adequately informs public debate.	Documentation is timely and high quality. Markets Group's publications are available free on the Internet. Widespread access to documents helps stakeholders to keep informed on issues relating to well functioning markets.
Progress made on the COAG Reform Agenda meets the expectations of the Commonwealth and States agreed at the December 2007, March 2008 and subsequent meetings.	Leadership and policy expertise meets the targets established by COAG at its quarterly meetings for each COAG Working Group.
Statutory and other procedural, administrative and reporting requirements are met.	All statutory, procedural and administrative requirements are met on time and in full.
Secretariat and executive services provided to advisory and external bodies are effective.	Services provided meet the reasonable expectations of the advisory and external bodies.

Contributions to outcome 4 (continued)

Output group 4.1 — Markets Group (continued)	
Key performance indicators	2008-09 target
Representation and/or liaison by Treasury officers with other agencies, private sector organisations and international bodies is effective.	Agencies, organisations and bodies have a better understanding of the requirements for a well functioning financial system, sound corporate practices and financial reporting and effective regulation for corporations and financial services.
Government policy is appropriately represented and Australia's negotiating position is pursued effectively in international forums.	The community understands and complies with Australia's foreign investment policy framework, as evidenced by the maintenance of a low level of Interim and Final Orders or prosecution actions.
Treasury implements Australia's foreign investment policy framework efficiently and effectively.	Most foreign investment proposals are decided within 30 days of lodgement.
Efficient provision of high quality actuarial services with income from consultancy fees relative to total costs meeting specified quantitative criteria.	The financial position of the Australian Government Actuary special account at 30 June 2009 is sound.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of the Treasury's finances for 2008-09. It explains how budget plans are incorporated into the financial statements and details the reconciliation between the agency and outcome resource statements, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the Treasury from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the Treasury incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the Treasury is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the Treasury's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	228,714
Less estimated payments in 2008-09	158,810
Estimated departmental outputs carried forward and available for 2009-10	69,904

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The Treasury has not moved any administered funds between years.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Treasury.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account	4	1,580 1,580	1,629 1,629	1,629 1,629	- -	1,580 1,580
Lloyd's Deposit Trust Special Account	4	2,000 2,000	180 180	180 180	- -	2,000 2,000
Other Trust Moneys Account	All	- -	- -	- -	- -	- -
Services for other Governments and Non-Agency Bodies Account	All	- -	- -	- -	- -	- -
Total special accounts						
2008-09 Budget estimate		3,580	1,809	1,809	-	3,580
Total special accounts 2007-08 estimate actual		3,580	1,809	1,809	-	3,580

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The Treasury does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

The Treasury is budgeting towards a departmental breakeven operating result for 2008-09.

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

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	150,844	146,446	150,557	137,768	135,866
Goods and services	10,496	10,169	10,072	9,729	9,894
Other	250	250	249	250	250
Total revenue	161,590	156,865	160,878	147,747	146,010
Gains					
Other	398	399	400	400	400
Total gains	398	399	400	400	400
Total income	161,988	157,264	161,278	148,147	146,410
EXPENSE					
Employees	101,675	102,076	102,607	98,552	98,673
Suppliers	49,502	50,675	50,345	39,964	38,143
Depreciation and amortisation	3,653	4,355	8,168	9,473	9,436
Finance costs	158	158	158	158	158
Total expenses	154,988	157,264	161,278	148,147	146,410
Surplus (deficit) attributable to the Australian Government	7,000	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,256	2,256	2,256	2,256	2,256
Trade and other receivables	74,196	72,701	74,753	75,777	80,743
Total financial assets	76,452	74,957	77,009	78,033	82,999
Non-financial assets					
Land and buildings	7,367	7,642	7,417	7,192	6,467
Infrastructure, plant and equipment	6,388	19,510	25,823	25,960	21,719
Intangibles	991	1,051	1,051	1,051	1,051
Other	916	963	1,012	1,062	1,062
Total non-financial assets	15,662	29,166	35,303	35,265	30,299
Total assets	92,114	104,123	112,312	113,298	113,298
LIABILITIES					
Interest bearing liabilities					
Leases	1,496	1,496	1,496	1,496	1,496
Total interest bearing liabilities	1,496	1,496	1,496	1,496	1,496
Provisions					
Employees	35,080	37,434	38,247	39,112	39,112
Total provisions	35,080	37,434	38,247	39,112	39,112
Payables					
Suppliers	1,610	1,653	1,697	1,742	1,742
Other	4,044	4,115	4,189	4,265	4,265
Total payables	5,654	5,768	5,886	6,007	6,007
Total liabilities	42,230	44,698	45,629	46,615	46,615
Net assets	49,884	59,425	66,683	66,683	66,683
EQUITY					
Contributed equity	12,939	22,480	29,738	29,738	29,738
Reserves	3,644	3,644	3,644	3,644	3,644
Retained surpluses or accumulated deficits	33,301	33,301	33,301	33,301	33,301
Total equity	49,884	59,425	66,683	66,683	66,683
Current assets	77,368	75,920	78,021	79,095	84,061
Non-current assets	14,746	28,203	34,291	34,203	29,237
Current liabilities	37,211	39,478	40,200	40,969	40,743
Non-current liabilities	5,019	5,220	5,429	5,646	5,872

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	10,436	10,109	10,010	9,666	9,894
Appropriations	131,532	148,108	152,144	141,716	130,900
Other	218	218	216	216	250
Total cash received	142,186	158,435	162,370	151,598	141,044
Cash used					
Employees	99,391	99,728	101,799	97,693	98,673
Suppliers	49,108	50,278	53,415	44,362	37,743
Borrowing costs	158	158	158	158	158
Total cash used	148,657	150,164	155,372	142,213	136,574
Net cash from or (used by) operating activities	(6,471)	8,271	6,998	9,385	4,470
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,507	17,812	14,256	9,385	4,470
Total cash used	2,507	17,812	14,256	9,385	4,470
Net cash from or (used by) investing activities	(2,507)	(17,812)	(14,256)	(9,385)	(4,470)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	8,978	9,541	7,258	-	-
Total cash received	8,978	9,541	7,258	-	-
Net cash from or (used by) financing activities	8,978	9,541	7,258	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	2,256	2,256	2,256	2,256	2,256
Cash at the end of the reporting period	2,256	2,256	2,256	2,256	2,256

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	33,301	3,644	-	12,939	49,884
Adjusted opening balance	33,301	3,644	-	12,939	49,884
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	9,541	9,541
Sub-total transactions with owners	-	-	-	9,541	9,541
Estimated closing balance as at 30 June 2009	33,301	3,644	-	22,480	59,425

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Revenues from Government	42,884,072	45,030,349	48,299,786	50,916,816	53,706,816
Goods and services	633,000	631,200	620,600	626,800	631,700
Interest	3,127	1,810	1,810	1,810	1,810
Dividends	1,084,822	2,674,000	1,869,000	1,971,000	2,123,000
Other sources of non-taxation revenues	2,587	2,153	1,950	1,950	1,950
Total non-taxation	44,607,608	48,339,512	50,793,146	53,518,376	56,465,276
Total revenues administered on behalf of Government	44,607,608	48,339,512	50,793,146	53,518,376	56,465,276
Gains					
Foreign exchange	201,551	-	-	-	-
Total gains administered on behalf of Government	201,551	-	-	-	-
Total income administered on behalf of Government	44,809,159	48,339,512	50,793,146	53,518,376	56,465,276
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	42,930,304	45,075,833	48,357,070	50,975,100	53,765,100
Interest	28,768	21,816	21,816	21,816	21,816
Other	5,000	5,000	5,000	5,000	5,000
Losses					
Net foreign exchange losses	-	11	-	-	-
Total expenses administered on behalf of Government	42,964,072	45,102,660	48,383,886	51,001,916	53,791,916

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	13,168	13,168	13,168	13,168	13,168
Receivables	1,224	397	397	397	397
Investments	16,290,079	16,290,079	16,290,079	16,290,079	16,290,079
Total financial assets	16,304,471	16,303,644	16,303,644	16,303,644	16,303,644
Non-financial assets					
Other	2,075	2,075	2,075	2,075	2,075
Total non-financial assets	2,075	2,075	2,075	2,075	2,075
Total assets administered on behalf of Government	16,306,546	16,305,719	16,305,719	16,305,719	16,305,719
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	3,492,269	3,491,727	3,491,727	3,491,727	3,491,727
Other	806,556	806,556	806,556	806,556	806,556
Total interest bearing liabilities	4,298,825	4,298,283	4,298,283	4,298,283	4,298,283
Provisions					
Suppliers	127	127	127	127	127
Other provisions	400	-	-	-	-
Total provisions	527	127	127	127	127
Payables					
Grants and subsidies	141,778	62,487	37,501	20,736	4,971
Other payables	3,639	3,639	3,639	3,639	3,639
Total payables	145,417	66,126	41,140	24,375	8,610
Total liabilities administered on behalf of Government	4,444,769	4,364,536	4,339,550	4,322,785	4,307,020

Prepared on an Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Rendering of services	633,000	631,200	620,600	626,800	631,700
Interest	3,729	1,810	1,810	1,810	1,810
Dividends	1,084,822	2,674,000	1,869,000	1,971,000	2,123,000
Other	2,680	2,580	1,950	1,950	1,950
Total cash received	1,724,231	3,309,590	2,493,360	2,601,560	2,758,460
Cash used					
Grant payments	42,930,304	45,075,833	48,357,070	50,975,100	53,765,100
Interest paid	31,050	21,816	21,816	21,816	21,816
Other	55,119	81,791	29,986	21,765	20,765
Total cash used	43,016,473	45,179,440	48,408,872	51,018,681	53,807,681
Net cash from or (used by) operating activities	(41,292,242)	(41,869,850)	(45,915,512)	(48,417,121)	(51,049,221)
INVESTING ACTIVITIES					
Cash used					
Purchase of equity instruments	3,607	3,053	-	-	-
Total cash used	3,607	3,053	-	-	-
Net cash from or (used by) investing activities	(3,607)	(3,053)	-	-	-
Net increase or (decrease) in cash held	(41,295,849)	(41,872,903)	(45,915,512)	(48,417,121)	(51,049,221)
Cash at beginning of reporting period	13,168	13,168	13,168	13,168	13,168
Cash from Official Public Account - appropriations	43,020,080	45,468,493	48,408,872	51,018,681	53,807,681
Cash to Official Public Account	1,724,231	3,595,590	2,493,360	2,601,560	2,758,460
Cash at end of reporting period	13,168	13,168	13,168	13,168	13,168

Prepared on an Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The Treasury's budgeted statements are prepared on an accrual basis in accordance with:

- the Government's financial budgeting and reporting framework; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The budgeted income statement and balance sheet are prepared in accordance with historical cost convention, except certain assets, at fair value.

Departmental and administered financial statements

Under the 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 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 Government according to set government directions. Administered expenses include subsidies, grants, and personal benefit payments and administered revenues include taxes, fees, fines and excises.

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AUSTRALIAN BUREAU OF STATISTICS

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Bureau of Statistics (ABS) is Australia's official statistical agency. It provides statistics on a wide range of economic, environmental and social matters, covering government, business and the community in general. It also has an important leadership and coordination function with respect to the statistical activities of other official bodies, both in Australia and overseas.

The ABS mission is to assist and encourage informed decision making, research and discussion within governments and the community by leading a high quality, objective and responsive national statistical service. To achieve the ABS mission, the ABS has the following objectives:

- an expanded and improved National Statistical Service;
- services that are timely, relevant, responsive, and respected for their integrity and quality;
- informed and increased use of statistics;
- be a key contributor to international statistical activities that are important to Australia and to our region;
- an organisation that builds capability to continually improve its effectiveness;
- the trust and cooperation of the ABS' providers; and
- be a respected and strongly supported organisation.

The outcomes the ABS plans to achieve in 2008-09 are set in the context of the objectives and mission statement. In addition to continued delivery of key statistical outputs, services and advice, the ABS will give particular emphasis to expanding the National Statistical Service (including improving the statistical value of administrative data) and a continuing contribution to the development of Standard Business Reporting.

The key external drivers of and challenges for the ABS work program include:

- the need for evidence-based and coordinated policy and program delivery initiatives across departments and jurisdictions, driven by organisations such as the Council of Australian Governments (COAG);
- increasing complexity of the Australian economy and society, which complicates the production of existing statistics (for example, issues such as globalisation are placing additional demands on production of relevant economic and social statistics);
- increasing pressure to produce new and or more detailed outputs, which must be balanced with the need to maintain stable time series for longitudinal analysis;
- a wider range of sources of statistical data driving a need to ensure that the overall national statistical service is coordinated, and the ABS's role is clearly defined;
- emerging expectations of clients and the community for information producers to allow community-based sharing of expertise, business processes and enabling technology (for example, enhancing the usefulness of spatial information from several sources);
- increasing demands for simplified interactions with government including the ABS. This is supported by a federal government agenda that emphasises reductions in red tape and greater information sharing ('create-once, use-many');
- increasing demands for access to microdata, data relating to particular population groups, longitudinal data and linked data (within a climate of concerns about individual privacy); and
- pressures to improve productivity and to create a staff profile more appropriate to the ABS' future skill needs, in an increasingly tight labour market where attraction and retention issues are presenting significant challenges.

The major risks to the ABS work program are captured in, and managed through the ABS Enterprise Risks framework. For 2008-09, the major risks arising from the environment in which the ABS operates are in the areas of maintaining an adequate staffing and resource base to support the ABS' core program data integration initiatives across the Australian community (which need to be undertaken with careful consideration of confidentiality issues), and appropriately maintaining the interviewer workforce which collects a lot of key economic and social data at the heart of ABS statistics.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by the ABS.

Table 1.1: Australian Bureau of Statistics resource statement — Budget Estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	7,734 ⁴	282,775 ¹	290,509	302,260
Receipts from other sources (s31)	-	17,960 ³	17,960	23,872
Total ordinary annual services	A 7,734	300,735	308,469	326,132
Other services				
Departmental non-operating				
Equity injections	-	5,365 ²	5,365	7,377
Previous years' outputs	-	-	-	608
Total other services	B -	5,365	5,365	7,985
Total available annual appropriations (A+B)	7,734	306,100	313,834	334,117
Special accounts				
Opening balance ⁵	112	-	112	110
Non-appropriation receipts to special accounts	-	6	6	4
Total special accounts	C 112	6	118	114
Total resourcing (A+B+C)	-	5,365	5,365	7,985
Less receipts from other sources credited to special accounts	-	6	6	4
Total net resourcing for the ABS	7,846	306,100	313,946	334,227

1. Appropriation Bill (No.1) 2008-09.

2. Appropriation Bill (No.2) 2008-09.

3. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

4. Estimated adjusted balance carried forward from previous year for annual appropriations.

5. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Table 1.2: Australian Bureau of Statistics 2008-09 Budget measures

The ABS does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of the ABS in achieving government outcomes.

2.1.1 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

Outcome 1 strategy

The ABS achieves this outcome by the provision of two outputs – economic statistics and population and social statistics.

Key strategies for 2008-09 to 2010-11 are set out in the ABS Forward Work Program. The major initiatives that will contribute to this outcome over this period include:

- maintaining an adequate resource base to support the ABS' core program;
- positioning the ABS to influence the identification, capture and analysis of appropriate information to assist the Government to meet its policy agenda;
- achieving new investment for information management infrastructure and emerging statistical needs that will support the business of the ABS in the 21st century;
- leveraging off the existing data sources held by others to improve the National Statistical Service. This includes the identification of governance mechanisms, roles of key contributors, how best to coordinate effort, and means of improving efficiency;
- improving the statistical value and use of administrative data by continuing to work with other agencies at both the Australian and State/Territory level to develop the statistical value of their administrative data holdings, improve data comparability and enhance data access;
- continued standardisation of business data collection requirements and methods across the Australian Government, through Standard Business Reporting, with the aim of simplifying businesses' interactions with government and reducing duplication of data collection; and

- building a sustainable interviewer workforce capability to improve population outcome measurement.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for Outcome 1.

Table 2.1: Total resources for outcome 1

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	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Australian Bureau of Statistics		
Departmental outputs		
Output 1.1.1 - Economic statistics	144,018	146,214
Output 1.1.2 - Population and social statistics	138,757	156,046
Receipts from other sources (s31)	17,960	23,872
Special accounts		
Other Trust Moneys Account		
Opening balance	112	110
Non-appropriation receipts to special accounts	6	4
Total resources for outcome 1	300,853	326,246
Less receipts from other sources credited to special accounts	6	4
Total net resourcing for the ABS	300,847	326,242

	2008-09	2007-08
Average staffing level (number)	2,691	2,857

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Australian Bureau of Statistics	
Components of output group 1.1 are: Output 1.1.1 — Economic statistics; and Output 1.1.2 — Population and social statistics.	
Key performance indicators	2008-09 target
Integrity in statistical operations.	An objective statistical service, as demonstrated by: <ul style="list-style-type: none"> • release of reliable and accurate statistics; • transparent statistical process; and • trust and cooperation of providers.
Relevance of ABS output.	Statistical output which meets the needs of key users of economic and social data in terms of: <ul style="list-style-type: none"> • support to decision making; and • demonstrated by a high level of use.
Appropriate use of statistical standards, frameworks and methodologies.	Lead the development of national statistical standards, frameworks and methodologies, and their implementation within the broader Australian statistical system. Contribute to the development of key international standards, frameworks and methodologies, and implement them as appropriate.
Improving coordination of the collection, compilation and dissemination of statistics produced by other official bodies.	Statistical Clearing House activity. Assisting other official bodies with integration of administrative and statistical data, including outposting ABS officers, and providing training on statistical standards, frameworks and methodologies.

Contributions to outcome 1 (continued)

Output 1.1.1 — Economic statistics; and Output 1.1.2 — Population and social statistics	
Key performance indicators	2008-09 target
Improve the quality of outputs.	Achieve or exceed timeliness, statistical reliability, response rates and accuracy objectives. Conduct ongoing research and reviews of quality and implement their recommendations: <ul style="list-style-type: none"> • outlines of ABS statistical reviews; • innovative practices; and • improvements to existing collections as a result of research and development.
Increase the quantity of outputs.	Increase the range of statistics disseminated. Innovative outputs.
Achievement of cost effective outputs.	Conduct efficiency reviews and audits, and implement their recommendations. Test operating efficiencies of statistical activities by benchmarking internally and externally. Market test a number of non-statistical activities to identify possible outsourcing opportunities. Minimise respondent load.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the ABS from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the ABS incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the ABS is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the ABS' asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	308,469
Less estimated payments in 2008-09	296,687
Estimated departmental outputs carried forward and available for 2009-10	11,782

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The ABS does not have any administered funds.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* (FMA Act) or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for the account used by the ABS.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	112 110	6 4	1 2	- -	117 112
Services for other Governments and Non- Agency Bodies Account	1	- -	- -	- -	- -	- -
Total special accounts 2008-09 Budget estimate		112	6	1	-	117
Total special accounts 2007-08 estimate actual		110	4	2	-	112

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The ABS does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

Budgeted financial statements

Budgeted departmental income statement

There are no significant changes to the 2008-09 budgeted departmental income statement, (Table 3.2.1), since the 2007-08 Portfolio Additional Estimates Statements (PAES).

The decrease in appropriations in 2008-09 reflects reduced activity relating to the census program. The increase in the forward estimates is due to the build-up of 2011 census activities.

Goods and services revenue in 2008-09 and the out years is expected to reduce to approximately \$18 million per annum as a result of the recently introduced free publications on the web.

Budgeted departmental balance sheet

The increases in contributed equity in 2008-09 and 2009-10, relates to the capital injection funding provided for Standard Business Reporting and the Emissions Trading scheme (input/output tables).

Loan

The ABS received a loan to partially fund the fitout of the ABS' new national office accommodation. This will be fully repaid by 2010-11.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	302,260	282,775	298,623	352,371	466,895
Goods and services	24,211	17,706	17,418	17,766	18,121
Other	617	120	120	120	120
Total revenue	327,088	300,601	316,161	370,257	485,136
Gains					
Sale of assets	100	100	100	100	100
Total gains	100	100	100	100	100
Total income	327,188	300,701	316,261	370,357	485,236
EXPENSE					
Employees	224,088	195,861	205,974	226,236	337,549
Suppliers	74,638	71,636	77,202	106,999	110,757
Depreciation and amortisation	31,838	32,490	32,655	36,777	36,456
Finance costs	351	261	167	65	-
Other	273	453	263	280	474
Total expenses	331,188	300,701	316,261	370,357	485,236
Surplus (deficit) attributable to the Australian Government	(4,000)	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	5,124	5,126	5,131	5,136	5,136
Trade and other receivables	7,132	10,263	14,007	10,102	16,901
Other	553	429	422	430	1,006
Total financial assets	12,809	15,818	19,560	15,668	23,043
Non-financial assets					
Infrastructure, plant and equipment	50,275	49,058	44,430	49,470	49,048
Intangibles	99,316	103,498	113,451	120,317	122,905
Other	7,852	7,144	7,785	11,187	11,613
Total non-financial assets	157,443	159,700	165,666	180,974	183,566
Total assets	170,252	175,518	185,226	196,642	206,609
LIABILITIES					
Interest bearing liabilities					
Loans	4,821	3,308	1,699	-	-
Other	25,708	24,418	22,707	20,374	17,383
Total interest bearing liabilities	30,529	27,726	24,406	20,374	17,383
Provisions					
Employees	68,874	73,508	78,019	85,277	98,133
Total provisions	68,874	73,508	78,019	85,277	98,133
Payables					
Suppliers	2,707	3,092	6,267	9,065	7,154
Other	5,774	3,459	4,768	9,115	11,130
Total payables	8,481	6,551	11,035	18,180	18,284
Total liabilities	107,884	107,785	113,460	123,831	133,800
Net assets	62,368	67,733	71,766	72,811	72,809
EQUITY					
Contributed equity	20,534	25,899	29,933	30,978	30,978
Reserves	16,370	16,370	16,370	16,370	16,370
Retained surpluses or accumulated deficits	25,464	25,464	25,463	25,463	25,461
Total equity	62,368	67,733	71,766	72,811	72,809
Current assets	20,430	21,062	22,227	23,597	24,793
Non-current assets	149,822	154,456	162,999	173,045	181,816
Current liabilities	43,154	43,114	45,384	49,532	53,520
Non-current liabilities	64,730	64,671	68,076	74,299	80,280

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	23,368	17,954	17,516	18,848	19,410
Appropriations	307,119	281,336	298,163	356,478	461,635
Other	10,046	7,912	9,159	9,607	9,059
Total cash received	340,533	307,202	324,838	384,933	490,104
Cash used					
Employees	226,226	192,984	203,743	218,978	324,693
Suppliers	74,887	71,282	76,521	105,891	117,219
Borrowing costs	351	261	167	65	-
Other	10,570	8,379	9,468	10,051	9,670
Total cash used	312,034	272,906	289,899	334,985	451,582
Net cash from or (used by) operating activities	28,499	34,296	34,939	49,948	38,522
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	100	100	100	100	100
Total cash received	100	100	100	100	100
Cash used					
Purchase of property, plant and equipment	34,987	38,246	37,459	49,389	38,622
Total cash used	34,987	38,246	37,459	49,389	38,622
Net cash from or (used by) investing activities	(34,897)	(38,146)	(37,359)	(49,289)	(38,522)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	6,501	5,365	4,034	1,045	-
Total cash received	6,501	5,365	4,034	1,045	-
Cash used					
Repayments of debt	1,424	1,513	1,609	1,699	-
Total cash used	1,424	1,513	1,609	1,699	-
Net cash from or (used by) financing activities	5,077	3,852	2,425	(654)	-
Net increase or (decrease) in cash held	(1,311)	2	5	5	-
Cash at the beginning of the reporting period	6,435	5,124	5,126	5,131	5,136
Cash at the end of the reporting period	5,124	5,126	5,131	5,136	5,136

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	25,464	16,370	-	20,534	62,368
Adjusted opening balance	25,464	16,370	-	20,534	62,368
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	5,365	5,365
Sub-total transactions with owners	-	-	-	5,365	5,365
Estimated closing balance as at 30 June 2009	25,464	16,370	-	25,899	67,733

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The ABS does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The ABS does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

The ABS does not have any administered funds.

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

Budgeted departmental financial statements

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

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

Budgeted departmental income statement

Revenues

Appropriations

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.

Goods and Services

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 expenses 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 (internally generated software).

Other

This category includes prepayments.

Interest bearing liabilities

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' 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 interest, rental expense and reduction of the liability. Rent free lease periods are taken up as a liability during the rent-free period and amortised over the remaining term of the lease. The full amount of the lease is therefore allocated evenly over the total term of the lease.

Provisions

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 annual leave and long service leave is recognised and measured at the present value of the estimated future cash flows in respect of all employees.

Payables

Supplier and other payables reflect the amounts owed to trade and other creditors by the ABS at the end of each financial year.

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.

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

During 2008-09 the ACCC's role is to enhance the welfare of Australians by:

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

A major new measure arising from the Water Bill 2007 extends the ACCC's role to regulatory oversight of bulk water pricing, rural water delivery charges and other regulated water charges in the Murray-Darling Basin. The ACCC regulatory oversight role includes the conduct of irrigation infrastructure operations through the development, monitoring of compliance and enforcement of water market rules, and advice to the Murray-Darling Basin Authority in respect of water trading rules. The ACCC is required to advise the Minister regarding the water charging implications of, and efficient market arrangements for, new Australian Government infrastructure investment.

Another major new measure is monitoring of grocery prices and the publishing of price data on a dedicated website. The new function relates to the Government's election commitment to direct the ACCC to publish, on a dedicated website, a periodic survey of grocery prices at supermarkets for standard grocery items. In keeping with the ACCC's mission to promote informed markets, this new function has the objective of providing consumers with information to determine the supermarket chains in their region that offer the lowest price for the different baskets of goods published on the dedicated website.

A further new measure, subject to the enactment of legislation, is the establishment of price commitment rules for retail petrol prices and the introduction of a National

FuelWatch Scheme, similar to retail arrangements which currently operate in Western Australia. In keeping with the ACCC's mission to promote effective competition and informed markets, the new function will require fuel retailers to notify the ACCC about their next day's price for specified fuel blends each day. Retailers will be required to maintain their notified prices for a 24 hour period the next day. The ACCC will make prices for the following day publicly available. This provides an opportunity for consumers to observe the next day's notified price and make purchase decisions in an informed way. Retailers will be required to comply with the national price commitment rules. When retailers sell at a price higher or lower than the notified price, enforcement action can be taken by the ACCC. This scheme is in addition to the measure which includes the appointment of a Petrol Commissioner with particular focus on petrol arrangements and the introduction of formal monitoring of petrol prices under Part 95ZE of the TPA.

Challenges impacting on the ACCC's outcome, going forward, arise from the broader environment. A growing interest in environmental and 'green' issues impacts across many functions of the ACCC. These challenges bring new opportunities to provide competition and regulatory leadership on emerging issues as well as impacting on traditional enforcement activities.

The Government has committed to provide funding of up to \$4.7 billion, and to consider regulatory changes necessary to facilitate the deployment over five years of a National Broadband Network (NBN). The ACCC will have a key, ongoing advisory role regarding competition and pricing issues, including the provision of a formal report on NBN Proposals to the NBN Expert Panel.

Changes in the communications industry provide challenges for the ACCC's regulatory role and will require the ACCC to be kept abreast of the debate, provide technical advice as required by the government and be able to respond to regulatory changes and challenges that might emerge.

The reforms for gas and electricity continue to evolve as Commonwealth and State negotiations continue. As energy functions pass from the States to the Commonwealth the Australian Energy Regulator's (AER) role as Australia's independent national energy market regulator will be complete. The challenges for the AER are to work within the evolving regulatory landscape while performing regulatory resets, monitoring compliance and providing timely and relevant information to energy market participants.

Subject to the enactment of legislation, the TPA will provide for criminal sanctions for price fixing and market sharing (cartel conduct). This along with other foreshadowed amendments to the TPA will strengthen the objectives of the Act to achieve compliance with competition laws.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the ACCC.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	19,867 ⁴	139,227 ¹	159,094	115,358
Receipts from other sources (s31)	-	500 ³	500	500
Total ordinary annual services	A 19,867	139,727	159,594	115,858
Other services				
Departmental non-operating				
Equity injections	17,420	1,299 ²	18,719	1,073
Previous years' outputs	-	2,948	2,948	-
Total other services	B 17,420	4,247	21,667	1,073
Total available annual appropriations (A+B)	37,287	143,974	181,261	116,931
Special accounts⁵				
Opening balance	52	-	52	52
Appropriation Receipts	-	15	15	203
Total special accounts	C 52	15	67	255
Total resourcing (A+B+C)	37,339	143,989	181,328	117,186
Less receipts from other sources credited to special accounts	-	15	-	203
Total net resourcing for the ACCC	37,339	144,004	181,328	117,389

1. Appropriation Bill (No.1) 2008-09.
2. Appropriation Bill (No.2) 2008-09.
3. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

Third Party Drawdowns from and on behalf of other agencies

	\$'000
Payments made on behalf of the National Competition Council (NCC)	2,781

Note: the ACCC provides financial services to the NCC and has drawdown access to manage the NCC's finances.

1.3 BUDGET MEASURES

Budget measures relating to the ACCC are detailed in Budget Paper No. 2, *Budget Measures 2008-09*. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Australian Competition and Consumer Commission 2008-09 Budget measures

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	
Expense measures							
Departmental outputs							
	Monitoring of grocery prices	1.1	1,606	4,039	4,072	3,133	-
	Petrol price monitoring - appointment of a permanent Petrol Commissioner	1.1	1,342	4,275	3,633	2,128	-
	Petrol price monitoring - FuelWatch	1.1	-	5,834	4,479	4,455	4,488
Total expense measures			2,948	14,148	12,184	9,716	4,488
Related capital							
	Petrol price monitoring - FuelWatch	1.1	-	1,299	123	113	93
Total related capital			-	1,299	123	113	93

Prepared on a Government Finance Statistics basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The ACCC's outcome and output groups are described below, specifying the performance indicators and targets used to assess and monitor the performance of the ACCC in achieving government outcomes.

2.1.1 Outcome 1: To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets

Outcome strategy

To achieve its outcome the ACCC has two outputs seeking:

- 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.

Key strategies aimed at achieving the outcome and outputs are:

- promotion of vigorous, lawful competition and informed markets;
- encouragement of fair trading and protection of consumers; and
- regulation of national infrastructure services (such as communications, bulk water, energy, rail, airports and post) and other markets where there is limited competition.

Key actions with medium and longer term effects are:

- detect and stop cartel conduct;
- support and protect competition in markets that rely on networks with natural monopoly characteristics;
- pursue firms that abuse their market power;

Australian Competition and Consumer Commission Budget Statements

- prompt delivery of authorisation and notification decisions, particularly in the field of small business collective bargaining arrangements;
- assess mergers promptly and efficiently, taking effective action to prevent competition concerns arising from mergers across all industries;
- identify and focus effectively on national and cross-border (including international) consumer protection issues;
- pursue and achieve appropriate remedies for false and deceptive conduct, particularly if widespread detriment results;
- facilitate and encourage fair trading conditions between big and small firms;
- work cooperatively through the Australian Energy Regulator to provide a single consistent and independent regulator of the energy sector that encourages competition within and between the gas and electricity markets to benefit industry and consumers;
- regulate and advise on industries where market structures are changing, including where the market structure impedes effective competition (eg water and communications); and
- monitor prices to assess and advise on the effect of market conditions (including deregulation) on the price levels of specified goods and services, including groceries, petrol, stevedores, and a range of airport prices including car parking.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for the outcome.

Table 2.1: Total resources for outcome 1

Outcome 1: To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Australian Competition and Consumer Commission		
Departmental outputs		
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	68,678	64,778
Output 1.1.2 - Competitive market structures and informed behaviour	70,549	50,580
Receipts from other sources (s31)	500	500
Special accounts		
Other Trust Moneys Account		
Opening balance	52	52
Non-appropriation receipts to special accounts	15	203
Total resources for outcome 1	139,794	116,113
Less receipts from other sources credited to special accounts	15	203
Total net resourcing for the ACCC	139,779	115,910

	2008-09	2007-08
Average staffing level (number)	727	638

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Australian Competition and Consumer Commission
Components of output group 1 are:
Output 1.1.1 — Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed; and
Output 1.1.2 — Competitive market structures and informed behaviour.

Contributions to outcome (continued)

Output 1.1.1 — Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	
Key performance indicators	2008-09 target
Actions (investigation, litigation, communications) taken to prevent or stop anti-competitive conduct.	<p>Unlawful conduct ceased — 15 enforcement outcomes.</p> <p>Effective and appropriate remedies.</p> <p>Reach of publicity, liaison and education activities undertaken — 1.1 million publications; 380 media releases.</p> <p>Mandatory codes of conduct support a competitive market.</p> <p>Parliamentary inquiries and government agencies assisted to develop policies and processes.</p>
Businesses or individuals who are possibly in breach of the law are encouraged to come forward to assist ACCC investigations through the immunity for cartel conduct and cooperation policies for enforcement matters.	Immunity policy to be communicated and utilised.
Use all powers at our disposal to prevent and stop misleading, deceptive and unconscionable conduct especially when it causes widespread consumer detriment or raises national issues.	<p>Cease unlawful conduct.</p> <p>Effective and appropriate remedies.</p> <p>Reach of publicity, liaison, consultation and education activities undertaken — 1.1 million publications; 380 media releases.</p> <p>Parliamentary inquiries and government agencies assisted to develop policies and processes.</p>
Support the ability of small business to trade with larger firms in a fair, yet robust environment.	<p>Reach of publicity, liaison, consultation and education activities undertaken.</p> <p>Collective bargaining notification processes to be within statutory timeframes and decisions communicated.</p> <p>Cease unlawful conduct ceased.</p>
Provide immediate information to hundreds of callers each week, distributing publications through print and the web, and by providing special programs to reach small, isolated or disadvantaged groups.	<p>Calls and emails handled timely.</p> <p>Callers responded to within organisational guidelines.</p> <p>Publications distributed.</p> <p>Website accessible and a source of relevant and up to date information.</p>
Conduct campaigns that target industries and sectors where the risk of failure to comply with the Act is high.	Targeted campaigns where the need is indicated.

Contributions to outcome (continued)

Output 1.1.1 — Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed (continued)	
Key performance indicators	2008-09 target
Advise government on the need for new or amended product safety standards, product recalls, bans and warning notices.	Parliamentary inquiries and government agencies assisted to develop policies and processes. Publicity, liaison and education activities undertaken.
Take enforcement action when products breached the safety standards.	Cease unlawful conduct. Effective and appropriate remedies.
Output 1.1.2 — Competitive market structures and informed behaviour	
Assess the competition effects of mergers, acquisitions or asset sales.	Mergers assessed within statutory guidelines. All public merger decisions published on the ACCC website.
Certain anti-competitive practise in industries and professions to be authorised when it is assessed that the public benefits exceed detriments.	Decisions are made within statutory and organisational timeframes. Timely communication of decisions.
Facilitated and encouraged competition in markets that depend on access to monopoly services so that the benefits of utility regulation are spread throughout the Australian economy.	Complied with statutory reporting requirements — 3 annual reports delivered to the Minister; one 6 monthly report; two quarterly reports. 4 access undertakings (Telecomms regime) assessed. 9 access undertakings (digital radio regime) assessed. 50 determinations (Telecomms access regime) made. Review declarations of 8 declared services (Telecomms regime). Finalise 9 decisions on exemption applications. Parliamentary inquiries and government agencies assisted to develop policies and processes.
Establish access terms, conditions and prices that balance the interests of infrastructure owners, users and the broader public.	Effectiveness of access regimes evidenced by price levels and service delivery standards. Businesses using monopoly services pay prices that more closely reflect efficient costs.

Contributions to outcome (continued)

Output 1.1.2 — Competitive market structures and informed behaviour (continued)	
Key performance indicators	2008-09 target
Provide incentives that stimulate efficient investment in and use of services with natural monopoly characteristics.	Regulatory reports, determinations, and issues papers are timely and accessible. Robustness and accuracy of methodology evidenced by industry acceptance.
Regulatory processes that support efficient resource allocation including investment in the regulated businesses are predictable and consistent.	Reach of publicity, liaison, consultation and education activities undertaken. Robustness and accuracy of methodology evidenced by industry confidence in regulation.
Monitor and advised the government and public on prices to assess the effect of market conditions on the price levels of specified goods and services.	Accurate and timely information about prices of those goods and services monitored. Government and public advised in an accurate and timely manner.
Publicise the outcomes of access arbitrations, arrangements and undertakings; and monitoring activities and inquiry findings.	Publicity, liaison and education activities undertaken.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of ACCC's finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the ACCC from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the ACCC incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the ACCC is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the ACCC's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	159,594
Less estimated payments in 2008-09	139,491
Estimated departmental outputs carried forward and available for 2009-10	20,103

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The ACCC does not have any administered funds.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* (FMA Act) or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the ACCC.

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 FMA Act.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	52 52	15 203	15 200	- 3	52 52
Services for other Governments and Non-Agency Bodies Account	1	- -	- -	- -	- -	- -
Total special accounts 2008-09 Budget estimate		52	15	15	-	52
Total special accounts 2007-08 estimate actual		52	203	200	3	52

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The ACCC does not have any Australian Government Indigenous Expenditure.

3.2 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 Deregulation. The statements show the planned financial performance for the 2008-09 budget year and each of the forward years from 2009-10 to 2011-12. The statements also include the estimated actual for 2007-08 for comparative purposes.

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

An analysis of the ACCC's budgeted financial statements, as reflected in the budgeted departmental financial statements and administered schedules for 2008-09, is provided below.

Departmental

Income statement

The ACCC is budgeting for a break even result for 2008-09. The estimated actual operating result for 2007-08 is an approved loss of \$10 million.

Operating revenues

Total revenue in 2008-09 is estimated to be \$139.8 million, an increase of \$20.9 million from the 2007-08 estimated actual. The increase is primarily as a result of the net increase in funding from measures disclosed in the 2008-09 Budget (\$14.1 million) (details are provided in Table 1.2) and measures disclosed in the 2006-07 Budget for the Australian Energy Regulator (AER) in the 2008-09 forward year.

Operating expenses

Total expenses in 2008-09 are estimated to be \$139.8 million. This is an increase of \$10.9 million from the 2007-08 estimated actual. The increase is primarily due to the measures disclosed in the 2008-09 Budget (\$14.1 million) (details are provided in Table 1.2), and the full year impact of initiatives funded in 2006-07 for the AER and in 2007-08 the Water Regulatory initiatives. The ACCC is expected to incur a loss of \$10 million in 2007-08 due to litigation costs awarded against the ACCC.

Balance Sheet

The ACCC's budgeted net asset position of \$32.4 million represents an increase of \$1.3 million from the 2007-08 estimated actual. The increase is attributable to an equity injection associated with the National FuelWatch Scheme measure.

The total assets are expected to increase by \$2.1 million to \$52 million reflecting a projected increase in infrastructure, plant and equipment.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$14.7 million, this is expected to increase by approximately \$0.8 million during 2008-09.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	118,306	139,227	137,818	136,261	132,962
Goods and services	500	500	500	500	500
Other	75	75	75	75	75
Total income	118,881	139,802	138,393	136,836	133,537
EXPENSE					
Employees	66,051	73,121	73,180	72,290	70,873
Suppliers	59,401	63,151	61,594	60,885	58,990
Depreciation and amortisation	3,429	3,530	3,619	3,661	3,674
Total expenses	128,881	139,802	138,393	136,836	133,537
Surplus (deficit) attributable to the Australian Government	(10,000)	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,624	1,624	1,624	1,624	1,624
Trade and other receivables	37,665	38,695	39,814	40,181	40,401
Total financial assets	39,289	40,319	41,438	41,805	42,025
Non-financial assets					
Land and buildings	6,291	5,142	3,701	2,264	2,264
Infrastructure, plant and equipment	3,009	5,202	6,331	7,673	7,546
Inventories	118	118	118	118	118
Intangibles	566	560	645	486	486
Other	663	663	663	663	663
Total non-financial assets	10,647	11,685	11,458	11,204	11,077
Total assets	49,936	52,004	52,896	53,009	53,102
LIABILITIES					
Provisions					
Employees	13,857	14,651	15,445	15,445	15,445
Other	1,333	1,333	1,333	1,333	1,333
Total provisions	15,190	15,984	16,778	16,778	16,778
Payables					
Suppliers	3,015	2,990	2,965	2,965	2,965
Other	596	596	596	596	596
Total payables	3,611	3,586	3,561	3,561	3,561
Total liabilities	18,801	19,570	20,339	20,339	20,339
Net assets	31,135	32,434	32,557	32,670	32,763

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
EQUITY					
Contributed equity	34,098	35,397	35,520	35,633	35,726
Reserves	968	968	968	968	968
Retained surpluses or accumulated deficits	(3,931)	(3,931)	(3,931)	(3,931)	(3,931)
Total equity	31,135	32,434	32,557	32,670	32,763
Current assets	39,952	40,982	42,101	42,468	42,688
Non-current assets	9,984	11,022	10,795	10,541	10,414
Current liabilities	11,276	12,245	12,021	12,021	12,021
Non-current liabilities	7,525	7,325	8,318	8,318	8,318

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	500	500	500	500	500
Appropriations	118,306	139,227	137,818	136,261	132,962
Total cash received	118,806	139,727	138,318	136,761	133,462
Cash used					
Employees	65,257	72,988	73,044	72,153	70,733
Suppliers	46,206	63,076	61,519	60,810	58,915
Total cash used	111,463	136,064	134,563	132,963	129,648
Net cash from or (used by) operating activities	7,343	3,663	3,755	3,798	3,814
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	7,800	4,962	3,878	3,911	3,907
Total cash used	7,800	4,962	3,878	3,911	3,907
Net cash from or (used by) investing activities	(7,800)	(4,962)	(3,878)	(3,911)	(3,907)

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,073	1,299	123	113	93
Total cash received	1,073	1,299	123	113	93
Net cash from or (used by) financing activities					
	1,073	1,299	123	113	93
Net increase or (decrease) in cash held					
	616	-	-	-	-
Cash at the beginning of the reporting period	1,008	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

Prepared on an Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (Budget year 2008-09)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	(3,931)	968	-	34,098	31,135
Estimated opening balance	(3,931)	968	-	34,098	31,135
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,299	1,299
Sub-total transactions with owners	-	-	-	1,299	1,299
Estimated closing balance as at 30 June 2009					
	(3,931)	968	-	35,397	32,434

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	54,000	10,000	10,000	10,000	10,000
Total revenues administered on behalf of Government	54,000	10,000	10,000	10,000	10,000

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	5	5	5	5	5
Receivables	2,497	2,497	2,497	2,497	2,497
Total assets administered on behalf of Government	2,502	2,502	2,502	2,502	2,502

Prepared on an Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	54,000	10,000	10,000	10,000	10,000
Total cash received	54,000	10,000	10,000	10,000	10,000
Cash used					
Other	54,000	10,000	10,000	10,000	10,000
Total cash used	54,000	10,000	10,000	10,000	10,000
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	-	-	-	-	-
beginning of reporting period	5	5	5	5	5
Cash at end of reporting period	5	5	5	5	5

Prepared on an Australian Accounting Standards basis.

3.2.3 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 Government's financial budgeting and reporting framework; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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 programs 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 program, 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.

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

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

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AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Office of Financial Management (AOFM) was established in 1999 to enhance the management of Australian Government debt and financial assets, to reduce debt servicing costs and to improve net worth. This role has expanded over time as the AOFM has taken on new responsibilities for maintaining and monitoring the efficiency of the Treasury Bond market, managing a wider range of financial assets and providing support for other sovereign debt managers in the region.

In recent years debt issuance by the AOFM has been undertaken solely with the objective of maintaining the Treasury Bond and Treasury Bond Futures markets. This has been because successive budget surpluses have removed the need to borrow to fund the budget. Since 2003, issuance has been maintained to support the continued operation of these markets as they allow market participants to better manage their interest rate risk and thereby contribute to a lower cost of capital in Australia. They also help strengthen the financial system against the potential impacts of financial shocks.

The AOFM has managed the cost and risk inherent in the debt on issue by executing domestic interest rate swaps to achieve lower debt servicing costs, while at the same time keeping the variability of debt servicing costs at an acceptable level. For several years now structural and cyclical factors have contributed to a flattening of the yield curve and reduced the potential to make savings in debt servicing costs. Global credit tightening in financial markets since August 2007 has further reduced the opportunities to make savings through interest rate swaps. In response to these developments over recent years, the AOFM has reduced the volume of swaps undertaken and changed its benchmark closer to a portfolio structure that would result from debt issuance without swaps. The portfolio management benchmark and strategy, including the interest rate swap program, is reviewed annually. Following its latest review, in April 2008, the AOFM has no plans to execute interest rate swaps in 2008-09.

The AOFM also manages the overall level of cash in the Official Public Account with the Reserve Bank of Australia (RBA) to ensure that the government is able to meet its financial obligations as and when they fall due. Other objectives are to minimise the cost of funding the balances and to invest excess balances efficiently. 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 with minimum use of the government's overdraft facility with the RBA.

The AOFM currently acts as an agent for the Department of Broadband, Communications and the Digital Economy (DBCDE) in making investments for the Communications Fund. These investments and their earnings are reported by DBCDE and not the AOFM.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total agency resources from all sources. The table summarises how resources will be applied to the AOFM.

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	12,227 ³	8,467 ¹	20,694	8,489
Receipts from other sources (s31)	-	867 ²	867	1,201
Total departmental outputs	12,227	9,334	21,561	9,690
Administered expenses				
Outcome 1	-	10	10	10
Total administered expenses	-	10	10	10
Total ordinary annual services	A 12,227	9,344	21,571	9,700
Other services				
Departmental non-operating				
Equity injections	949	-	949	-
Total other services	B 949	-	949	-
Total available annual appropriations (A+B)	13,176	9,344	22,520	9,700
Special appropriations				
<i>Commonwealth Inscribed Stock Act 1911</i>	-	8,543,945	8,543,945	6,449,493
<i>Financial Management & Accountability Act 1997</i>	-	292,166,000	292,166,000	292,166,000
<i>Loans Securities Act 1919</i>	-	1,569,429	1,569,429	1,805,836
<i>Snowy Hydro Corporatisation Act 1997</i>	-	4,165	4,165	17,146
Total special appropriations	C -	302,283,539	302,283,539	300,438,475
Total appropriations excluding special accounts (A+B+C)	13,176	302,292,883	302,306,059	300,448,175

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Special accounts⁴				
Opening balance	422	-	422	-
Total special accounts	D 422	-	422	-
Total net resourcing for AOFM (A+B+C+D)	13,598	302,292,883	302,306,481	300,448,175
<i>Represented by:</i>				
<i>Departmental</i>	13,176	9,334	22,510	9,690
<i>Administered</i>	422	302,283,549	302,283,971	300,438,485

1. Appropriation Bill (No.1) 2008-09.
2. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
3. Estimated adjusted balance carried forward from previous year for annual appropriations.
4. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Table 1.2: Australian Office of Financial Management 2008-09 Budget measures

The AOFM does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

2.1.1 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

Outcome 1 strategy

The AOFM contributes to its outcome through its output – debt management. It issues Treasury Bonds, executes interest rate swaps and invests in term deposits with the RBA. It also undertakes risk management activities, compliance activities, financial reporting, debt administration and the monitoring of conditions in Treasury Bond and Treasury Bond Futures markets.

The AOFM will issue long-term fixed interest debt in accordance with government policy to maintain the efficiency of the Treasury Bond and Treasury Bond Futures markets. It will issue bonds with tenors chosen to support the 3 year and 10 year Treasury Bond Futures markets.

The AOFM executes domestic interest rate swaps to achieve lower public debt servicing costs arising from issuing bonds for market efficiency purposes. In response to market conditions, the AOFM currently has no plans to execute interest rate swaps in 2008-09.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

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	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Australian Office of Financial Management		
Departmental outputs		
Output 1.1.1 - Debt management	8,467	8,489
Receipts from other sources (s31)	867	1,201
Administered items		
Annual Appropriation Bill 1 (Ordinary annual services)	10	10
Special appropriations		
Commonwealth Inscribed Stock Act 1911	8,543,945	6,449,493
Financial Management and Accountability Act 1997	292,166,000	292,166,000
Loans Securities Act 1919	1,569,429	1,805,836
Snowy Hydro Corporatisation Act 1997	4,165	17,146
Total resources for outcome 1	302,292,883	300,448,175
<hr/>		
	2008-09	2007-08
Average staffing level (number)	33	33

Contributions to outcome 1

Output group 1.1 — Australian Office of Financial Management	
Components of output group 1.1 are: Output 1.1.1 — Debt management An efficient Treasury Bond market that supports an efficient Treasury Bond Futures market. Achievement of the Australian Government's financing task in a cost-effective manner, subject to acceptable risk.	
Output 1.1.1 — Debt management	
Key performance indicators	2008-09 target
Efficient Treasury Bond and Treasury Bond Futures markets.	Maintaining an active dialogue with price makers, the RBA, the Australian Stock Exchange and the Australian Financial Markets Association's Debt Securities Committee. Continual monitoring of key market efficiency indicators (such as bid/ask spreads and repurchase market indicators).
Treasury Bond issuance is undertaken efficiently.	The average spread of the weighted issue yield above the secondary market yield is consistent with the 10 year average. The range of accepted bids is consistent with the 10 year average. The times covered ratio is consistent with the 10 year average.
Minimise debt servicing costs subject to acceptable risk.	Maintaining the debt portfolio within benchmark portfolio modified duration and short-dated exposure limits.
Efficient management of the Australian Government's cash balances.	The 91 day moving average of the Australian Government's cash balances is within operational limits and within the Ministerial limit throughout the year. Use of overdraft facility only to cover unexpected events.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides details of the special account managed by the AOFM.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the AOFM from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the AOFM incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the AOFM is unlikely to be fully utilised in the budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the AOFM's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation for 2008-09 (outputs only)	21,561
Less estimated payments in 2008-09	9,213
Estimated departmental outputs carried forward and available for 2009-10	12,348
<i>Represented by:</i>	
<i>Cash at bank and output appropriations receivable as at 30 June 2009</i>	<i>12,348</i>

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The AOFM has not moved any administered funds between years.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* (FMA Act) or under separate enabling legislation. The AOFM operates one special account, the Debt Retirement

Reserve Trust Account. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for the AOFM's special account in 2007-08 and 2008-09.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve	1	422	-	-	-	422
Trust Account		422	-	-	-	422
Total special accounts						
2008-09 Budget estimate		422	-	-	-	422
Total special accounts						
2007-08 estimate actual		422	-	-	-	422

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) for the States and the Northern Territory. Moneys 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.

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The AOFM does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Departmental

The budget and forward estimates reflect an expectation that the AOFM's resourcing levels are to remain relatively stable over the next four years. However, the AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in agency infrastructure. Capital expenditure on the AOFM's specialist debt management systems, both for development and replacement, represents the majority of this expenditure. This expenditure will be met from unspent output appropriations carried forward from previous financial years.

Administered

Following the former government's decision in the 2003-04 Budget to maintain the market in Australian Government Securities, the volume of Treasury Bonds on issue during the budget and forward estimates period is expected to be between \$43 billion and \$50 billion. In the 2003-04 Budget, the former government also suspended new issuance of Treasury Indexed Bonds. The August 2010 Treasury Indexed Bond series will mature in the 2010-11 financial year (at an estimated maturity value of \$2,310 million).

Projected government surpluses in the budget and forward estimates that have not been earmarked for transfer to special purpose funds, are assumed to be held by the AOFM on deposit with the RBA.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	8,489	8,467	8,579	8,659	8,749
Goods and services	1,201	867	867	867	867
Total income	9,690	9,334	9,446	9,526	9,616
EXPENSE					
Employees	4,797	5,029	5,271	5,537	5,781
Suppliers	3,384	3,855	3,725	3,539	3,310
Depreciation and amortisation	450	450	450	450	525
Total expenses	8,631	9,334	9,446	9,526	9,616
Surplus (deficit) attributable to the Australian Government	1,059	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,096	2,217	2,404	3,111	1,290
Trade and other receivables ¹	11,284	11,284	11,284	11,284	10,884
Total financial assets	13,380	13,501	13,688	14,395	12,174
Non-financial assets					
Infrastructure, plant and equipment	609	459	709	459	209
Intangibles	325	525	325	125	2,850
Other	72	72	72	72	72
Total non-financial assets	1,006	1,056	1,106	656	3,131
Total assets	14,386	14,557	14,794	15,051	15,305
LIABILITIES					
Provisions					
Employees	1,345	1,518	1,754	2,009	2,263
Other	135	135	135	135	135
Total provisions	1,480	1,653	1,889	2,144	2,398
Payables					
Suppliers	156	154	155	157	157
Total payables	156	154	155	157	157
Total liabilities	1,636	1,807	2,044	2,301	2,555
Net assets	12,750	12,750	12,750	12,750	12,750
EQUITY					
Contributed equity	3,423	3,423	3,423	3,423	3,423
Retained surpluses or accumulated deficits	9,327	9,327	9,327	9,327	9,327
Total equity	12,750	12,750	12,750	12,750	12,750
Current assets	2,300	2,421	2,608	3,715	1,494
Non-current assets	12,086	12,136	12,186	11,336	13,811
Current liabilities	1,313	1,453	1,655	1,875	2,089
Non-current liabilities	323	354	389	426	466

1. Included in this balance are \$10.1 million in undrawn output appropriation and \$0.9 million in undrawn equity injections from 30 June 2008 to 30 June 2011. As of 30 June 2012, undrawn output appropriation is estimated at \$9.7 million and undrawn equity injections are estimated at \$0.9 million.

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,489	8,467	8,579	8,659	9,149
Other	1,201	867	867	867	867
Total cash received	9,690	9,334	9,446	9,526	10,016
Cash used					
Employees	4,523	4,858	5,034	5,281	5,527
Suppliers	3,383	3,855	3,725	3,538	3,310
Total cash used	7,906	8,713	8,759	8,819	8,837
Net cash from or (used by) operating activities	1,784	621	687	707	1,179
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	500	500	-	3,000
Total cash used	-	500	500	-	3,000
Net cash from or (used by) investing activities	-	(500)	(500)	-	(3,000)
Net increase or (decrease) in cash held	1,784	121	187	707	(1,821)
Cash at the beginning of the reporting period	312	2,096	2,217	2,404	3,111
Cash at the end of the reporting period	2,096	2,217	2,404	3,111	1,290

Prepared on an Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (Budget year 2008-09)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	9,327	-	-	3,423	12,750
Estimated closing balance as at 30 June 2009	9,327	-	-	3,423	12,750

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue before re-measurements					
Non-taxation					
Interest	2,960,577	3,476,745	4,094,401	4,781,300	5,609,961
Total revenues before re-measurements	2,960,577	3,476,745	4,094,401	4,781,300	5,609,961
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest and financing costs	5,342,507	5,019,549	4,677,535	4,239,603	3,917,283
Total expenses before re-measurements	5,342,507	5,019,549	4,677,535	4,239,603	3,917,283
Operating result before re-measurements	(2,381,930)	(1,542,804)	(583,134)	541,697	1,692,678
Re-measurements					
Net market valuation gains/losses	(662,215)	198,845	174,776	154,152	147,627
Total re-measurements	(662,215)	198,845	174,776	154,152	147,627
Net Income	(3,044,145)	(1,343,959)	(408,358)	695,849	1,840,305

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	867	867	867	867	867
Receivables	2,063,755	2,133,297	2,196,581	2,246,154	2,270,771
Investments (s39 FMA Act)	24,268,000	44,403,000	61,871,000	72,423,000	90,306,000
Total financial assets	26,332,622	46,537,164	64,068,448	74,670,021	92,577,638
Total assets administered on behalf of Government	26,332,622	46,537,164	64,068,448	74,670,021	92,577,638
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government Securities	59,223,000	59,360,000	58,780,000	50,770,000	50,826,000
Total liabilities administered on behalf of Government	59,223,000	59,360,000	58,780,000	50,770,000	50,826,000

Prepared on an Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	2,972,038	3,478,548	4,096,515	4,778,776	5,570,479
Total cash received	2,972,038	3,478,548	4,096,515	4,778,776	5,570,479
Cash used					
Interest paid	5,250,224	5,039,251	4,519,830	4,986,122	3,798,649
Total cash used	5,250,224	5,039,251	4,519,830	4,986,122	3,798,649
Net cash from or (used by) operating activities	(2,278,186)	(1,560,703)	(423,315)	(207,346)	1,771,830
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	88,651	91,260	93,515	95,725	97,872
Net cash from or (used by) investing activities	88,651	91,260	93,515	95,725	97,872
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	4,962,227	5,225,942	4,963,158	4,970,897	4,959,986
Term deposit maturities	288,315,000	272,096,000	274,722,000	281,641,000	274,328,000
Total cash received	293,277,227	277,321,942	279,685,158	286,611,897	279,287,986
Cash used					
Repayment of borrowings	2,929,978	5,098,000	5,709,000	12,250,000	5,003,000
Term deposit investments	292,166,000	292,166,000	292,166,000	292,166,000	292,166,000
Total cash used	295,095,978	297,264,000	297,875,000	304,416,000	297,169,000
Net cash from or (used by) financing activities	(1,818,751)	(19,942,058)	(18,189,842)	(17,804,103)	(17,881,014)
Net increase or (decrease) in cash held	(4,008,286)	(21,411,501)	(18,519,642)	(17,915,724)	(16,011,312)
Cash at beginning of reporting period	867	867	867	867	867
Cash from Official Public Account for - appropriations	300,417,524	302,368,364	302,479,260	309,460,522	301,031,369
Cash to Official Public Account for - appropriations	296,409,238	280,956,863	283,959,618	291,544,798	285,020,057
Cash at end of reporting period	867	867	867	867	867

Prepared on an Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

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.

With the exception of loans to the States and the Northern Territory, the administered financial statements have been prepared on a fair value basis in accordance with international financial reporting standards. Loans to the States and the Northern Territory are measured on an amortised cost basis, after initial recognition at fair value.

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 Broadband, Communications and the Digital Economy (DBCDE), the AOFM currently manages the investments made by the Communications Fund. These investments and their earnings are reported by DBCDE and not the AOFM.

Budgeted departmental and administered financial statements

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; and
- 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 the 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)

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

Budgeted departmental income statement

Appropriations

Price of output appropriation estimates are not based on market price indicators. The agreed price of output appropriation is generally adjusted for wage cost indexation less an efficiency dividend.

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 future asset replacements; and
- repay liabilities.

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

Administered schedule of budgeted income and expenses

Non-taxation revenue — interest

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
Interest					
Interest on housing agreements	170,299	166,358	162,258	158,018	153,637
Interest from other sources	2,790,278	3,310,387	3,932,143	4,623,282	5,456,324
Total interest	2,960,577	3,476,745	4,094,401	4,781,300	5,609,961

Note: Interest from other sources includes interest from swaps and investments.

Expenses — interest and financing costs

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
Interest					
Interest on Commonwealth Government Securities	3,536,525	3,450,955	3,400,422	3,248,713	3,142,304
Interest on swaps	1,804,836	1,568,429	1,277,113	990,890	774,979
Other	1,146	165	-	-	-
Total interest and financing costs	5,342,507	5,019,549	4,677,535	4,239,603	3,917,283

Net market valuation gains/losses

Net market valuation gains/losses represents the estimated unrealised fair value gains or losses on the net debt portfolio. This valuation gain or loss 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 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
Receivables					
Loans to State and Northern Territory Governments ¹	2,837,298	2,767,558	2,695,424	2,620,920	2,544,075
Swaps ²	(773,543)	(634,261)	(498,843)	(374,766)	(273,304)
Total receivables	2,063,755	2,133,297	2,196,581	2,246,154	2,270,771

1. At amortised cost.

2. At fair value.

Financial assets — investments

The AOFM, on behalf of the Australian Government, holds surplus funds as term deposits with the RBA. 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 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
Commonwealth Government Securities					
Treasury Bonds	49,717,000	49,689,000	48,988,000	43,225,000	43,205,000
Treasury Indexed Bonds	9,484,000	9,653,000	9,774,000	7,527,000	7,603,000
Other securities	22,000	18,000	18,000	18,000	18,000
Total	59,223,000	59,360,000	58,780,000	50,770,000	50,826,000

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AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The role of the Australian Prudential Regulation Authority (APRA) is developing and enforcing a robust prudential framework of legislation, prudential standards and prudential guidance that promotes prudent behaviour by authorised deposit-taking institutions (ADIs), insurance companies, superannuation funds and other financial institutions it supervises, with the key aim of protecting the interests of their depositors, policy holders and superannuation fund 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 prudential framework that balances financial safety and efficiency, competition, contestability and competitive neutrality. This is achieved by:

- the development and implementation of prudential requirements to be observed by regulated institutions;
- a risk-based approach to the supervision of regulated institutions, and remediation or enforcement measures, to ensure that risk-taking is conducted within reasonable bounds and that risks are clearly identified and managed; and
- advice to the Australian Government on the development of regulation and legislation affecting regulated institutions and the financial markets in which they operate.

The Australian Government confirmed that prudential regulation can not and should not seek to guarantee a zero failure rate of prudentially regulated institutions or provide absolute protection for market participants (including consumers). Rather, the objective of the prudential regulation regime is to maintain a low incidence of failure of regulated institutions while not impeding continued improvement in efficiency or hindering competition. APRA fully supports the Australian Government's objectives for prudential regulation.

In APRA's *Statement of Intent*, it committed itself to further developing a supervisory approach, focussed on outcomes, that accords fully with the Australian Government's vision for APRA.

In 2008-09, APRA's main strategic objectives are to:

- conduct effective, ongoing supervision of all APRA regulated institutions in accordance with a consistent APRA wide supervisory approach;
- consolidate the prudential framework by enhancing prudential standards where appropriate, promoting harmonised standards across industries and examining ways of removing unnecessary regulatory burden;
- enhance the efficiency and effectiveness of APRA's supervisory tools and systems through better integration of tools, greater analytical support for its risk-rating systems, and workflow and document management;
- enhance APRA's effectiveness by continuing to ensure it recruits and retains the right people for the job, develops the skills and knowledge of its staff and deploys them where they are most needed in APRA; and
- remain well prepared for a crisis affecting APRA's own operations, a financial crisis in a regulated institution and a systemic crisis such as a pandemic or terrorism.

APRA's supervisory activities in 2007-08 have been conducted against a background of prolonged turbulence in global credit and equity markets, which is expected to continue into 2008-09. The Australian financial system is well positioned to withstand the impact of these global developments. It has only minimal direct exposures to the US sub-prime mortgage market in which market turbulence had its origins but it has been affected by substantial increases in wholesale funding costs. APRA has stepped up its supervisory intensity, particularly in its dealings with ADIs. It has been closely monitoring the liquidity position of the larger ADIs and reviewing their funding plans; it has also been monitoring trends in ADI asset quality and capital adequacy. In addition, APRA has been analysing the impact of equity market declines on the insurance and superannuation industries.

APRA will maintain its heightened oversight of liquidity, risk management and capital while global market turbulence persists. In addition, APRA's resources will be committed in 2008-09 to reviewing and, where appropriate, enhancing its prudential requirements as part of a coordinated international regulatory response to the turbulence, in line with the recommendations of the Financial Stability Forum.

1.2 AGENCY RESOURCE STATEMENT

The total appropriation and other resources for APRA in the 2008-09 Budget is \$101.1 million.

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to APRA.

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	-	5,036 ¹	5,036	2,840
Total ordinary annual services	A	5,036	5,036	2,840
Other services				
Departmental non-operating				
Equity injections	-	1,865 ²	1,865	-
Total departmental non-operating		1,865	1,865	-
Administered non-operating				
Administered assets and liabilities	-	500	500	500
Total administered non-operating		500	500	500
Total other services	B	2,365	2,365	500
Total available annual appropriations (A + B)		7,401	7,401	3,340
Total appropriations excluding special accounts		7,401	7,401	3,340
Special accounts³				
Opening balance	34,348	-	34,348	46,626
Non-appropriation receipts to special accounts	-	93,685	93,685	94,448
Total special accounts	C	93,685	128,033	141,074
Total net resourcing for APRA (A + B + C)		101,086	135,434	144,414

1. Appropriation Bill (No.1) 2008-09.

2. Appropriation Bill (No.2) 2008-09.

3. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Table 1.2: Australian Prudential Regulation Authority 2008-09 Budget measures

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measure (related revenue)						
Administered outputs						
Responsible Economic Management - Choice of Superannuation Fund	1.1	-	-	(1,100)	(1,100)	(1,100)
Total expense measures		-	-	(1,100)	(1,100)	(1,100)

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

This section describes the outcomes for APRA by output groups. The development of meaningful performance indicators and targets for prudential regulation is only at an embryonic stage globally.

2.1.1 Outcome 1: 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

Outcome 1 strategy

The role of APRA is developing and enforcing a robust prudential framework that promotes prudent behaviour by ADIs, insurance companies, superannuation funds and other financial institutions it supervises, with the key aim of protecting the interests of their depositors, policyholders and superannuation fund members.

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

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1: 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	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Australian Prudential Regulation Authority		
Departmental outputs		
Output 1.1.1 - Policy development	660	372
Output 1.1.2 - Surveillance programs	4,208	2,373
Output 1.1.3 - Prudential advice	168	95
Special appropriations		
<i>Financial Management and Accountability Act 1997</i>	500	500
Special accounts		
APRA Special Account		
Opening balance	34,348	46,626
Non-appropriation receipts to special accounts	93,685	94,448
Total resources for outcome 1	133,569	144,414

	2008-09	2007-08
Average staffing level (number)	570	580

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to 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 the development and implementation of prudential requirements to be observed by regulated institutions; a risk-based approach to the supervision of regulated institutions, and remediation or enforcement measures where relevant, to ensure that risk-taking is conducted within reasonable bounds and that risks are clearly identified and managed; and advice to the Government on the development of regulation and legislation affecting regulated institutions and the financial markets in which they operate.

Contributions to outcome 1 (continued)

Output group 1.1 — Australian Prudential Regulation Authority	
Components of output group 1.1 are: Output 1.1.1 — Policy development; Output 1.1.2 — Surveillance programs; and Output 1.1.3 — Prudential advice.	
Output 1.1.1 — Policy development	
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.	
Key performance indicators	2008-09 target
Issuance of prudential standards, guidelines and like instruments which effectively address risk management exposures of regulated industries.	Timely issuance of prudential standards and guidelines which address risk management exposures of regulated entities.
Comprehensive consultation with industry bodies, regulated institutions and professional associations on the development and implementation of prudential policy.	Compliance with consultation requirements of the Office of Best Practice Regulation.
Effective communication and cooperation with relevant national and international agencies including participation in the international development and harmonisation of prudential regulation policy and practice.	Timely advice to other members of the Council of Financial Regulators and the Government on significant issues of inter-agency or financial system concern. Effective communication of Australia's perspective in international fora involved in developing global prudential standards.
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.	Maintenance of regular publication of statistical information. Timely release and provision for adequate consultation where appropriate for documents on prudential supervision issues.
Output 1.1.2 — Surveillance programs	
Surveillance programs aim to minimise financial loss by depositors, policyholders and superannuation 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, policyholders, superannuation funds members and the public interest generally.	

Contributions to outcome 1 (continued)

Output 1.1.2 — Surveillance programs (continued)	
Key performance indicators	2008-09 target
Minimise the risk of financial loss by depositors or policyholders resulting from the failure of regulated institutions to observe laws, regulations or prudential standards administered by APRA.	Surveillance of regulated entities to ensure they maintain a culture of prudent behaviour and commitment to effective risk management practices.
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.	Active surveillance to enable the early identification of prudential risks and timely remedial action that minimises the risk of financial loss by depositors, policyholders and superannuation fund members.
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).	Timely exercise of APRA's powers in the event that action is required.
Output 1.1.3 — Prudential advice	
Prudential advice to government includes advice on prudential regulation policy development; advice on amendments to legislation and regulations administered by APRA; liaison with Treasury and appropriate Ministers at regular intervals; and briefing of the Government on matters emerging in international forums which may impact on prudential policy.	
Key performance indicators	2008-09 target
Regular liaison meetings with the Treasury and with relevant Ministers and Parliamentary Committees.	Continuation of regular liaison meetings with the Treasury. Meetings with relevant ministers and attendance at Parliamentary Committees as required.
Recommendations to government on prudential regulation policy development involving legislative implementation (including amendments to all Acts of Parliament administered by APRA and regulations there under).	Advice to government on the operational effectiveness of legislation, when appropriate. Timely responses to Government to requests for comments on policy and legislation proposals.
Timely briefings to government on major items of policy interest emerging from APRA participation in international fora.	Consultation with government, as appropriate, before and timely briefings following APRA's participation in international fora on policy positions being presented on behalf of Australia.
Maintenance of a memorandum of understanding with the Treasury.	Maintenance of understandings set out in the memorandum.

Section 3: Explanatory tables and budgeted financial statements

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to APRA from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As APRA incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to APRA is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain APRA's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	5,036
Less estimated payments in 2008-09	5,036
Estimated departmental outputs carried forward and available for 2009-10	-

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

APRA has not moved any administered funds between years.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by APRA.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Prudential Regulation Authority Special Account	1	34,348 46,626	100,586 87,398	101,834 99,676	- -	33,100 34,348
Services for Other Entities and Trust Moneys - Australian Prudential Regulation Authority Special Account	1	- -	- -	- -	- -	- -
Superannuation Protection Account	1	- -	- -	- -	- -	- -
Total special accounts 2008-09 Budget estimate		34,348	100,586	101,834	-	33,100
Total special accounts 2007-08 estimate actual		46,626	87,898	99,676	-	34,348

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

APRA does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements and APRA's financial statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

In addition, APRA is not a party to related entity transactions that would result in significant differences between the resource information presented in the Budget Papers and Portfolio Budget Statements and APRA's financial statements.

3.2.2 Analysis of budgeted financial statements

The departmental income statement (Table 3.2.1) shows a net increase in appropriations from \$81.3 million forecast for 2007-08 to \$96.2 million in 2008-09. The increase mainly reflects the funding of operations from current period industry levies after running down reserves built up from previous levy over-collections to partially meet 2007-08 operating costs. In addition, \$1.6 million has been provided as departmental appropriation for Standard Business Reporting (SBR).

Budgeted lower non-government revenue of \$2.5 million in 2008-09 reflects the completion of a major part of Basel II accreditation work that was met in 2007-08 by fees charged on those ADIs applying for accreditation.

Employee expenses of \$68.5 million (compared to the 2007-08 forecast of \$68.7 million) take into account a reduction in APRA's average staffing level (ASL) from 580 to 570 as a consequence of the consolidation of the superannuation industry post licensing.

Supplier costs will decrease from \$27.5 million forecast in 2007-08 to \$26.8 million in 2008-09. Supplier costs in 2007-08 included one-off expenditure related to completion of major supervisory infrastructure projects and additional staff training initiatives.

APRA is budgeting for an operating surplus of \$0.1 million in 2008-09, compared to a forecast operating loss of \$12.2 million in 2007-08 (the counterpart to APRA's use of reserves to fund part of its 2007-08 operating costs).

The budgeted departmental balance sheet (Table 3.2.2) shows that APRA will maintain sufficient financial assets to meet all employee and supplier commitments as and when they fall due.

Continued investment in core supervisory and corporate infrastructure, coupled with investment in SBR, will see non-financial asset balances increase in 2008-09 and beyond.

Contributed equity will increase over 2008-09 and 2009-10, reflecting government equity injections for SBR.

Retained surpluses are budgeted to maintain general reserves at a level sufficient to accommodate unforeseen business needs which may arise from supervision of at-risk institutions.

The budgeted departmental statement of cash flows (Table 3.2.3) reflects the source and application of appropriations and other revenue, as detailed in Table 3.2.1.

Table 3.2.4 shows the expected changes in equity between 2007-08 and 2008-09. The main item of change across this period will be the equity injection related to SBR.

The schedule of budgeted income and expenses administered on behalf of government (Table 3.2.5) 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 3.2.6 refers to minor amounts of the administered income that may not be collected at the year end.

As indicated in the schedule of budgeted administered cash flows (Table 3.2.7), 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 3.2.3.

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

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	81,251	96,176	98,080	96,394	96,268
Goods and services	6,097	2,495	2,495	2,495	2,495
Other	50	50	50	50	50
Total income	87,398	98,721	100,625	98,939	98,813
EXPENSE					
Employees	68,680	68,533	69,472	69,596	69,596
Suppliers	27,500	26,836	27,369	25,583	25,300
Depreciation and amortisation	3,390	3,246	3,684	3,684	3,917
Total expenses	99,570	98,615	100,525	98,863	98,813
Surplus or (deficit) attributable to the Australian Government	(12,172)	106	100	76	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash	34,348	33,100	32,697	32,281	28,892
Receivables	1,907	1,937	2,414	2,577	2,729
Accrued revenues	500	500	450	450	450
Total financial assets	36,755	35,537	35,561	35,309	32,071
Non-financial assets					
Infrastructure, plant and equipment	5,235	8,888	10,788	11,609	12,239
Intangibles	3,357	2,924	2,549	2,220	4,979
Other	923	941	960	979	999
Total non-financial assets	9,515	12,753	14,297	14,808	18,217
Total assets	46,270	48,290	49,858	50,117	50,288
LIABILITIES					
Provisions					
Employees	17,565	17,459	17,733	17,747	17,747
Other	2,356	2,401	2,451	2,500	2,550
Total provisions	19,921	19,860	20,184	20,247	20,297
Payables					
Suppliers	5,719	5,828	5,950	6,069	6,190
Total payables	5,719	5,828	5,950	6,069	6,190
Total liabilities	25,640	25,688	26,134	26,316	26,487
EQUITY					
Contributed equity	3,155	5,020	6,042	6,042	6,042
Reserves	6,368	6,368	6,368	6,368	6,368
Retained surpluses or accumulated deficits	11,108	11,214	11,314	11,390	11,390
Total equity	20,631	22,602	23,724	23,800	23,800
Current assets	37,678	36,477	36,522	36,288	33,069
Non-current assets	8,592	11,813	13,336	13,829	17,219
Current liabilities	7,711	7,814	7,968	8,094	8,220
Non-current liabilities	17,929	17,874	18,166	18,222	18,267

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	6,097	2,495	2,495	2,495	2,495
Appropriations	81,251	96,176	98,080	96,394	96,268
Other	50	50	50	50	50
Total cash received	87,398	98,721	100,625	98,939	98,813
Cash used					
Employees	68,680	68,533	69,472	69,596	69,595
Suppliers	27,500	26,836	27,369	25,583	25,300
Total cash used	96,180	95,369	96,841	95,179	94,895
Net cash from or (used by) operating activities	(8,782)	3,352	3,784	3,760	3,918
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	3,496	6,465	5,209	4,176	7,307
Total cash used	3,496	6,465	5,209	4,176	7,307
Net cash from or (used by) investing activities	(3,496)	(6,465)	(5,209)	(4,176)	(7,307)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	1,865	1,022	-	-
Total cash received	-	1,865	1,022	-	-
Net increase or (decrease) in cash held	(12,278)	(1,248)	(403)	(416)	(3,389)
Cash at the beginning of the reporting period	46,626	34,348	33,100	32,697	32,281
Cash at the end of the reporting period	34,348	33,100	32,697	32,281	28,892

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	11,108	368	6,000	3,155	20,631
Adjusted opening balance	11,108	368	6,000	3,155	20,631
Net operating result	106	-	-	-	106
Total income and expenses recognised directly in equity	106	-	-	-	106
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,865	1,865
Sub-total transactions with owners	-	-	-	1,865	1,865
Estimated closing balance as at 30 June 2009	11,214	368	6,000	5,020	22,602

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	107,151	121,976	122,780	121,094	120,968
Total income administered on behalf of Government	107,151	121,976	122,780	121,094	120,968
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

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'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

Prepared on an Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	107,151	121,976	122,780	121,094	120,968
Net cash from or (used by) operating activities	107,151	121,976	122,780	121,094	120,968
FINANCING ACTIVITIES					
Cash used					
Cash to Official Public Account	(107,151)	(121,976)	(122,780)	(121,094)	(120,968)
Net cash from or (used by) financing activities	(107,151)	(121,976)	(122,780)	(121,094)	(120,968)

Prepared on an Australian Accounting Standards basis.

3.2.4 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 moneys 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.

Depreciation and amortisation

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

Budgeted departmental statement of financial position

Financial assets

Receivables include levies invoiced but still outstanding at the financial year end and accrued revenues, being 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 works 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 and cash from fees and charges.

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

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

Australian Securities and Investments Commission — primary functions and responsibilities

The Australian Securities and Investments Commission (ASIC) is an independent government body established under the *Australia Securities and Investments Commission Act 2001* (ASIC Act).

ASIC's objectives, as set out in the ASIC Act are to:

- maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
- promote the confident and informed participation of investors and consumers in the financial system;
- administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements;
- receive, process and store, efficiently and quickly, the information given to ASIC under the laws that confer functions and powers on it;
- ensure that information is available as soon as practicable for access by the public; and
- take whatever action it can, and is necessary, in order to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC's areas of regulatory responsibility include consumer protection and market integrity in the financial services sector, investment management (including the superannuation industry), capital markets (including both primary and secondary capital markets), and corporations and their auditors and liquidators.

ASIC also operates and maintains the corporate register that provides information to the public about Australia's 1.5 million companies, financial services licensees and other professionals registered with ASIC.

In addition, ASIC also provides public and consumer education material through a variety of community outreach activities and programs.

ASIC has around 1,676 staff, with offices in all States.

ASIC's strategic review

ASIC will shortly implement the findings of the strategic review, which commenced in 2007.

The strategic review covers all aspects of ASIC's responsibilities and functions and will establish ASIC's strategic objectives and plans for the next 3-5 years.

The review has:

- comprehensively reviewed ASIC's external environment and the trends and changes likely to occur over the next 5 years;
- identified external challenges and opportunities likely to confront ASIC in that time frame;
- assessed ASIC's internal environment, the services it provides, its structures, capabilities, and culture, and identified its main strengths and weaknesses and areas for change; and
- benchmarked ASIC against peer organisations domestically and internationally.

A critical input for the review was a detailed stakeholder survey undertaken by ASIC in January and February 2008, which sampled all relevant stakeholder groups. The outcome of this survey provided ASIC with information about the environment in which ASIC will carry out its responsibilities over the next 3-5 years, and about stakeholders' current and future expectations and attitudes towards ASIC.

ASIC's priorities for 2008-09

ASIC's priorities for 2008-09 are:

- helping retail investors: developing initiatives to assist and protect retail investors and consumers in the financial economy;
- capital market integrity: building confidence in the integrity of Australia's capital markets;
- international capital flows and international enforcement: facilitating international capital flows and inward and outward investment in Australia's capital markets, and work with other regulators to detect and deal with international fraud and market misconduct;
- using new technologies to improve services and reduce costs: reducing costs and red tape for small to medium businesses;
- managing implications of global financial turmoil: managing the domestic and international implications of global market turmoil and volatility; and
- lift operational effectiveness and service levels for all ASIC stakeholders: simplify interactions with ASIC and reduce business costs of compliance.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to ASIC.

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	46,741 ⁴	298,963 ¹	345,704	292,173
Receipts from other sources (s31)	-	8,287 ³	8,287	12,368
Total departmental outputs	46,741	307,250	353,991	304,541
Administered expenses				
Outcome 1 - Assetless				
Administration Fund	-	3,424 ¹	3,424	5,206
Total administered expenses	-	3,424	3,424	5,206
Total ordinary annual services	A 46,741	310,674	357,415	309,747

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Other services				
Departmental non-operating				
Equity injections	19,096 ⁵	17,117 ²	36,218	38,758
Total other services	B 19,096	17,117	36,213	38,758
Total available annual appropriations (A + B)	65,837	327,791	393,628	348,505
Special appropriations				
Banking Act 1959	-	21,780	21,780	20,280
Life Insurance Act 1995	-	2,760	2,760	4,890
Total special appropriations	C -	24,540	24,540	25,170
Total appropriations excluding special accounts (A + B + C)	65,837	352,331	418,168	373,675
Special accounts ⁶				
Opening balance	240,268	-	240,268	221,343
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to Special Accounts	-	38,000	38,000	38,000
Total special accounts	D 240,268	68,000	308,268	289,343
Total resourcing (A + B + C + D)	306,105	420,331	726,436	663,018
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
Total net resourcing for ASIC	306,105	390,331	696,436	633,018

1. Appropriation Bill (No.1) 2008-09.
2. Appropriation Bill (No.2) 2008-09.
3. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. Estimated adjusted balance carried forward from previous year for equity injections.
6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Budget measures relating to ASIC are detailed in Budget Paper No. 2, *Budget Measures 2008-09*. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Australian Securities and Investments Commission 2008-09 Budget measures

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures						
Departmental outputs						
Responsible Economic Management - Choice of Superannuation Fund						
	1.1	-	-	(1,100)	(2,340)	(2,340)
Responsible Economic Management - Financial Literacy Foundation - transfer						
	1.1	-	-	-	-	-
Total expense measures		-	-	(1,100)	(2,340)	(2,340)

Prepared on a Government Finance Statistics basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the government on the Australian community.

ASIC's outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of ASIC in achieving government outcomes.

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

Outcome 1 strategy

Helping retail investors and consumers: by developing initiatives to assist and protect retail investors and consumers in the financial economy.

The work to be undertaken in 2008-09 will include:

- helping retail investors and consumers better understand the types of products they are investing in and the concepts of risk-adjusted return, asset allocation and diversification;
- improving the information about financial products given to retail investors and consumers by ensuring that the information is clear and easy to understand and is accessible on-line; and
- ensuring that professional advice has value and helping to facilitate access to low cost professional advice.

Capital market integrity: maintaining and improving confidence and integrity in Australia's capital markets.

In 2007-08 a special ASIC Capital Markets Taskforce was established to determine what additional actions ASIC can take in the areas of continuous disclosure, market manipulation and insider trading. A priority of the taskforce was to increase public and market confidence that market abuse is likely to be detected and acted against quickly and effectively.

Key initiatives for 2008-09, that build on the work of the taskforce are to:

- implement recommendations of the taskforce's strategic review on capital markets in conjunction with ASIC's overall strategic review; and
- introduce three key components: a single specialist team to handle all referrals and conduct, IT enhancements to develop surveillance and enforcement capability and capacity, and build communication with market participants.

International capital flows/inward and outward investment: facilitating inward and outward investment in capital markets. ASIC's focus in this area will be to:

- maximise recognition arrangements between foreign jurisdictions (both mutual and unilateral);
- maximise and enhance international cooperation arrangements with other foreign jurisdictions; and
- facilitate cross border financial services businesses.

ASIC also plans to bring forward a number of existing recognition related dialogues with foreign regulators. This includes the aim to achieve a mutual recognition of securities markets regulation between the United States Securities and Exchange Commission (SEC) and Australia by 31 December 2008. This SEC-Australian recognition may also include stockbroker recognition.

ASIC will also work closely with regulators in other major jurisdictions to ensure cross-jurisdictional fraud and market misconduct is detected and dealt with effectively.

Using technology to reduce costs of regulation: ASIC will reduce costs and red tape for small to medium businesses by making it easier to transact with ASIC. During 2008-09 ASIC plans to:

- increase the number of avenues available for businesses and other entities to electronically interact with ASIC;
- update the searching capacity of the corporate register to better meet the needs of customers; and
- participate in Standard Business Reporting (SBR), to build a better system for business-to-government reporting for the future. The SBR initiative will reduce the costs of business reporting to government by harmonising definitions, procedures and reporting requirements across both Commonwealth and State agencies. Among other things, it will allow businesses to use their accounting/record keeping

Australian Securities and Investments Commission Budget Statements

software to automate much of their numerical reporting to government (including Corporations Act financial reporting).

Manage implications of global financial turmoil: managing both the domestic and international implications of global market volatility. ASIC will give priority to reviewing the implications of recent market crises both here and overseas and will examine the role of those involved, including margin lenders, stock lenders, rating agencies and investment banks.

ASIC will also implement the findings of its strategic review with effect from 1 July 2008.

Outcome 1 resource statement

Table 2.1 provides additional detail of budget appropriations and the total resourcing for Outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Australian Securities and Investments Commission		
Departmental outputs		
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	16,151	15,923
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	73,607	66,831
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	65,027	64,911
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC ¹	144,178	144,508
Receipts from other sources (s31)	8,287	12,368
Administered items		
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	3,424	5,206
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	21,780	20,280
<i>Life Insurance Act 1959</i> - Life Unclaimed Moneys	2,760	4,890
Total resources for outcome 1	335,214	334,917
Less appropriations drawn from annual appropriations and credited to special accounts	30,000	30,000
Total net resourcing for ASIC	305,214	304,917

Average staffing level (number)	2008-09	2007-08
	1,685	1,676

1. An enforcement special account was established to provide funding for large enforcement investigations and legal proceedings. The amount is included in the appropriation under output 1.1.4. Also see Table 3.1.3.

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Australian Securities and Investments Commission
<p>Output group 1.1 contributes to outcome 1 by ensuring that the Australian financial markets are fair and transparent and supported by confident and informed participation of investors and consumers. The output group consists of four key outputs that are described below.</p> <p>Components of output group 1.1 are:</p> <p>Departmental outputs</p> <p>Output 1.1.1 — Policy and guidance about the laws administered by ASIC</p> <p>Activities undertaken include:</p> <ul style="list-style-type: none">• Recommendations to the Minister about market licence operating rules.• Guidance provided to regulated entities about how ASIC will apply the law and exercise the law and exercise the discretions that parliament has given ASIC by issuing policy statements, guidance notes and class orders.• Provision of information about the legislation that falls within ASIC's jurisdiction to consumers, companies and investors.• Liaison with overseas regulators. <p>Output 1.1.2 — Comprehensive and accurate information on companies and corporate activity</p> <p>Activities undertaken include:</p> <ul style="list-style-type: none">• Maintaining a comprehensive, accurate and up to date corporate register.• Stakeholders are provided with timely information about their obligations under the <i>Corporations Act 2001</i>. <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>Activities undertaken include:</p> <ul style="list-style-type: none">• Undertaking compliance activities on specific patterns, problems or risk areas and to respond to these problems using a range of regulatory tools.• Issue, amend or refuse licenses to entities and individuals to sell and advise on financial products and services.• Approve new managed investment schemes and new Australian market licences.• Responding to novel and standard applications from companies to exercise our discretion to modify the law.• Determining whether Australian market licensees comply with the standards of supervision required by the law. <p>Administered item — Assetless Administration Fund.</p> <ul style="list-style-type: none">• ASIC finances preliminary investigations and reports by liquidators into the failure of companies with little or no assets that have been selected by ASIC, where it appears that enforcement action may result from the investigation and report. A particular focus of the Assetless Administration Fund is to curb fraudulent phoenix activity.

Contributions to outcome 1 (continued)

Output group 1.1 — Australian Securities and Investments Commission (continued)	
Output 1.1.4 — Enforcement activity to give effect to the laws administered by ASIC	
Activities undertaken include:	
<p>Expediting enforcement actions and litigation to maintain corporate and public confidence in financial markets, and compliance with the <i>Corporations Act 2001</i> generally.</p> <p>Investigating reports of crime and misconduct received from the public.</p>	
Output 1.1.1 — Policy and guidance about the laws administered by ASIC	
Key performance indicators	2008-09 target
<ul style="list-style-type: none"> • Extent to which advice and recommendations are approved by the Minister. • Extent to which ASIC provides guidance and that there is effective consultation about that guidance. • Consumer and investors are provided with information about their rights and responsibilities and how best to make informed choices under this legislative regime. 	<p>Full compliance with the consultation requirements set out by the Office of Best Practice Regulation.</p> <p>80 per cent of advice to Minister on markets rule changes within 14 days of lodgement.</p> <p>Increased number of visits to ASIC's consumer website — FIDO (www.fido.gov.au).</p> <p>An increase in the number of High Schools that use ASIC's new superannuation and insurance interactive schools resources measured over a two year period.</p> <p>The percentage of issuers of Unlisted and Unrated Debentures (UUD) that distributes ASIC's UUD investor guide with their prospectus.</p> <p>Increased media coverage of ASIC's consumer messages.</p> <p>Over the longer term — improvements in financial literacy levels as shown in ANZ's National Financial Literacy survey that is undertaken every two years.</p>
Output 1.1.2 — Comprehensive and accurate information on companies and corporate activity	
<ul style="list-style-type: none"> • Ensuring the corporate register is available to the public to search. • Ensuring the corporate register remains current and up-to-date by processing changes promptly and efficiently. • Providing stakeholders with information about their obligations under the <i>Corporations Act 2001</i>. 	<p>Availability of the corporate register.</p> <p>Increase in the number of searches of the corporate register.</p> <p>Percentage of key documents processed within 48 hours of receipt.</p> <p>Increased percentage of documents lodged electronically as a result of initiatives adopted by ASIC.</p> <p>Increased percentage of company data lodged on time as a result of initiatives adopted by ASIC.</p>

Contributions to outcome 1 (continued)

Output 1.1.2 — Comprehensive and accurate information on companies and corporate activity (continued)	
Key performance indicators	2008-09 target
	<p>All companies provided company statements by ASIC within 14 days of their annual review date.</p> <p>Call centre answers at least 80 per cent of all calls within 60 seconds.</p>
Output 1.1.3 — Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	
<ul style="list-style-type: none"> • Compliance activities lead to the identification of specific behaviour patterns, problems or risk areas and most appropriate responses to them. • Prompt and efficient notification to entities and individuals regarding their application for, or amendment to their license requests. • Prompt and efficient assessment of capital markets. • Discretionary decision making in accordance with principles of administrative law. 	<p>Entities make better disclosures to the market where specific behaviour patterns, problems or risks have been identified associated with fund raising.</p> <p>Entities make better disclosures in disclosure documents where specific behaviour patterns, problems or risks have been identified associated with financial services and products.</p> <p>Entities make changes to their compliance arrangements and/or behaviours where specific behaviour patterns, problems or risks have been identified.</p> <p>70 per cent of applications for Australian Financial Services (AFS) licences and variations to AFS licences decided within 28 days.</p> <p>100 per cent of managed investment schemes registered within 14 days.</p> <p>80 per cent of recommendations to the Minister on new market licences made within 16 weeks of receiving a complete application.</p> <p>80 per cent of findings on assessment of markets are provided to the licensee within 2 months of inspection.</p> <p>No successful appeals to the Administrative Appeals Tribunal regarding ASIC decisions to grant AFS licenses or to provide ASIC relief.</p>

Contributions to outcome 1 (continued)

Output 1.1.4 — Enforcement activity to give effect to the laws administered by ASIC	
Key performance indicators	2008-09 target
<ul style="list-style-type: none"> • Prompt and efficient conduct of investigations resourced. • Enforcement actions lead to the protection of consumers and investors. • Complaints received are resolved promptly and efficiently. 	<p>50 per cent of investigations resourced that led to a conclusion within 6 months of commencement.</p> <p>No more than 15 per cent of investigations resourced that led to a conclusion after 12 months of their commencement.</p> <p>Percentage of successful criminal prosecutions by the Commonwealth Director of Public Prosecution.</p> <p>Percentage of successful civil prosecutions.</p> <p>70 per cent of investigations resourced that lead to an enforcement outcome.</p> <p>Customer service levels maintained with a minimum of 70 per cent of complaints assessed, finalised and the complainant notified of outcome within 28 days of receipt.</p>

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to ASIC from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As ASIC incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to ASIC is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain ASIC's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	353,991
Less estimated payments in 2008-09	322,441
Estimated departmental outputs carried forward and available for 2009-10	31,550

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

ASIC has not moved any administered funds between years.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* (FMA Act) or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by ASIC.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Companies and Unclaimed Moneys Special Account	1	220,281 206,281	38,000 38,000	24,000 24,000	-	234,281 220,281
Deregistered Companies Special Account	1	338 -	- 338	- -	-	338 338
Enforcement Special Account	1	19,067 13,863	30,000 30,000	30,000 24,973	- 177	19,067 19,067
Investigations, Legal Proceedings, Settlements and Court Orders Special Account	1	135 756	- 25	- 646	-	135 135
Other Trust Moneys Account	1	- -	- -	- -	-	- -
Security Deposits Special Account	1	447 443	- 24	447 20	-	- 447
Services for other Governments and Non-Agency Bodies Account	1	- -	- -	- -	-	- -
Total special accounts						
2008-09 Budget estimate		240,268	68,000	54,447	-	253,821
Total special accounts 2007-08 estimate actual		221,343	68,387	49,639	177	240,268

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

ASIC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

Budgeted departmental income statement

ASIC is currently budgeting for a break-even operating result for 2008-09 and for the remainder of the forward estimates.

Revenues from government for 2008-09 is \$303.3 million, which is an increase of \$4.6 million from the 2007-08 Portfolio Additional Estimates Statements. Of this amount, \$4.3 million relates to reprofiling of revenue for the IT Security and Risk Mitigation Phase 2 program. The balance of \$0.3 million increase is attributable to the movement in indices relating to prices and wages.

Total revenue and expenses are estimated to be \$310.5 million for 2008-09. The expenditure will be used to fund activities that contribute towards achieving the output objectives outlined in section 2.

Budgeted departmental balance sheet

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

ASIC's budgeted equity (or net asset position) for 2008-09 remains \$77.2 million. Due to reprofiling of the IT Security and Risk Mitigation Phase 2 program, \$19.1 million of the capital funding for 2007-08 will be utilised in 2008-09. The 2008-09 equity reflects the cumulative effect of capital injections from 2007-08 and 2008-09, thus it remains the same.

Budgeted departmental statement of cash flows

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

Departmental statement of changes in equity — summary of movement

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

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

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

Other non-taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001* and estimated receipts of unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Expenses represent budgeted payments of unclaimed moneys, refund of overpaid fees and charges levied under the *Corporations Act 2001*, bad debt expense and payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct.

Schedule of budgeted assets and liabilities administered on behalf of government

The amount shown for receivables in 2008-09 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2008-09 and the forward estimates represent the estimated amount of refunds relating to the over payments of annual review and other fees under the *Corporations Act 2001*.

Schedule of budgeted administered cash flows

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

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	275,607	303,305	308,042	279,987	279,383
Goods and services	5,082	4,000	4,080	4,162	4,244
Other	6,300	3,241	3,305	3,371	3,438
Total income	286,989	310,546	315,427	287,520	287,065
EXPENSE					
Employees	164,186	171,623	172,762	156,592	157,903
Suppliers	103,297	107,893	108,340	99,800	98,011
Depreciation and amortisation	19,352	30,862	34,097	30,888	30,888
Finance costs	154	168	228	240	263
Total expenses	286,989	310,546	315,427	287,520	287,065
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	3,839	4,153	3,914	3,579	3,695
Trade and other receivables	42,813	30,656	38,678	40,570	42,798
Total financial assets	46,652	34,809	42,592	44,149	46,493
Non-financial assets					
Land and buildings	28,071	41,463	39,000	36,637	35,025
Infrastructure, plant and equipment	13,962	21,985	19,822	20,158	30,801
Intangibles	26,330	58,168	60,444	54,383	42,164
Other	3,099	3,237	3,250	2,994	2,940
Total non-financial assets	71,462	124,853	122,516	114,172	110,930
Total assets	118,114	159,662	165,108	158,321	157,423
LIABILITIES					
Interest bearing liabilities					
Leases	190	-	-	-	-
Total interest bearing liabilities	190	-	-	-	-
Provisions					
Employees	44,330	46,338	46,646	42,280	42,634
Other	3,723	3,891	4,119	4,360	4,623
Total provisions	48,053	50,229	50,765	46,640	47,257
Payables					
Suppliers	17,560	18,342	18,418	16,966	16,662
Other	11,341	13,908	11,994	10,784	9,573
Total payables	28,901	32,250	30,412	27,750	26,235
Total liabilities	77,144	82,479	81,177	74,390	73,492
Net assets	40,970	77,183	83,931	83,931	83,931
EQUITY					
Contributed equity	40,258	76,471	83,219	83,219	83,219
Reserves	11,199	11,199	11,199	11,199	11,199
Retained surpluses or accumulated deficits	(10,487)	(10,487)	(10,487)	(10,487)	(10,487)
Total equity	40,970	77,183	83,931	83,931	83,931
Current assets	49,751	38,046	45,842	47,143	49,433
Non-current assets	68,363	121,616	119,266	111,178	107,990
Current liabilities	59,257	62,756	62,144	56,618	56,018
Non-current liabilities	17,887	19,723	19,033	17,772	17,474

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	6,326	5,704	4,717	4,811	4,906
Appropriations	227,604	314,468	300,054	278,131	277,191
Net GST received	18,490	18,202	13,996	12,718	12,675
Other	6,300	3,241	1,742	1,808	3,438
Total cash received	258,720	341,615	320,509	297,468	298,210
Cash used					
Employees	156,861	169,615	172,454	160,958	157,549
Suppliers	130,013	123,401	123,295	114,045	112,845
Borrowing costs	692	190	-	-	-
Total cash used	287,566	293,206	295,749	275,003	270,394
Net cash from or (used by) operating activities	(28,846)	48,409	24,760	22,465	27,816
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	37,945	84,115	31,747	22,800	27,700
Total cash used	37,945	84,115	31,747	22,800	27,700
Net cash from or (used by) investing activities	(37,945)	(84,115)	(31,747)	(22,800)	(27,700)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	19,662	36,213	6,748	-	-
Total cash received	19,662	36,213	6,748	-	-
Cash used					
Repayments of finance lease principal	692	193	-	-	-
Total cash used	692	193	-	-	-
Net cash from or (used by) financing activities	18,970	36,020	6,748	-	-
Net increase or (decrease) in cash held	(47,821)	314	(239)	(335)	116
Cash at the beginning of the reporting period	51,660	3,839	4,153	3,914	3,579
Cash at the end of the reporting period	3,839	4,153	3,914	3,579	3,695

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	(10,487)	11,199	-	40,258	40,970
Adjusted opening balance	(10,487)	11,199	-	40,258	40,970
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	36,213	36,213
Sub-total transactions with owners	-	-	-	36,213	36,213
Estimated closing balance as at 30 June 2009	(10,487)	11,199	-	76,471	77,183

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	581,660	588,550	596,216	603,963	609,789
Total revenues administered on behalf of Government	581,660	588,550	596,216	603,963	609,789
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	5,206	3,424	3,434	3,491	3,536
Write down and impairment of assets	23,111	21,931	21,955	21,978	23,550
Other	25,170	24,540	25,190	25,860	26,540
Total expenses administered on behalf of Government	53,487	49,895	50,579	51,329	53,626

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,232	4,232	4,234	4,231	4,233
Receivables	76,908	77,923	79,114	79,494	79,694
Total assets administered on behalf of Government	81,140	82,155	83,348	83,725	83,927
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	575	575	575	575	575
Other payables	5,600	5,600	5,600	5,600	5,600
Total liabilities administered on behalf of Government	6,175	6,175	6,175	6,175	6,175

Prepared on an Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	292	313	313	319	322
Other	560,299	565,604	573,070	581,605	586,039
Total cash received	560,591	565,917	573,383	581,924	586,361
Cash used					
Suppliers	25,170	24,540	25,190	25,860	26,540
Other	5,718	3,737	3,747	3,810	3,858
Total cash used	30,888	28,277	28,937	29,670	30,398
Net cash from or (used by) operating activities	529,703	537,640	544,446	552,254	555,963
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	36,939	33,964	34,624	35,351	36,076
Total cash received	36,939	33,964	34,624	35,351	36,076
Cash used					
Cash to Official Public Account	564,916	571,604	579,068	587,608	592,037
Total cash used	564,916	571,604	579,068	587,608	592,037
Net cash from or (used by) financing activities	(527,977)	(537,640)	(544,444)	(552,257)	(555,961)
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	2,506	4,232	4,232	4,234	4,231
Cash at end of reporting period	4,232	4,232	4,234	4,231	4,233

Prepared on an Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

Budgeted agency financial statements

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

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

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

Appropriations in the accrual budgeting framework

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

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

Departmental

Asset valuation

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets fair values as at the reporting date.

Asset recognition threshold

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

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 fair value or the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

Depreciation and amortisation

Computer equipment is depreciated using the declining-balance method whilst, for all other plant and equipment, the straight-line method of depreciation is applied. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

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

Receivables

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

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

Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making-good leased premises and lease incentives. No provision for sick leave is required as all sick leave is non-vesting.

Administered

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

Non-taxation revenues are predominately comprised of *Corporations Act 2001* fees and charges and collections of unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Write down and impairment of assets

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

Schedule of budgeted assets and liabilities administered on behalf of government

Financial assets

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

Schedule of budgeted administered cash flows

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

AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Taxation Office (ATO) effectively manages and shapes tax and superannuation, and other systems that fund and support services for Australians.

In fulfilling its role of administering legislation governing taxes and superannuation, the ATO also supports the community, having roles in other areas including the Australian Business Register and a range of activities such as fuel grants and benefit schemes.

The ATO's strategic direction is outlined in its Strategic Statement 2006-10. The ATO's aspiration is to work with the community in the fair administration and effective management of the tax and superannuation systems and to add value to the nation. The ATO's commitment to the community is to administer the tax and superannuation systems fairly by helping people do the right thing, by making it as easy as possible for taxpayers to comply, and by identifying people who are not meeting their obligations and dealing with them appropriately.

The ATO's primary responsibility is to implement the Government's legislative program in respect of Acts administered by it, and to support the delivery of new Government measures. In 2008-09, key new measures to be implemented include enhancing compliance activities, particularly for large businesses and high wealth individuals, and First Home Saver Accounts.

To ensure that the community receives the very best tax and superannuation administration, delivery of all ATO output groups are underpinned by the following areas of strategic focus for 2008-09:

- delivering on the Government's agenda both in terms of outputs and effectiveness;
- tailoring business processes to make the taxpayer experience timely, easier and more personalised;
- addressing risk areas through the application of its Compliance Model; and
- enhancing the ATO's productive capability to ensure an efficient, effective and adaptive organisation.

Australian Taxation Office Budget Statements

Building on past successes, the ATO will continue to encourage appropriate compliance behaviours and outcomes. It will collaborate with intermediaries and the community to co-design services and tools that minimise compliance costs and that make it as easy as possible for taxpayers and business to understand and comply with their tax and superannuation rights and obligations.

The ageing population and the slowdown of labour force growth, highlights the importance of superannuation to provide a higher standard of living in retirement than would be possible from the age pension alone. Given this, and the strong growth in self-managed superannuation funds, the ATO will continue to assist superannuants and approved auditors to understand and easily comply with their superannuation rights and obligations so as to promote this objective and to provide a level playing field.

The ATO also contributes to the reduction in taxpayers' compliance costs and regulatory burdens through the use of whole-of-government approaches. In particular, the ATO will continue to be heavily involved in Standard Business Reporting and will continue to promote the wider use of information in the Australian Business Register.

Economic activity in Australia is increasingly shaped by events at the global level. Recognising this, the ATO is faced with the challenges of deterring international tax evasion and avoidance that impact on Australia. To do this effectively the ATO will continue to work with law enforcement and other agencies and tax jurisdictions.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the ATO.

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	177,385 ³	2,861,097 ¹	3,038,482	2,798,805
Receipts from other sources	-	62,038	62,038	68,583
Total departmental outputs	177,385	2,923,135	3,100,520	2,867,388
Administered expenses				
Outcome 1	-	-	-	1,100
Total administered outputs	-	-	-	1,100
Total ordinary annual services	A 177,385	2,923,135	3,100,520	2,868,488
Other services				
Departmental non-operating				
Equity injections	-	79,729 ²	79,729	56,183
Previous years' outputs	-	2,886 ²	2,886	-
Total other services	B -	82,615	82,615	56,183
Total available annual appropriations (A+B)	177,385	3,005,750	3,183,135	2,924,671
Special appropriations				
<i>A New Tax System (Family Assistance) (Administration) Act 1999 (s233)</i>	-	-	-	2,118,000
<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	-	101,000	101,000	120,000
<i>Product Grants and Benefits Administration Act 2000 Product Stewardship Waste (Oil) Scheme</i>	-	21,000	21,000	30,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	255,000	255,000	285,000
<i>Taxation Administration Act 1953 s16 (Non-refund items)</i>	-	8,269,700	8,269,700	7,012,200
Total special appropriations	C -	8,646,700	8,646,700	9,565,200
Total appropriations excluding special accounts (A+B+C)	177,385	11,652,450	11,829,835	12,489,871

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Special accounts⁴				
Opening balance	159,626	-	159,626	75,405
Non-appropriation receipts to special accounts	-	81,900	81,900	136,022
Total special account	D 159,626	81,900	241,526	211,427
Total resourcing (A+B+C+D)	337,011	11,734,350	12,071,361	12,701,298
Less receipts from other sources credited to special accounts	-	28,900	28,900	30,260
Total net resourcing for the ATO	337,011	11,705,450	12,042,461	12,671,038

1. Appropriation Bill (No.1) 2008-09.

2. Appropriation Bill (No.2) 2008-09.

3. Estimated adjusted balance carried forward from previous year for annual appropriations.

4. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Budget measures relating to the ATO are detailed in Budget Paper No. 2, *Budget Measures 2008-09*. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Australian Taxation Office 2008-09 Budget measures

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Revenue measures (related expense)						
Increased funding for the Australian Taxation Office compliance dividend						
Departmental outputs	1.1	-	39,038	63,611	76,701	77,604
Means-testing of government support - expanded definitions of income to include certain 'salary sacrificed' contributions to superannuation						
Administered expenses	1.1	-	-	(35,000)	(35,000)	(40,000)
Departmental outputs		-	3,215	3,281	8,209	1,773

Table 1.2: Australian Taxation Office 2008-09 Budget measures (continued)

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Revenue measures (continued)						
(related expense)						
Means-testing of government support - expanded definitions of income to include net losses from investments						
Administered expenses	1.1	-	-	(2,200)	(2,200)	(3,300)
Departmental outputs	-	-	1,134	2,162	716	716
Means-testing of government support - expanded definitions of income to include reportable fringe benefits						
Departmental outputs	-	-	147	834	125	126
Personal income tax - tightening eligibility for the dependency tax offsets						
Departmental outputs	1.1	-	393	75
Total revenue measures						
(related expense)						
Administered expenses	-	-	-	(37,200)	(37,200)	(43,300)
Departmental outputs	-	-	43,534	69,888	85,751	80,219
Total	-	-	43,534	32,688	48,551	36,919
Expense measures						
Education Revolution - Improving our schools - Education Tax Refund - refundable tax offset						
Administered expenses	1.1	-	1,015,000	1,095,000	1,135,000	1,165,000
First Home Saver Accounts						
Administered expenses	1.1	-	110,000	215,000	290,000	360,000
Departmental outputs	-	2,416	20,203	11,200	11,380	12,503
National Rental Affordability Scheme						
Administered expenses	1.1	-	10,500	47,000	134,500	301,700
Removal of differential treatment of same-sex couples and their children - law reform						
Departmental outputs	-	-	-	860	629	412

Table 1.2: Australian Taxation Office 2008-09 Budget measures (continued)

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures (continued)						
Responsible Economic Management - Better targeting and delivery of Family Tax Benefit - streamlining administration						
Administered expenses	1.1	-	(2,160,000)	(2,190,000)	(2,230,000)	(2,270,000)
Departmental outputs		-	665	(6,400)	(8,691)	(8,691)
Responsible Economic Management - Choice of Superannuation Fund						
Departmental outputs	1.1	-	(6,600)	(13,800)	(13,800)	(13,800)
Responsible Economic Management - Heavy vehicle road user charging						
Administered expenses	1.1	-	(40,000)	(110,000)	(150,000)	(190,000)
Responsible Economic Management - New Business Intensive Assistance Program						
Departmental outputs	1.1	-	(10,000)	(10,000)	(10,000)	(10,000)
Superannuation Clearing House Facility						
Departmental outputs	1.1	-	-	4,000	6,000	6,100
Water for the Future - National Urban Water and Desalination Plan						
Administered expenses	1.1	-	-	29,000	49,000	77,000
Total expense measures						
Administered expenses		-	(2,079,500)	(2,009,000)	(1,906,500)	(1,721,300)
Departmental outputs		2,416	1,019,268	1,080,860	1,120,518	1,151,524
	Total	2,416	(1,060,232)	(928,140)	(785,982)	(569,776)

Table 1.2: Australian Taxation Office 2008-09 Budget measures (continued)

	Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Related capital						
First Home Saver Accounts	1.1	288	20,797	-	-	-
Means-testing of government support - expanded definitions of income to include certain 'salary sacrificed' contributions to superannuation	1.1	-	1,297	-	-	-
Means-testing of government support - expanded definitions of income to include net losses from investments	1.1	-	644	-	-	-
Personal income tax - tightening eligibility for the dependency tax offsets	1.1	-	322	-	-	-
Responsible Economic Management - Better targeting and delivery of Family Tax Benefit - streamlining administration	1.1	-	1,622	-	-	-
Total related capital		288	24,682	-	-	-

.. Not zero, but rounded to zero.

Prepared on a Government Finance Statistics basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

The ATO's outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of the ATO in achieving Government outcomes.

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

Outcome 1 strategy

The ATO manages revenue through a range of collection systems, including income tax, GST, superannuation guarantee and excise (but not customs duty). It also administers a range of benefits, subsidies and refunds, including income tax and GST refunds, excise grants, superannuation co-contributions and fuel tax credits.

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

The ATO also administers significant aspects of Australia's superannuation system as well as having responsibility for the Australian Business Register.

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

The ATO will contribute to the achievement of its outcome by focusing its activities on delivering relevant policies and strategies under each of its five output groups.

The ATO's Corporate Plan 2008-09 outlines key priorities for the coming year and identifies those initiatives that have a multi-year focus which support contribution to the outcome over the longer term. The plan includes strategic and capability areas of focus for the year. These support the Strategic Statement 2006-10, guide on-going change agenda and assist in identifying opportunities for business productivity improvements. As a values-based agency, the ATO maintains trust and community confidence by demonstrating values in delivering its outcome and outputs.

As an open and accountable administration, the ATO publishes specific commitments, strategies and targets in key corporate documents such as the Taxpayers' Charter, Making It Easier to Comply and the Compliance Program. In doing this, the ATO assures Government and the community that the tax and superannuation systems are being effectively and efficiently managed and administered.

Outcome 1 resource statement

Table 2.1 provides additional detail of budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1:	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'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		
Output group 1.1 - Australian Taxation Office		
Departmental outputs		
Output 1.1.1 - Shape, design and build administrative systems	224,620	223,904
Output 1.1.2 - Management of revenue collection and transfers	973,497	951,594
Output 1.1.3 - Compliance assurance and support - revenue collection	1,415,203	1,371,414
Output 1.1.4 - Compliance assurance and support for transfers and regulation of superannuation funds	163,545	167,928
Output 1.1.5 - Services to governments and agencies	84,232	83,965
Receipts from other sources	62,038	68,583
Administered items		
Outcome 1	-	1,100
Special appropriations		
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	-	2,118,000
<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	101,000	120,000
<i>Product Grants and Benefits Administration Act 2000 - Product Stewardship Waste (Oil) Scheme</i>	21,000	30,000
<i>Superannuation Guarantee (Administration) Act 1992 Taxation Administration Act 1953 s16 (Non-refund items)</i>	255,000	285,000
	8,269,700	7,012,200

Table 2.1: Total resources for outcome 1 (continued)

	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Special accounts		
Excise Security Deposits Special Account		
Opening balance	50	45
Non-appropriation receipts to special accounts	-	5
Other Trust Moneys Account		
Opening balance	14,344	19,344
Non-appropriation receipts to special accounts	10,000	10,000
Superannuation Holdings Accounts Special Account		
Opening balance	137,390	50,169
Non-appropriation receipts to special accounts	43,000	95,757
Valuation Services Special Account		
Opening balance	7,842	5,847
Non-appropriation receipts to special accounts	28,900	30,260
Total resources for outcome 1	11,811,361	12,645,115
Less receipts from other sources credited to special accounts	28,900	30,260
Total net resourcing for the ATO	11,782,461	12,614,855

	2008-09	2007-08
Average staffing level (number)	20,739	21,876

Note: Departmental splits, by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Outcome categories	Outcome effectiveness indicators
Deliver to government.	Revenue collections as a per cent of budgeted revenue. Actual transfers as a per cent of budgeted transfers. Implementing new policy measures efficiently and effectively.
Maintain community confidence.	Maintain performance against Taxpayers' Charter: <ul style="list-style-type: none"> external survey results; corporate service standards; technical quality assurance; and complaints.
Improve ease of compliance.	Take up rate of new or improved products, services and channels. External survey results.
Efficient, ethical and adaptive organisation.	Manage the ATO within budget. Sound governance system. Capable and engaged workforce.
Output group 1.1 — Australian Taxation Office	
Components of output group 1.1 are: Output 1.1.1 — Shape, design and build administrative systems; Output 1.1.2 — Management of revenue collection and transfers; Output 1.1.3 — Compliance assurance and support — revenue collection; Output 1.1.4 — Compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement; and Output 1.1.5 — Services to governments and agencies	
Output 1.1.1 — Shape, design and build administrative systems	
Output 1.1.1 reflects the ATO's role in effectively shaping, designing and building administrative systems to give effect to the legislation the ATO administer. This output involves: <ul style="list-style-type: none"> providing advice on the administrative, compliance and interpretive aspects of the laws administered by the ATO in relation to new government policy, including advice on costings, modelling and revenue forecasting; identifying, developing or enhancing business practices and processes within the ATO to implement new law or internal initiatives related to administering relevant laws; and providing advice to the Treasury in areas where relevant laws do not operate in accordance with the policy intent, or where compliance costs are higher than expected. 	

Contributions to outcome 1 (continued)

Output 1.1.1 — Shape, design and build administrative systems (continued)	
Key performance indicators	2008-09 target
The ATO's contribution to the shape of new tax and superannuation policy and law.	The Treasury is satisfied with ATO input to new tax and superannuation policy and law design processes, as per the agreed ATO-Treasury protocol.
Administrative systems are in place, and support products are provided for, taxpayers and their advisors.	Administrative systems are in place, and support products are provided, on time and on budget for the implementation of new tax laws.
Implementation of the easier cheaper and more personalised program – the ATO's transformational change program.	<p>The program is implemented in accordance with the agreed intent and outcomes enabling delivery of promised improved user experience.</p> <p>The program is implemented in accordance with agreed schedule and costs, subject to other priorities.</p> <p>ATO evaluates the alignment of the program to progress or support strategic business outcomes.</p>
Output 1.1.2 — Management of revenue collection and transfers	
<p>Output 1.1.2 reflects the ATO's role in managing client contact, revenue collections and payments made to taxpayers and others.</p> <p>The ATO facilitate dealings with the taxpayer as they:</p> <ul style="list-style-type: none"> • enter the tax and other systems the ATO administer through the appropriate registrations; • receive and provide the required information; • make payments; • receive refunds or other payments, or are notified of their obligations; and • engage with the ATO in relation to outstanding obligations and any remedial action taken. 	
Management of revenue collections and payments.	<p>Revenue collected (comparative results to previous year/s performance):</p> <ul style="list-style-type: none"> • dollar value of revenue collected; • number of products processed; and • number of payments processed. <p>Payments made (comparative results to previous year/s performance):</p> <ul style="list-style-type: none"> • dollar value of revenue transferred; • number of refunds issued; and • number of accounts managed.

Contributions to outcome 1 (continued)

Output 1.1.2 — Management of revenue collection and transfers (continued)	
Key performance indicators	2008-09 target
Management of registrations.	<p>Comparative results to previous year/s performance:</p> <ul style="list-style-type: none"> • number of Registrar registrations processed; • number of Commissioner of Taxation registrations processed; • number of Registrar related updates; and • number of Commissioner of Taxation related updates.
Management of client contact.	<p>Comparative results to previous year/s performance:</p> <ul style="list-style-type: none"> • number of information products delivered.
Management of debt collection.	<p>Comparative results to previous year/s performance:</p> <ul style="list-style-type: none"> • collectable debt compared to collections; and • number of debt cases finalised.
Output 1.1.3 — Compliance assurance and support — revenue collections	
<p>Output 1.1.3 reflects the ATO's role in achieving high levels of voluntary compliance with Australia's tax and superannuation laws. The ATO places equal importance on ensuring that taxpayers both receive their entitlements and comply with their obligations.</p> <p>As a general approach, the ATO aims to intrude as little as possible on the majority of the community and businesses who want to meet their obligations, other than as a source of assistance, while at the same time being highly visible to those who are reluctant to do so.</p> <p>Under output 1.1.3 the ATO:</p> <ul style="list-style-type: none"> • publish its compliance program, alerting the community and business to issues they should be aware of and what practices and activity will attract the ATO's attention; • provide information, guidance and self-help tools, answer questions and inform the community of new developments and the ATO's view of the law on contentious issues; • provide certainty to taxpayers through the public ruling and private binding and reviewable ruling systems; • provide easy and effective ways for people to send the ATO information, make payments and receive refunds; and • apply a risk management approach to deter, detect and deal with non-compliance, and promote voluntary compliance in relation to the tax laws. 	
Optimise voluntary compliance.	<p>Overall levels of compliance improved:</p> <ul style="list-style-type: none"> • collections in line with, or above, budget forecasts; and • evaluation of trend data.
Specifically funded activities contributing to the collection of revenue implemented efficiently and effectively.	Specifically funded activities are implemented in accordance with the Government's timetable and achieve policy intent.

Contributions to outcome 1 (continued)

Output 1.1.3 — Compliance assurance and support — revenue collections (continued)	
Key performance indicators	2008-09 target
Provide support to help taxpayers and their advisers understand their rights and obligations.	<p>Comparative results to previous year/s performance:</p> <ul style="list-style-type: none"> • number of information products delivered; and • number of interpretation products delivered. <p>Evaluation of selected ATO information products, from a taxpayer perspective, both pre and post implementation delivery.</p>
Provide compliance assurance for the collection of revenue.	<p>Comparative results to previous year/s performance:</p> <ul style="list-style-type: none"> • number of active compliance products delivered; • number of liabilities raised/collected; and • number of risk reviews conducted. <p>Evaluation of ATO risk management and strategic intelligence.</p>
Output 1.1.4 — Compliance assurance and support for transfers and regulation of superannuation funds	
<p>Output 1.1.4 reflects the ATO's processes required to assure and support compliance and to provide the community with information and assistance, in relation to transfers and superannuation obligations administered by the ATO.</p> <p>Similar to the ATO's assurance role under output 1.1.3, the ATO works to ensure that taxpayers both receive their entitlements and comply with their obligations.</p> <p>This output involves:</p> <ul style="list-style-type: none"> • providing compliance assurance and support in relation to transfers; • regulating self managed superannuation funds; and • ensuring superannuation funds regulated by the Australian Prudential Regulation Authority meet their reporting obligations. <p>Transfers — administered expenses incurred by the ATO for which no reciprocal benefit is received: superannuation guarantee, superannuation co-contributions, and personal and business benefits and subsidies (including those that may be paid, as a matter of convenience, through the tax system). The primary intention of work under output 1.1.3 relates to assuring revenue collection. Compliance activity undertaken for other purposes falls under output 1.1.4.</p>	

Contributions to outcome 1 (continued)

Output 1.1.4 — Compliance assurance and support for transfers and regulation of superannuation funds (continued)	
Key performance indicators	2008-09 target
Optimise voluntary compliance.	Overall levels of compliance improved: <ul style="list-style-type: none"> • transfers and payments consistent with budget; and • evaluation of trend data.
Specifically funded activities contributing to the payment of transfers or the regulation of superannuation funds implemented efficiently and effectively.	Specifically funded activities are implemented in accordance with the Government's timetable and achieve policy intent.
Provide support to help taxpayers and their advisers understand their rights in relation to transfers and their superannuation obligations.	Comparative results to previous year/s performance: <ul style="list-style-type: none"> • number of information products delivered; and • number of interpretation products delivered. Evaluation of selected ATO information products, from a taxpayer perspective, both pre and post implementation delivery.
Provide compliance assurance for the payment of transfers and the regulation of superannuation funds.	Comparative results to previous year/s performance: <ul style="list-style-type: none"> • number of active compliance products delivered; • number of liabilities raised/collected; and • number of risk reviews conducted. Evaluation of ATO risk management and strategic intelligence.
Output 1.1.5 — Services to governments and agencies	
<p>Output 1.1.5 covers the range of services the ATO provides to the Treasurer and the Assistant Treasurer, the Minister for Superannuation and Corporate Law, the Treasury, Parliament, Australian Government agencies, external scrutineers and State and Territory governments. It also covers complaint handling procedures.</p> <p>The ATO works collaboratively with other agencies through a range of cross-agency support services and provides information to deliver whole-of-government initiatives and contributes to the business outcomes of those agencies. The intergovernmental agreement on the Reform of Commonwealth-State Financial Relations also outlines commitments the ATO have to the States and Territories in relation to GST.</p>	

Contributions to outcome 1 (continued)

Output 1.1.5 — Services to governments and agencies (continued)	
<p>This output also covers:</p> <ul style="list-style-type: none"> • services provided by the Australian Valuation Office (AVO), which operates on a full cost-recovery basis; and • the role of Registrar of the Australian Business Register (which is separate from the role of the Commissioner of Taxation) in working cooperatively with intermediaries and other government agencies to establish the Australian Business Register as the Government's business register to reduce red tape for business. 	
Key performance indicators	2008-09 target
Service delivery to governments and agencies.	<p>Cross-agency support delivered to agreed standard and timeliness (as per signed inter-agency Memoranda of Understanding).</p> <p>Ministerial and parliamentary services delivered to agreed standard and timeliness.</p> <p>Required volume of services delivered for cross-agency support.</p> <p>Required volume of services delivered for Ministerial and Parliamentary services.</p>
Valuation services provided to key government agencies.	<p>Number and percentage of work completed for Centrelink within agreed timeframes.</p> <p>AVO level of net operating profit, on-going performance against budget.</p> <p>Number of valuations completed for key government agencies.</p>
The Australian Business Register established as the government's business register.	<p>Number of agencies with Australian Business Register partnership agreements.</p> <p>Australian Business Register services provided to partner agencies to agreed standard and timeliness.</p>

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the ATO agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the ATO incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the ATO is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the ATO's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	3,100,520
Less estimated payments in 2008-09	2,926,223
Estimated departmental outputs carried forward and available for 2009-10	174,297

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The ATO has not moved any administered funds between years.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the ATO.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits Special Account	1	50 45	- 5	- -	- -	50 50
Other Trust Moneys Account	1	14,344 19,344	10,000 10,000	15,000 15,000	- -	9,344 14,344
Services for other Governments and Non-Agency Bodies Account	1	- -	- -	- -	- -	- -
Superannuation Holding Accounts Special Account	1	137,390 50,169	43,000 95,757	44,500 8,536	- -	135,890 137,390
Valuation Services Special Account	1	7,842 5,847	28,900 30,260	27,850 28,265	- -	8,892 7,842
Total special accounts 2008-09 Budget estimate		159,626	81,900	87,350	-	154,176
Total special accounts 2007-08 estimate actual		75,405	136,022	51,801	-	159,626

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

	Appropriations				Other	Total	Output group
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000	\$'000	\$'000	
Australian Taxation Office Outcome 1							
Total Outcome 2008-09	2,691	-	-	2,691	-	2,691	1.1
Total Outcome 2007-08	2,981	-	-	2,981	-	2,981	1.1

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The ATO does not have any differences between the resource information presented in the Budget Papers and Portfolio Budget Statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The ATO is planning a balanced budget in 2008-09 after income tax equivalent expense from the Australian Valuation Office (AVO).

Operating revenues

In 2008-09, total agency revenue is estimated to be \$2,925.0 million. This consists of revenues from Government of \$2,861.1 million, revenue from other sources of \$60.1 million and resources received free of charge of \$3.8 million. Total revenue is estimated to increase by \$51.7 million in 2008-09 from 2007-08, representing an increase in revenues from Government of \$59.7 million due to measures, offset by a smaller decrease in revenue from other sources of \$8.0 million.

Operating expenses

In 2008-09, total expenses are estimated to be \$2,924.1 million. This consists of \$1,744.4 million in employees, \$1,056.4 million in suppliers and \$123.3 million in depreciation and amortisation.

Budgeted departmental balance sheet

The estimated equity position of the ATO at the end of 2008-09 is \$115.3 million. This represents an increase in equity of \$78.7 million from the 2007-08 estimated actual results, due to equity injections of \$79.7 million in 2008-09, offset by dividends payable by AVO of \$1.0 million.

Assets

The ATO's assets are predominantly non-financial assets. In 2008-09 the ATO will continue to maintain its commitment to long term improvement, investing \$206.6 million in capital expenditure. This represents an increase of \$26.5 million from the 2007-08 estimated actual results, due to asset purchases associated with measures shown in Table 1.2.

A significant proportion of the ATO's capital investment is directed toward the development or improvement of internally developed systems and software in support of the ATO'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 ATO's liabilities are predominantly employee entitlements. Total liabilities are estimated to decrease by \$3.8 million from 2007-08 estimated actual results. This is due to decreases of \$1.9 million in finance lease liabilities and \$9.2 million in suppliers and other liabilities, offset by an increase of \$7.3 million in employee entitlements.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	2,801,403	2,861,097	2,917,181	2,916,346	2,920,678
Goods and services	68,583	60,130	43,030	37,102	37,164
Total revenue	2,869,986	2,921,227	2,960,211	2,953,448	2,957,842
Gains					
Other	3,250	3,750	4,000	4,250	4,250
Total gains	3,250	3,750	4,000	4,250	4,250
Total income	2,873,236	2,924,977	2,964,211	2,957,698	2,962,092
EXPENSE					
Employees	1,757,849	1,744,404	1,799,406	1,801,108	1,798,044
Suppliers	1,064,359	1,056,399	1,014,731	989,326	996,150
Depreciation and amortisation	109,318	123,274	149,354	166,784	167,613
Total expenses	2,931,526	2,924,077	2,963,491	2,957,218	2,961,807
Surplus (deficit) before income tax	(58,290)	900	720	480	285
Income tax expense	1,710	900	720	480	285
Surplus (deficit) attributable to the Australian Government	(60,000)	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	23,567	26,605	35,218	33,056	32,283
Trade and other receivables	184,229	172,720	208,618	238,961	269,264
Total financial assets	207,796	199,325	243,836	272,017	301,547
Non-financial assets					
Land and buildings	132,212	139,393	138,020	136,656	134,463
Infrastructure, plant and equipment	54,424	50,266	46,108	41,950	37,792
Intangibles	416,108	496,453	478,735	454,783	430,831
Other	39,757	39,757	39,757	39,757	39,757
Total non-financial assets	642,501	725,869	702,620	673,146	642,843
Total assets	850,297	925,194	946,456	945,163	944,390
LIABILITIES					
Interest bearing liabilities					
Leases	30,058	28,147	26,236	26,236	26,236
Total interest bearing liabilities	30,058	28,147	26,236	26,236	26,236
Provisions					
Employees	545,671	552,989	579,174	578,961	578,943
Other	35,438	35,438	35,438	35,438	35,438
Total provisions	581,109	588,427	614,612	614,399	614,381
Payables					
Suppliers	194,493	186,792	180,215	180,215	180,215
Dividends	1,995	1,050	840	560	333
Other	6,056	5,513	5,333	5,093	4,898
Total payables	202,544	193,355	186,388	185,868	185,446
Total liabilities	813,711	809,929	827,236	826,503	826,063
Net assets	36,586	115,265	119,220	118,660	118,327
EQUITY					
Contributed equity	255,119	334,848	339,643	339,643	339,643
Reserves	47,121	47,121	47,121	47,121	47,121
Retained surpluses or accumulated deficits	(265,654)	(266,704)	(267,544)	(268,104)	(268,437)
Total equity	36,586	115,265	119,220	118,660	118,327
Current assets	278,897	303,464	310,438	310,013	309,760
Non-current assets	571,400	621,730	636,018	635,150	634,630
Current liabilities	620,861	617,976	631,181	630,622	630,286
Non-current liabilities	192,850	191,953	196,055	195,881	195,777

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	73,354	62,038	44,940	37,102	37,164
Appropriations	2,855,581	2,949,966	3,016,866	3,051,865	3,058,191
Other	85,776	98,380	89,819	84,790	84,790
Total cash received	3,014,711	3,110,384	3,151,625	3,173,757	3,180,145
Cash used					
Employees	1,739,591	1,779,428	1,840,076	1,882,037	1,879,728
Suppliers	1,062,014	1,104,567	1,089,929	1,070,222	1,078,050
Other	96,321	93,000	89,747	84,790	84,790
Income taxes paid	267	1,443	900	720	480
Total cash used	2,898,193	2,978,438	3,020,652	3,037,769	3,043,048
Net cash from or (used by) operating activities	116,518	131,946	130,973	135,988	137,097
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	180,178	206,642	126,105	137,310	137,310
Total cash used	180,178	206,642	126,105	137,310	137,310
Net cash from or (used by) investing activities	(180,178)	(206,642)	(126,105)	(137,310)	(137,310)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	56,471	79,729	4,795	-	-
Total cash received	56,471	79,729	4,795	-	-
Cash used					
Dividends paid	641	1,995	1,050	840	560
Total cash used	641	1,995	1,050	840	560
Net cash from or (used by) financing activities	55,830	77,734	3,745	(840)	(560)
Net increase or (decrease) in cash held	(7,830)	3,038	8,613	(2,162)	(773)
Cash at the beginning of the reporting period	31,397	23,567	26,605	35,218	33,056
Cash at the end of the reporting period	23,567	26,605	35,218	33,056	32,283

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/capital \$'000	Total equity \$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	(265,654)	47,121	-	255,119	36,586
Adjusted opening balance	(265,654)	47,121	-	255,119	36,586
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	(1,050)	-	-	-	(1,050)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	79,729	79,729
Sub-total transactions with owners	(266,704)	47,121	-	334,848	115,265
Estimated closing balance as at 30 June 2009	(266,704)	47,121	-	334,848	115,265

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	209,030,000	216,970,000	231,430,000	240,760,000	251,480,000
Indirect tax	68,850,000	73,340,000	77,050,000	80,490,000	84,160,000
Other taxes, fees and fines	424,200	385,540	374,780	388,820	403,980
Total taxation	278,304,200	290,695,540	308,854,780	321,638,820	336,043,980
Non-taxation					
Other sources of non-taxation revenues	26,000	26,000	26,000	26,000	26,000
Total non-taxation	26,000	26,000	26,000	26,000	26,000
Total revenues administered on behalf of Government	278,330,200	290,721,540	308,880,780	321,664,820	336,069,980
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	5,032,200	5,387,200	5,525,200	5,797,100	6,075,000
Personal benefits	3,852,100	2,674,500	2,761,800	2,910,300	3,120,400
Write down and impairment of assets	3,998,000	3,798,000	4,003,000	4,108,000	4,233,000
Finance costs	397,000	330,000	330,000	330,000	330,000
Other	285,000	255,000	244,000	238,000	248,000
Total expenses administered on behalf of Government	13,564,300	12,444,700	12,864,000	13,383,400	14,006,400

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	335,801	335,801	335,801	335,801	335,801
Taxation receivables	16,011,821	17,548,821	19,398,821	21,839,821	24,606,821
Other financial assets	8,390,220	9,150,220	9,735,220	10,135,220	10,710,220
Total assets administered on behalf of Government	24,737,842	27,034,842	29,469,842	32,310,842	35,652,842
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,446,116	1,446,116	1,446,116	1,446,116	1,446,116
Other provisions	450,617	459,617	467,617	461,617	486,617
Total provisions	1,896,733	1,905,733	1,913,733	1,907,733	1,932,733
Payables					
Subsidies	861,306	792,306	714,306	757,306	1,055,206
Personal benefits payable	3,858,223	2,782,723	2,867,023	3,062,723	3,326,023
Other payables	22,804	22,804	22,804	22,804	22,804
Total payables	4,742,333	3,597,833	3,604,133	3,842,833	4,404,033
Total liabilities administered on behalf of Government	6,639,066	5,503,566	5,517,866	5,750,566	6,336,766

Prepared on an Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	270,922,200	284,600,540	302,416,780	314,689,820	328,468,980
Other	26,000	26,000	26,000	26,000	26,000
Total cash received	270,948,200	284,626,540	302,442,780	314,715,820	328,494,980
Cash used					
Borrowing costs	340,000	330,000	330,000	330,000	330,000
Subsidies paid	5,236,300	5,456,200	5,603,200	5,754,100	5,777,100
Personal benefits	3,770,100	3,750,000	2,677,500	2,714,600	2,857,100
Other	310,000	246,000	236,000	244,000	223,000
Total cash used	9,656,400	9,782,200	8,846,700	9,042,700	9,187,200
Net cash from or (used by) operating activities	261,291,800	274,844,340	293,596,080	305,673,120	319,307,780
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	9,656,400	9,782,200	8,846,700	9,042,700	9,187,200
Total cash received	9,656,400	9,782,200	8,846,700	9,042,700	9,187,200
Cash used					
Cash to Official Public Account	270,948,200	284,626,540	302,442,780	314,715,820	328,494,980
Total cash used	270,948,200	284,626,540	302,442,780	314,715,820	328,494,980
Net cash from or (used by) financing activities	(261,291,800)	(274,844,340)	(293,596,080)	(305,673,120)	(319,307,780)
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	335,801	335,801	335,801	335,801	335,801
Cash at end of reporting period	335,801	335,801	335,801	335,801	335,801

Prepared on an Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Notes to the departmental statements

The departmental financial statements, included in Tables 3.2.1 to 3.2.4 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Deregulation 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 ATO'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 (GST) pursuant to the 'intergovernmental agreement on the reform of Commonwealth-State Financial Relations'. The GST revenue is collected on behalf of the States and Territories which agree to compensate the Australian Government for the agreed GST administration costs.

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

Notes to the administered statements

The administered financial statements included in Tables 3.2.5 to 3.2.7 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 ATO 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 ATO 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 either when an assessment of a tax liability is made or payment is received by the ATO. 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 ATO 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.

COMMONWEALTH GRANTS COMMISSION

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COMMONWEALTH GRANTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Commonwealth Grants Commission (the Commission) operates under the *Commonwealth Grants Commission Act 1973*. It is a statutory authority whose role is to provide advice to the Australian Government in response to terms of reference.

The main subject on which the advice is sought is the allocation among the States of the goods and services tax (GST) revenue and health care grants. Terms of reference for these inquiries are decided by the Australian Government in consultation with the States. The reports are considered at the annual meeting of the Ministerial Council for Commonwealth-State Financial Relations.

From time to time, the Commission is also asked to report on the finances of Australia's external territories, local government matters and the financing of services for Indigenous people. Terms of reference for those inquiries are developed by relevant Australian Government agencies and the reports are considered by their Ministers.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the Commission.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	4,940 ³	7,809 ¹	12,749	7,873
Receipts from other sources (s31)	-	8 ²	8	8
Total ordinary annual services A	4,940	7,817	12,757	7,881
Special accounts				
Non-appropriation receipts to special accounts	-	-	-	5
Total special accounts B	-	-	-	5
Total net resourcing for the Commission (A+B)	4,940	7,817	12,757	7,886

1. Appropriation Bill (No.1) 2008-09.

2. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

3. Estimated adjusted balance carried forward from previous year for annual appropriations.

1.3 BUDGET MEASURES

Table 1.2: Commonwealth Grants Commission 2008-09 Budget measures

The Commission does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The Commission's outcome and output is described below, specifying the performance indicators and targets used to assess and monitor the performance of the Commission in achieving government outcomes.

2.1.1 Outcome 1: Fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory is achieved through the distribution, by Government, of GST revenue and Health Care Grants

Outcome 1 strategy

The Commission's role is to provide advice to the Australian Government in response to terms of reference. Five yearly reviews of the methods used to calculate the recommended State shares of GST revenue and health care grants are the major activity associated with this outcome. Between these reviews, the shares are updated annually using the most recent data. The last annual update was completed in February 2008.

Outcome 1 resource statement

Table 2.1 details budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1: Fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory is achieved through the distribution, by Government, of GST revenue and Health Care Grants	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Commonwealth Grants Commission		
Departmental outputs		
Output 1.1.1 - Report on State Revenue Sharing Relativities	7,809	7,873
Receipts from other sources (s31)	8	8
Special accounts		
Non-appropriation receipts to special accounts	-	5
Total resources for outcome 1	7,817	7,886
	2008-09	2007-08
Average staffing level (number)	50	50

Contributions to outcome 1

Output group 1.1 — Commonwealth Grants Commission	
<p>The Commonwealth Grants Commission makes recommendations which are considered by government, on the distribution of the GST pool and health care grants.</p> <p>The components of output group 1.1 is:</p> <p>Output 1.1.1 — Report on State Revenue Sharing Relativities</p>	
Output 1.1.1 — Report on State Revenue Sharing Relativities	
Key performance indicators	2008-09 target
<p>The major effectiveness indicators of this outcome are the quality of the Commission's research, the accuracy of its calculations and the acceptance of the results it presents to government.</p>	<p>Completion of the Report on State Revenue Sharing Relativities 2009 update for consideration by the Ministerial Council for Commonwealth-State Financial Relations.</p>

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2008-09 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the Commission from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the Commission is unlikely to be fully utilised in the Budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the Commission's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	12,757
Less estimated payments in 2008-09	7,817
Estimated departmental outputs carried forward and available for 2009-10	4,940

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The Commission does not have any administered funds.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* (FMA Act) or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Commission.

Table 3.1.3: Estimates of special account cash flows and balances

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	2008-09	2008-09	2008-09	2008-09	2008-09
	2007-08	2007-08	2007-08	2007-08	2007-08
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys -					
Commonwealth Grants	1	-	-	-	-
Commission Special Account	-	5	5	-	-
Total special accounts					
2008-09 Budget estimate	-	-	-	-	-
Total special accounts					
2007-08 estimate actual	-	5	5	-	-

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The Commission does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

The Commission normally receives a relatively steady level of annual funding and its workload and expenses vary over a five year cycle.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	7,873	7,809	7,318	5,501	5,433
Goods and services	8	8	8	8	8
Total revenue	7,881	7,817	7,326	5,509	5,441
Gains					
Other	19	19	19	19	19
Total income	7,900	7,836	7,345	5,528	5,460
EXPENSE					
Employees	6,130	6,565	6,223	4,624	4,624
Suppliers	1,190	1,191	1,042	824	756
Depreciation and amortisation	80	80	80	80	80
Total expenses	7,400	7,836	7,345	5,528	5,460
Surplus (deficit) attributable to the Australian Government	500	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	540	540	540	540	540
Trade and other receivables	58	58	58	58	58
Other	4,400	4,400	4,400	4,400	4,400
Total financial assets	4,998	4,998	4,998	4,998	4,998
Non-financial assets					
Land and buildings	219	219	219	219	219
Infrastructure, plant and equipment	159	159	159	159	159
Other	48	48	48	48	48
Total non-financial assets	426	426	426	426	426
Total assets	5,424	5,424	5,424	5,424	5,424
LIABILITIES					
Provisions					
Employees	1,316	1,310	1,315	1,315	1,315
Other	78	78	78	78	78
Total provisions	1,394	1,388	1,393	1,393	1,393
Payables					
Suppliers	26	32	27	27	27
Total payables	26	32	27	27	27
Total liabilities	1,420	1,420	1,420	1,420	1,420
Net assets	4,004	4,004	4,004	4,004	4,004
EQUITY					
Contributed equity	917	917	917	917	917
Reserves	159	159	159	159	159
Retained surpluses or accumulated deficits	2,928	2,928	2,928	2,928	2,928
Total equity	4,004	4,004	4,004	4,004	4,004
Current assets	5,046	5,046	5,046	5,046	5,046
Non-current assets	378	378	378	378	378
Current liabilities	1,094	1,094	1,094	1,094	1,094
Non-current liabilities	326	326	326	326	326

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	8	8	8	8	8
Appropriations	7,873	7,809	7,318	5,501	5,433
Total cash received	7,881	7,817	7,326	5,509	5,441
Cash used					
Employees	6,054	6,571	6,218	4,625	4,624
Suppliers	1,247	1,166	1,028	804	737
Other	116	-	-	-	-
Total cash used	7,417	7,737	7,246	5,429	5,361
Net cash from or (used by) operating activities	464	80	80	80	80
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	80	80	80	80	80
Total cash used	80	80	80	80	80
Net cash from or (used by) investing activities	(80)	(80)	(80)	(80)	(80)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	116	-	-	-	-
Total cash received	116	-	-	-	-
Net cash from or (used by) financing activities	116	-	-	-	-
Net increase or (decrease) in cash held	500	-	-	-	-
Cash at the beginning of the reporting period	40	540	540	540	540
Cash at the end of the reporting period	540	540	540	540	540

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	2,428	159	-	917	3,504
Adjusted opening balance	2,428	159	-	917	3,504
Surplus (deficit) for the period	500	-	-	-	500
Total income and expenses recognised directly in equity	500	-	-	-	500
Estimated closing balance as at 30 June 2009	2,928	159	-	917	4,004

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The Commission does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The Commission does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Commission does not have any administered funds.

3.2.3 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.

CORPORATIONS AND MARKETS ADVISORY COMMITTEE

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CORPORATIONS AND MARKETS ADVISORY COMMITTEE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Corporations and Markets Advisory Committee (CAMAC) is constituted under Part 9 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). Its functions, as reflected in paragraph 1(1)(c) and section 148 of the ASIC Act, are to provide informed and expert advice to the Government about corporate, financial product and financial market matters, on its own initiative or when requested by the Minister. CAMAC promotes a sound and effective regulatory environment through the provision of timely advice to the Minister about relevant policy and law design issues.

CAMAC's members are appointed by the Minister following consultation with State and Territory Governments. CAMAC is supported by specialist legal advice from its Legal Committee and by a full-time executive located in Sydney.

In the 2008-09 financial year, CAMAC will consider submissions and publish reports on the following references:

- shareholder claims against insolvent companies: implications of the *Sons of Gwalia* decision; and
- issues in external administration.

In 2008-09, CAMAC will also publish a discussion paper on members' schemes of arrangement, inviting submissions for input to the review.

CAMAC will also respond to requests for advice from the Government and keep under consideration other areas that may be suitable for review.

1.2 AGENCY RESOURCE STATEMENT

The total appropriation and other resources for CAMAC in the 2008-09 Budget is \$1 million.

Table 1.1 shows the total resources from all origins for 2008-09, including appropriations.

Table 1.1: Corporations and Markets Advisory Committee resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	173 ²	1,031 ¹	1,204	1,035
Total net resourcing for CAMAC	173	1,031	1,204	1,035

1. Appropriation Bill (No.1) 2008-09.

2. Estimated adjusted balance carried forward from previous year for annual appropriations.

1.3 BUDGET MEASURES

Table 1.2: Corporations and Markets Advisory Committee 2008-09 Budget measures

CAMAC does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

CAMAC's outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance in achieving government outcomes.

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

Outcome 1 strategy

To achieve outcome 1, CAMAC will:

- consider submissions on outstanding discussion papers and develop recommendations for inclusion in reports to the Minister; and
- develop discussion papers on new matters as they arise, canvassing relevant law and policy considerations to assist and inform the consultation process.

Outcome 1 resource statement

Table 2.1 provides additional detail of budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Corporations and Markets Advisory Committee		
Departmental outputs		
Output 1.1.1 - Annual report and discussion papers	485	486
Output 1.1.2 - Recommendations and reports	546	549
Total resources for outcome 1	1,031	1,035
<hr/>		
Average staffing level (number)	2008-09 4	2007-08 4

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Corporations and Markets Advisory Committee	
<p>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.</p> <p>Components of output group 1.1 are:</p> <p>Output 1.1.1 — Annual reports and discussion papers — CAMAC 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.</p> <p>Output 1.1.2 — Recommendation and reports — CAMAC 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 CAMAC reports, containing detailed law reform recommendations, where appropriate.</p>	
<p>Output 1.1.1 — Annual reports and discussion papers; and Output 1.1.2 — Recommendation and reports</p>	
Key performance indicators	2008-09 target
Timely advice to the Minister in the form of CAMAC reports and other papers.	<p>Publication of reports on:</p> <ul style="list-style-type: none"> • shareholder claims against insolvent companies: implications of the <i>Sons of Gwalia</i> decision; • issues in external administration; and • members' schemes of arrangement. <p>Possible publication of one or more discussion papers on new matters as they arise.</p>

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of CAMAC's finances for the budget year 2008-09.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to CAMAC from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As CAMAC incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to CAMAC is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain CAMAC's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	1,204
Less estimated payments in 2008-09	1,036
Estimated departmental outputs carried forward and available for 2009-10	168

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

CAMAC does not have any administered funds.

3.1.3 Special accounts

Table 3.1.3: Estimates of special account cash flows and balances

	Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Corporations and Markets Advisory Committee Special Account	1	-	-	-	-
Total special accounts 2008-09 Budget estimate	-	-	-	-	-
Total special accounts 2007-08 estimate actual	-	-	-	-	-

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

CAMAC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

CAMAC is budgeting for a break-even operating result for 2008-09.

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 cash flows

This statement identifies cash flows movements from operating and investing activities.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	1,035	1,031	1,042	1,050	1,065
Other	16	16	16	16	16
Total income	1,051	1,047	1,058	1,066	1,081
EXPENSE					
Employees	620	625	630	635	640
Suppliers	416	407	413	416	426
Depreciation and amortisation	15	15	15	15	15
Total expenses	1,051	1,047	1,058	1,066	1,081
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	70	70	70	70	70
Trade and other receivables	117	112	107	102	97
Total financial assets	187	182	177	172	167
Non-financial assets					
Land and buildings	9	8	7	6	6
Infrastructure, plant and equipment	103	109	115	121	126
Other	8	8	8	8	8
Total non-financial assets	120	125	130	135	140
Total assets	307	307	307	307	307
LIABILITIES					
Provisions					
Employees	188	188	188	188	188
Other	32	32	32	32	32
Total liabilities	220	220	220	220	220
Net assets	87	87	87	87	87

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
EQUITY					
Reserves	10	10	10	10	10
Retained surpluses or accumulated deficits	77	77	77	77	77
Total equity	87	87	87	87	87
Current assets	187	182	177	172	167
Non-current assets	120	125	130	135	140
Current liabilities	220	220	220	220	220
Non-current liabilities	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	871	1,031	1,042	1,050	1,065
Interest	2	-	-	-	-
Other	39	39	39	39	39
Total cash received	912	1,070	1,081	1,089	1,104
Cash used					
Employees	620	625	630	635	640
Suppliers	424	425	431	434	444
Total cash used	1,044	1,050	1,061	1,069	1,084
Net cash from or (used by) operating activities	(132)	20	20	20	20
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	(152)	-	-	-	-
Cash at the beginning of the reporting period	222	70	70	70	70
Cash at the end of the reporting period	70	70	70	70	70

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: 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
Opening balance as at 1 July 2008					
Balance carried forward from previous period	77	10	-	-	87
Estimated closing balance as at 30 June 2009	77	10	-	-	87

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

CAMAC does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

CAMAC does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

CAMAC does not have any administered funds.

3.2.4 Notes to the financial statements

Basis of accounting

The financial statements have been prepared on an Australian Accounting Standards basis.

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The primary function of the Inspector-General of Taxation (IGT) is to improve the administration of the tax laws for the benefit of all taxpayers. This is to be achieved by reviewing both the systems established by the Australian Taxation Office (ATO) to administer the tax laws and the systems established by tax laws in relation to administrative matters. The Inspector-General's two outputs involve the identification of systemic issues and the provision of independent advice to government on the administration of the tax laws.

For 2008-09, the Inspector-General's strategic direction will be to maximise the advantage of the bridge between the community and tax administration that the role provides. This will include broadening the base of community input to the process of identifying systemic issues, and increasing focus on identifying improvements that will benefit the maximum number of taxpayers. The aim will be to encourage the broader community to help protect and improve the integrity of the tax system by using the independent channel of the Inspector-General to raise issues and have them transparently examined. Strategies for obtaining input and submissions from professional bodies and other representative stakeholder organisations will also be continued.

The Inspector-General also intends to extend successful strategies of engaging external expertise, particularly professional research expertise, as input to particular reviews.

The Inspector-General will also explore new strategies for undertaking reviews including joint projects with the ATO aimed at identifying and agreeing administrative improvements.

The Inspector-General expects to complete five formal reviews during 2008-09. A formal review will also be commenced of the extent to which the ATO has implemented agreed recommendations from Inspector-General reviews completed since July 2006. This would be the second such follow-up review and it would examine the extent to which the ATO has built upon the findings of the first review that 62 out of 65 agreed recommendations had been implemented.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the IGT.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	1,882 ³	2,167 ¹	4,049	2,178
Receipts from other sources (s31)	-	52 ²	52	52
Total net resourcing for the IGT	1,882	2,219	4,101	2,230

1. Appropriation Bill (No.1) 2008-09.

2. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

3. Estimated adjusted balance carried forward from previous year for annual appropriations.

1.3 BUDGET MEASURES

Table 1.2: Inspector-General of Taxation 2008-09 Budget measures

The IGT does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The IGT's outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the IGT in achieving government outcomes.

2.1.1 Outcome 1: Improved administration of the tax laws for the benefit of all taxpayers

Outcome 1 strategy

Key strategies to achieve outcome 1 are:

- to undertake community consultation, research and other processes to identify and prioritise areas of tax administration that can be systemically improved (output 1.1.1); and
- to review identified areas and provide independent advice and recommendations to government on improvements to the administration of the tax laws (output 1.1.2).

The major projects and activities expected to be commenced and/or completed during 2008-09 include:

- completion of the following current reviews;
 - reviews into the ATO's Ability to Identify and Deal with Major, Complex Issues within Reasonable Timeframes (fourth summary report arising from three completed cases studies);
 - review into the ATO's administration of public binding advice;
 - review into the non-lodgement of income tax returns;
 - review into aspects of the ATO's settlement of active compliance activities; and
 - review into the underlying causes and the management of objections to the ATO's decisions.

Inspector-General of Taxation Budget Statements

- working positively with the ATO to gain agreement to systemic improvements identified by reviews;
- extensive consultation with professional bodies and societies that represent taxpayers, and with their advisors to update the IGT forward work program and establish review priorities;
- commencement of the following reviews on the IGT's forward work program (subject to being deferred if higher priority demands arise):
 - a follow up review into the ATO's implementation of agreed recommendations included in the six reports prepared by the IGT between June 2006 and December 2007;
 - the extent to which the ATO has fulfilled its obligation in a self-assessment system to provide adequate and contemporary guidance to taxpayers on matters it has publicly identified as a compliance risk;
 - the potential for increasing the use of guidelines that increase taxpayer certainty in areas of compliance focus;
 - the ATO's level of investment in staff that set legal precedents; and
 - the ATO's management of the Higher Education Loan Program.
- piloting new approaches to IGT review processes.

Outcome 1 resource statement

Table 2.1 provides additional detail of budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1: Improved administration of the tax laws for the benefit of all taxpayers	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Inspector-General of Taxation		
Departmental outputs		
Output 1.1.1 - Identification of issues for review and prioritisation of work program	108	109
Output 1.1.2 - Provision of independent advice to the government on the administration of the tax laws	2,059	2,069
Receipts from other sources (s31)	52	52
Total resources for outcome 1	2,219	2,230
<hr/>		
Average staffing level (number)	2008-09 7	2007-08 7

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Inspector-General of Taxation	
<p>The key result to be achieved is the implementation by the ATO or by government of the Inspector-General's advice and recommendations for systemic improvements to tax administration.</p> <p>Components of output group 1.1 are:</p> <p>Output 1.1.1 — Identification of issues for review and prioritisation of work program; and</p> <p>Output 1.1.2 — Provision of independent advice to the government on the administration of the tax laws.</p>	
Key performance indicators	2008-09 target
A publicly available prioritised forward work program of reviews.	Timely publishing of forward work program on the IGT website.
Completion of reviews recommending systemic improvements to tax administration.	Five reviews completed with substantive recommendations for systemic improvements.
Positive feedback and continued support from community stakeholders.	<p>Significant number of submissions to reviews and continued stakeholder contribution through consultation processes.</p> <p>Community response to reviews and recommendations.</p>
Recommendations are agreed and implemented by the ATO or the government.	Recommendations are agreed and implemented.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation available to the IGT from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the IGT incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the IGT is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the IGT's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	4,101
Less estimated payments in 2008-09	2,207
Estimated departmental outputs carried forward and available for 2009-10	1,894

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The IGT does not have any administered funds.

3.1.3 Special accounts

Table 3.1.3: Estimates of special account cash flows and balances

The IGT does not have any special accounts.

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The IGT does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

For 2008-09, the 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 outcomes.

It is expected that for 2008-09, approximately 55 per cent of the budget allocation will be expended on employee costs, 25 per cent on office accommodation and corporate overheads, and 20 per cent on other direct costs associated with completing the work program. Employee costs are expected to rise gradually as a proportion of budget allocation in future years.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	2,178	2,167	2,184	2,200	2,232
Rents	52	52	52	52	52
Other	4	-	-	-	-
Total revenue	2,234	2,219	2,236	2,252	2,284
Gains					
Other	18	18	18	18	18
Total gains	18	18	18	18	18
Total income	2,252	2,237	2,254	2,270	2,302
EXPENSE					
Employees	1,202	1,232	1,294	1,358	1,426
Suppliers	899	932	896	874	838
Depreciation and amortisation	67	73	64	38	38
Total expenses	2,168	2,237	2,254	2,270	2,302
Surplus (deficit) attributable to the Australian Government	84	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	67	79	51	64	79
Trade and other receivables	1,827	1,828	1,827	1,827	1,827
Total financial assets	1,894	1,907	1,878	1,891	1,906
Non-financial assets					
Infrastructure, plant and equipment	98	63	37	37	37
Other	-	25	25	25	25
Total non-financial assets	98	88	62	62	62
Total assets	1,992	1,995	1,940	1,953	1,968
LIABILITIES					
Provisions					
Employees	252	264	276	290	304
Other	67	70	-	-	-
Total provisions	319	334	276	290	304
Payables					
Suppliers	62	50	53	52	53
Total payables	62	50	53	52	53
Total liabilities	381	384	329	342	357
Net assets	1,611	1,611	1,611	1,611	1,611
EQUITY					
Contributed equity	1	1	1	1	1
Retained surpluses or accumulated deficits	1,610	1,610	1,610	1,610	1,610
Total equity	1,611	1,611	1,611	1,611	1,611
Current assets	363	401	372	385	400
Non-current assets	1,629	1,594	1,568	1,568	1,568
Current liabilities	163	225	164	168	175
Non-current liabilities	218	159	165	174	182

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,983	2,167	2,184	2,200	2,232
Other	52	52	52	52	52
Total cash received	2,035	2,219	2,236	2,252	2,284
Cash used					
Employees	1,190	1,220	1,281	1,345	1,412
Suppliers	848	949	945	856	819
Total cash used	2,038	2,169	2,226	2,201	2,231
Net cash from or (used by) operating activities	(3)	50	10	51	53
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	38	38	38	38
Total cash used	-	38	38	38	38
Net cash from or (used by) investing activities	-	(38)	(38)	(38)	(38)
Net increase or (decrease) in cash held	(3)	12	(28)	13	15
Cash at the beginning of the reporting period	70	67	79	51	64
Cash at the end of the reporting period	67	79	51	64	79

Prepared on an Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (Budget year 2008-09)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	1,610	-	-	1	1,611
Estimated closing balance as at 30 June 2009	1,610	-	-	1	1,611

Prepared on an Australian Accounting Standards basis.

**Table 3.2.5: Schedule of budgeted income and expenses administered on behalf
of Government (for the period ended 30 June)**

The IGT does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The IGT does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

The IGT does not have any administered funds.

3.2.4 Notes to the financial statements

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

NATIONAL COMPETITION COUNCIL

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NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The National Competition Council (NCC) is an independent statutory agency established under Part IIA of the *Trade Practices Act 1974* (TPA). The NCC advises and makes recommendations under the National Access Regime in Part IIIA of the TPA¹ and recommendations and decisions in relation to natural gas pipelines.

The National Access Regime promotes competition, efficiency and productivity in markets that depend on the use of services provided by monopoly infrastructure facilities. The regime provides for access to monopoly facilities on appropriate terms, while ensuring facility owners receive appropriate payment for the use of their facilities (including a commercial return on their investment) and avoids wasteful and inefficient duplication of costly facilities, while ensuring appropriate incentives for infrastructure investment are maintained.

The NCC's function within the National Access Regime is to recommend on applications for declaration made by parties seeking to open up access to services provided by monopoly facilities. The NCC may only recommend a service be declared where:

- access to a service would materially promote competition in a dependent market;
- the service is provided by a facility that is uneconomical to duplicate;
- the facility is of national significance;
- there is no undue risk to health and safety;
- there is no alternative effective access regime; and
- access is not contrary to the public interest.

1 The NCC was established in 1995 to assist the Australian and State and Territory Governments to implement the National Competition Policy (NCP) and to make various recommendations relating to third party access to monopoly infrastructure. With the completion of the NCP program in 2006, the NCC re-focused on its roles relating to third party access and under the National Third Party Access Code for Natural Gas Pipeline Systems (the Gas Code). In April 2007, the Council of Australian Governments (COAG) determined that the NCC should continue to undertake these functions on an ongoing basis.

All six of these conditions must be met before a service can be declared. The NCC is also required to have regard to the objects of Part IIIA of the TPA, which are to promote effective competition in upstream and downstream markets via the economically efficient operation of and investment in infrastructure, and to encourage a consistent approach to access regulation in each industry. Where a service is declared, the Australian Competition and Consumer Commission is empowered to arbitrate access disputes if parties seeking access and facility owners are unable to agree on access arrangements and prices.

As an alternative to the National Access Regime, States and Territories may develop and implement access schemes specific to a jurisdiction's circumstances or act cooperatively to implement parallel regulation across jurisdictions (such as occurs in relation to the gas and electricity industries). Governments may seek certification of an access scheme as a means of verifying that the scheme provides an effective means of regulating third party access that broadly adheres to the principles underlying the National Access Regime.² Services that are subject to a certified State or Territory access regime are not subject to the national regime. The NCC is responsible for advising on whether such a scheme is effective and reflects the appropriate principles.

NCC recommendations in relation to declaration of services provided by monopoly facilities or certification of State or Territory access schemes are made to the responsible Australian Government Minister, except where declaration is sought for a service provided by a facility owned by a State or Territory government where the recommendation is to the responsible Minister of that State or Territory government.

The Ministerial Council of Energy's ongoing process of progressive reform of the energy sector will see a new National Gas Law. Under this law the NCC is to continue its role of recommending on whether particular natural gas pipeline systems should be covered and thus subject to regulation. This role is similar to that undertaken by the NCC under the Gas Code, which will continue to operate until the new law is implemented. In addition, under the new law, the NCC is responsible for determining whether covered (regulated) pipelines should be subject to full regulation or light regulation, classifying pipelines as transmission or distribution pipelines and advising the Minister for Resources and Energy in relation to price regulation and green field exemptions available under the law.

Activity in access regulation is expected to increase in 2008-09 and beyond. The NCC expects to have three complex declaration applications on hand at the start of the year. The NCC is likely to receive additional applications during the year, although the number and timing of applications is unpredictable. The NCC is also closely involved in a number of court proceedings and applications before the Australian Competition Tribunal arising from current or earlier declaration applications. The NCC anticipates additional such proceedings and applications will arise in 2008-09.

² These principles are set out in clause 6 of the Competition Principles Agreement.

The Ministerial Council of Energy's energy reform process will see most State and Territory governments implementing revised gas and electricity regimes for which they will seek certification. State and Territory governments have also undertaken to seek the certification of all other access regimes by 2010. The NCC anticipates receiving between five and as many as 12 applications for certification during 2008-09, although both the number and timing of these applications will depend on the implementation of relevant legislation at Australian and more particularly State and Territory level. The NCC expects applications for certification of some access regimes across jurisdictions to raise similar issues and to be amenable to being considered in parallel processes which will reduce the resources required in dealing with these.

In addition, the NCC may receive one or more applications relating to the regulation of natural gas pipeline systems.

The NCC is to make its best endeavours to recommend within four months on applications for declaration and within six months on applications for certification. The forthcoming National Gas Law will impose timeframes for the NCC's recommendations and decisions. Meeting these timeframes will require streamlining and greater efficiency in NCC processes and operations, and the reallocation of some additional human and financial resources. The number and complexity of proceedings in the Australian Competition Tribunal in relation to decisions resulting from NCC recommendations and court proceedings commenced in relation to applications for declaration coming to the NCC are also growing and absorbing significant resources.

The NCC works within a complex and evolving area of law where significant private and public interests are involved. In almost all matters that the NCC considers it is required to balance competing claims and interests with a view to ensuring an outcome that serves Australia's national interest. It is essential that the NCC continually develops its capabilities to ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments as appropriate. The NCC must also ensure that its recommendations meet the requirements of decision making Ministers for objective advice that properly reflects relevant statutory provisions. The nature and potential impact of the NCC's areas of responsibility also demand that the NCC make available information and guidance to all interested parties.

The NCC considers that there are two particular potential challenges to delivering its output as projected.

The first is the capacity and willingness of some parties to raise legal challenges which seek to impair the NCC's ability to properly consider applications for declaration in commercially relevant timeframes or, more broadly, to delay processes under the National Access Regime such that declaration is rendered irrelevant. The second challenge is the scope for delay in intergovernmental regulatory reform processes or a lack of effective coordination in relation to the timing and conduct of applications for certification of new access arrangements in relation to electricity and gas markets.

These factors have the potential to put back the likely timing of expected certification applications in these areas or significantly increase the resources and time needed to consider these applications.

The NCC is continually evaluating and seeking to manage these risks.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the NCC.

Table 1.1: National Competition Council resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	2,651 ²	2,781 ¹	5,432	4,006
Total net resourcing for the NCC	2,651	2,781	5,432	4,006

1. Appropriation Bill (No.1) 2008-09.

2. Estimated adjusted balance carried forward from previous year for Annual Appropriations.

Third Party Drawdowns from and on behalf of other agencies

	\$'000
Payments made on behalf of the NCC	2,781

Note: The Australian Competition and Consumer Commission provides financial services to the NCC and has drawdown access to manage the NCC's finances.

1.3 BUDGET MEASURES

Table 1.2: National Competition Council 2008-09 Budget measures

Output group	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures					
Departmental outputs					
Responsible Economic Management - National Competition Council	1.1	-	(1,200)	(1,200)	(1,200)
Total expense measures		-	(1,200)	(1,200)	(1,200)

Prepared on a Government Finance Statistics basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the government on the Australian community.

The NCC's outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the NCC in achieving government outcomes.

The NCC has a single outcome being the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community.

Following the end of the National Competition Policy (NCP) and the April 2007 decision of the Council of Australian Governments (COAG) about the function of the NCC, the NCC has revised its outputs. The changes are to amend output 1.1.1 so that the output focuses on advising on infrastructure access issues and to remove entirely the former output 1.1.2, under which the NCC provided public information on competition policy. The NCC now has a single output 1.1.1 that reflects the current role of the NCC in relation to third party access regulation and the contribution of this to outcome 1.

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

2.1.1 Outcome 1: The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community

Outcome 1 strategy

The NCC will provide comprehensive, objective and transparent advice to governments on applications received for the declaration of services and the certification of access regimes and on applications for the coverage/revocation of coverage and form of regulation of natural gas pipeline systems, in line with indicative best endeavours timeframes.

The NCC will continually seek to improve its processes, published guidelines and the structure of recommendation reports, and mechanisms for providing information to interested parties in relation to access regulation matters.

In 2008-09 and beyond, the NCC will liaise with governments as prospective applicants for the certification of access regimes, including regimes in the energy sector, to maximise opportunities for certification.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1: The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - National Competition Council		
Departmental outputs		
Output 1.1.1 - Advice provided to governments on infrastructure access issues	2,781	4,006
Total resources for outcome 1	2,781	4,006

	2008-09	2007-08
Average staffing level (number)	13	13

Contributions to outcome 1

Output group 1.1 — National Competition Council	
The component of output group 1.1 is:	
Output 1.1.1 — Advice provided to governments infrastructure access issues	
<ul style="list-style-type: none"> Advice provided to governments on infrastructure access issues, including in particular on: applications for declaration of services provided by monopoly facilities; applications for certification and applications in relation to natural gas pipelines under the National Gas Law. 	
Output 1.1.1 — Advice provided to governments infrastructure access issues	
Key performance indicators	2008-09 target
NCC recommendations on applications for declaration of services provided by monopoly facilities meet statutory requirements (including target time limits) and the advice requirements of decision making Ministers.	Recommendations on applications are provided within statutory time guidelines (target of 4 months). Recommendations meet the advice requirements of decision making Ministers.
NCC recommendations on applications for certification meet statutory requirements (including target time limits) and the advice requirements of decision making Ministers.	Recommendations are made within statutory time guidelines (target of 6 months). Recommendations meet the advice requirements of decision making Ministers.

Contributions to outcome 1 (continued)

Output 1.1.1 — Advice provided to governments infrastructure access issues (continued)	
Key performance indicators	2008-09 target
NCC recommendations and decisions under the National Gas Law are made in accordance with the processes and criteria provided for in that law and related rules.	<p>Recommendations and decisions are made within specified time limits.</p> <p>Recommendations meet the advice requirements of decision making Ministers.</p>
The NCC develops and maintains informative and up to date information resources for applicants, infrastructure owners and other interested parties in relation to all matters for which it is responsible.	<p>A new NCC website is launched to provide accessible information on all access regulation matters for which the NCC is responsible.</p> <p>Updated guidelines on declaration and certification under Part IIIA of the TPA are available on the NCC website by 31 December 2008.</p> <p>Initial guidelines relating to the NCC's areas of responsibility under the new National Gas Law are available on the NCC website within three months of that law coming into effect.</p> <p>Case law developments, legislative amendments and developments in NCC processes or policies are reflected in NCC information resources within 30 days.</p>
The NCC provides timely advice on the operation of the National Access Regime (including by way of the reporting required by s29O(2) of the TPA which requires reporting on time taken to make recommendations, court or Australian Competition Tribunal interpretation of key provisions, matters impeding the operation of the regime, benefits and costs (including any disincentives for investment) resulting from the regime's operation, and implications for the future operation of the regime).	The NCC's Annual Report to Parliament includes a comprehensive report on the National Access Regime that meets the requirements of s29O(2) and is provided by 31 August 2008.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the NCC from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the NCC incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the NCC is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	5,431
Less estimated payments in 2008-09	2,764
Estimated departmental outputs carried forward and available for 2009-10	2,667

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The NCC does not have any administered funds.

3.1.3 Special accounts

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	-	-	-	-	-
Services for other Governments and Non-Agency Bodies Account	1	-	-	-	-	-
Total special accounts 2008-09 Budget estimate		-	-	-	-	-
Total special accounts 2007-08 estimate actual		-	-	-	-	-

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The NCC does not have any Australian Government Indigenous Expenditure.

3.2 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 Deregulation. The budgeted statements show the planned financial performance for the 2008-09 budget year and each of the forward years from 2009-10 to 2011-12. The statements also include the estimated actual for 2007-08 for comparative purposes.

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

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

Budgeted departmental income statement

The NCC is budgeting for a breakeven operating result in 2008-09.

Operating revenues

Total NCC revenue is estimated to be \$2.8 million for 2008-09. This is a decrease of \$1.2 million from the 2007-08 estimated actual due to the 2008-09 Budget measure.

Operating expenses

Total expenses are estimated to be \$2.8 million for 2008-09. This is a decrease of \$1.2 million from the 2007-08 estimated actual due to the 2008-09 Budget measure.

Budgeted departmental balance sheet

In 2008-09 the NCC's equity position will be positive \$2.4 million.

Assets

The NCC's assets are predominantly financial assets.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2007-08.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	4,006	2,781	2,817	2,848	2,907
Other	24	24	24	24	-
Total income	4,030	2,805	2,841	2,872	2,907
EXPENSE					
Employees	1,462	1,533	1,595	1,659	1,725
Suppliers	2,559	1,232	1,206	1,173	1,142
Depreciation and amortisation	9	40	40	40	40
Total expenses	4,030	2,805	2,841	2,872	2,907
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	22	22	22	22	22
Trade and other receivables	2,629	2,646	2,659	2,673	2,673
Total financial assets	2,651	2,668	2,681	2,695	2,695
Non-financial assets					
Land and buildings	97	80	73	73	73
Infrastructure, plant and equipment	20	13	36	52	52
Other	2	2	2	2	2
Total non-financial assets	119	95	111	127	127
Total assets	2,770	2,763	2,792	2,822	2,822
LIABILITIES					
Provisions					
Employees	293	301	330	360	360
Other	8	8	8	8	8
Total provisions	301	309	338	368	368
Payables					
Suppliers	29	14	14	14	14
Other	8	8	8	8	8
Total payables	37	22	22	22	22
Total liabilities	338	331	360	390	390
Net assets	2,432	2,432	2,432	2,432	2,432
EQUITY					
Reserves	115	115	115	115	115
Retained surpluses or accumulated deficits	2,317	2,317	2,317	2,317	2,317
Total equity	2,432	2,432	2,432	2,432	2,432
Current assets	2,653	2,670	2,683	2,697	2,697
Non-current assets	117	93	109	125	125
Current liabilities	184	173	187	202	202
Non-current liabilities	154	158	173	188	188

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	4,006	2,781	2,817	2,848	2,907
Total cash received	4,006	2,781	2,817	2,848	2,907
Cash used					
Employees	1,442	1,503	1,565	1,629	1,695
Suppliers	2,554	1,238	1,212	1,179	1,172
Total cash used	3,996	2,741	2,777	2,808	2,867
Net cash from or (used by) operating activities	10	40	40	40	40
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	10	40	40	40	40
Total cash used	10	40	40	40	40
Net cash from or (used by) investing activities	(10)	(40)	(40)	(40)	(40)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	22	22	22	22	22
Cash at the end of the reporting period	22	22	22	22	22

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	2,317	-	115	-	2,432
Estimated closing balance as at 30 June 2009	2,317	-	115	-	2,432

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The NCC does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The NCC does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

The NCC does not have any administered funds.

3.2.4 Notes to the financial statements

Basis of accounting

The financial statements have been prepared on an Australian Accounting Standards basis.

PRODUCTIVITY COMMISSION

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PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Productivity Commission (the Commission) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work extends to the public and private sectors, including areas of State, Territory and local government, as well as federal responsibility.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry research, 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 that takes a community-wide perspective rather than just the interest of particular industries or groups. The Commission has four broad components of work:

- government commissioned projects;
- performance reporting and other services to government bodies;
- competitive neutrality complaints activities; and
- supporting research and activities and statutory annual reporting.

It is anticipated the Commission's work in 2008-09 and the forward years will be integral to the national reform agenda. The Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research program. Commissioned projects currently underway and carrying over into 2008-09 include inquiries into *Paid Maternity, Paternity and Parental Leave*, and the *Consumer Policy Framework* as well as studies of the *Regulatory Burden on the Upstream Petroleum Sector, Business Regulation Benchmarking, Chemicals and Plastics Regulation, the Mutual Recognition Agreement* and the *Trans-Tasman Mutual Recognition Arrangement* and an ongoing *Review of Regulatory Burdens on Business* that is currently focused on the manufacturing sector and distributive trades. In addition, the Government has asked the Commission to undertake economy-wide modeling of

Productivity Commission Budget Statements

future assistance options for the automotive industry and announced that it will be seeking similar advice in relation to the textiles, clothing and footwear industries.

Several of the abovementioned commissioned projects have been initiated by the Council of Australian Governments (COAG). The Commission is also working with Australia's jurisdictions in respect of standing research responsibilities and specific projects. In particular, the Commission is providing cross-jurisdictional reporting to COAG on performance of government services and indicators of Indigenous disadvantage and preparing an annual publication focussing on the performance of government trading enterprises.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. Its function is to receive and investigate complaints and provide advice to the Minister on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a statutory mandate to undertake research to complement its other activities. The supporting research program includes work on productivity performance and its determinants, environmental and resources management, labour markets (including social dimensions) and development of economic models and frameworks. The Commission's most recent research report released in March 2008 is *Towards Urban Water Reform A Discussion Paper*. A full list of the Commission's research reports and Staff Working Papers is provided on the Commission's website.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the Commission.

Table 1.1: Productivity Commission resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	9,109 ³	30,753 ¹	39,862	32,389
Receipts from other sources (s31)	-	265 ²	265	258
Total ordinary annual services A	9,109	31,018	40,127	32,647
Other services				
Departmental non-operating				
Equity injections	-	-	-	462
Total other services B	-	-	-	462
Total net resourcing for the Commission (A+B)	9,109	31,018	40,127	33,109

1. Appropriation Bill (No.1) 2008-09.

2. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

3. Estimated adjusted balance carried forward from previous year for annual appropriations.

1.3 BUDGET MEASURES

Table 1.2: Productivity Commission 2008-09 Budget measures

The Commission does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The Commission's outcome and outputs are described below, specifying the performance indicators and targets used to assess and monitor the performance of the Commission in achieving government outcomes.

2.1.1 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

Outcome 1 strategy

The Commission's outputs have been revised to reflect the transfer of the Office of Best Practice Regulation to the Department of Finance and Deregulation as part of the revised administrative arrangements implemented following the 2007 Federal Election. Commissioned projects of an inquiry and research nature relating to regulatory issues are included in output 1.1.1 – Government commissioned projects.

The Commission's four outputs derive from its statutory functions outlined in the *Productivity Commission Act 1998* and reported in detail in the Annual Report. The Commission aims to demonstrate its effectiveness by reporting annually on the relevance, quality, timeliness and cost-effectiveness of its outputs.

Overheads and other direct 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.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

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	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Productivity Commission		
Departmental outputs		
Output 1.1.1 - Government commissioned projects	19,960	22,191
Output 1.1.2 - Performance reporting and other services to government bodies	3,796	3,289
Output 1.1.3 - Competitive neutrality complaints activities	200	200
Output 1.1.4 - Supporting research and activities and annual reporting	6,797	6,709
Receipts from other sources (s31)	265	258
Total resources for outcome 1	31,018	32,647

Average staffing level (number)	2008-09	2007-08
	178	202

Note: Departmental splits by output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to outcome 1

Output group 1.1 — Productivity Commission
Components of Output Group 1.1 are:
Output 1.1.1 — Government commissioned projects Public inquiries (for example, the review into paid maternity, paternity and parental leave), and other commissioned work (such as the study of upstream petroleum regulation).
Output 1.1.2 — 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 research on government trading enterprises.
Output 1.1.3 — Competitive neutrality complaints activities Investigation of competitive neutrality complaints and associated activities such as research, advice and education.
Output 1.1.4 — Supporting research and activities and statutory annual reporting Statutory annual reporting including the Trade and Assistance Review; review research and working papers prepared in support of the Commission's inquiry program and to contribute to public policy issues; and associated activities such as submissions, conferences and speeches.

Contributions to outcome 1 (continued)

Output group 1.1 — Productivity Commission (continued)	
Key performance indicators	2008-09 target
Projects, reports and associated activities are: <ul style="list-style-type: none">• high quality;• useful to stakeholders; and• timely.	The Commission's work is widely referenced in public policy forums. Projects and reports completed in accordance with commissioned timelines. Independent and transparent processes followed.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the Commission from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the Commission incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the Commission is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the Commission's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	40,127
Less estimated payments in 2008-09	30,684
Estimated departmental outputs carried forward and available for 2009-10	9,443

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The Commission does not have any administered funds.

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Commission.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	-	-	-	-	-
Services for other Governments and Non-Agency Bodies Account	1	-	-	-	-	-
Total special accounts 2008-09 Budget estimate		-	-	-	-	-
Total special accounts 2007-08 estimate actual		-	-	-	-	-

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

	Appropriations				Other	Total	Output Group
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000	\$'000	\$'000	
Productivity Commission Outcome 1							
Departmental 2008-09	1,148	-	-	1,148	-	1,148	1.1
Departmental 2007-08	641	-	-	641	-	641	1.1

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The Commission is budgeting for a break-even result in 2008-09 and the forward estimate years. The decrease in revenue in 2008-09 is primarily a consequence of the transfer of the Office of Best Practice Regulation to the Department of Finance and Deregulation as part of the revised administrative arrangements implemented following the 2007 Federal Election. There is a corresponding decrease in operating expenses.

The Commission carried out major leasehold improvement works in 2007-08. Capital purchases in 2008-09 and forward estimate years will be part of the cyclical replacement program.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	32,389	30,753	31,033	31,603	31,943
Goods and services	258	265	30	30	30
Total revenue	32,647	31,018	31,063	31,633	31,973
Gains					
Other	33	33	33	33	33
Total gains	33	33	33	33	33
Total income	32,680	31,051	31,096	31,666	32,006
EXPENSE					
Employees	23,152	22,104	22,266	22,736	23,031
Suppliers	8,492	7,976	7,864	7,963	8,040
Depreciation and amortisation	1,001	935	935	935	935
Finance costs	35	36	31	32	-
Total expenses	32,680	31,051	31,096	31,666	32,006
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	290	251	266	271	271
Trade and other receivables	9,139	9,512	10,220	10,429	11,064
Total financial assets	9,429	9,763	10,486	10,700	11,335
Non-financial assets					
Land and buildings	4,130	3,550	3,085	3,119	2,869
Infrastructure, plant and equipment	1,054	1,447	1,366	1,314	1,095
Intangibles	59	48	37	26	10
Other	310	310	310	310	310
Total non-financial assets	5,553	5,355	4,798	4,769	4,284
Total assets	14,982	15,118	15,284	15,469	15,619
LIABILITIES					
Provisions					
Employees	7,082	7,182	7,317	7,470	7,620
Other	608	644	675	707	707
Total provisions	7,690	7,826	7,992	8,177	8,327
Payables					
Suppliers	434	434	434	434	434
Total payables	434	434	434	434	434
Total liabilities	8,124	8,260	8,426	8,611	8,761
Net assets	6,858	6,858	6,858	6,858	6,858
EQUITY					
Contributed equity	2,858	2,858	2,858	2,858	2,858
Reserves	1,725	1,725	1,725	1,725	1,725
Retained surpluses or accumulated deficits	2,275	2,275	2,275	2,275	2,275
Total equity	6,858	6,858	6,858	6,858	6,858
Current assets	9,739	10,073	10,796	11,010	11,645
Non-current assets	5,243	5,045	4,488	4,459	3,974
Current liabilities	7,704	7,834	7,991	8,167	8,308
Non-current liabilities	420	426	435	444	453

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	258	265	30	30	30
Appropriations	34,495	30,380	30,325	31,394	31,308
Total cash received	34,753	30,645	30,355	31,424	31,338
Cash used					
Employees	23,565	22,004	22,131	22,583	22,881
Suppliers	8,459	7,943	7,831	7,930	8,007
Total cash used	32,024	29,947	29,962	30,513	30,888
Net cash from or (used by) operating activities	2,729	698	393	911	450
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	3,811	737	378	906	450
Total cash used	3,811	737	378	906	450
Net cash from or (used by) investing activities	(3,811)	(737)	(378)	(906)	(450)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,147	-	-	-	-
Net cash from or (used by) financing activities	1,147	-	-	-	-
Net increase or (decrease) in cash held	65	(39)	15	5	-
Cash at the beginning of the reporting period	225	290	251	266	271
Cash at the end of the reporting period	290	251	266	271	271

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	2,275	1,725	-	2,858	6,858
Estimated closing balance as at 30 June 2009	2,275	1,725	-	2,858	6,858

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The Commission does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The Commission does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Commission does not have any administered funds.

3.2.4 Notes to the financial statements

Basis of Accounting

The financial statements have been prepared on an Australian Accounting Standards basis.

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Royal Australian Mint (the Mint) is a prescribed agency under the *Financial Management and Accountability Act 1997* with responsibility for producing circulating and numismatic coin for Australia. The Mint contributes to the stability of the national economy by providing quality circulating coin that meets the needs of the government and the people of Australia. In addition, the Mint produces a number of Australian medals and awards, as well as tokens, medallions and jewellery items for domestic and overseas customers; maintains the National Coin Collection; and is a major Australian tourist attraction.

Responding effectively to changes in government policy, client needs, and technology, is critical to the Mint's success. Managing the future workload of the Mint and best utilising its resources will be a key to the success of the Mint over the coming years.

The Mint will continue to remain focused strategically in order to manage the following significant challenges to meet its goals:

- structural change and reorganisation of its workforce to improve the efficiency, quality, security and sustainability of outputs;
- an ageing workforce and issues surrounding succession planning and knowledge transfer;
- competition for skills in a labour market that is limited in supply;
- changing or uncertain demand factors;
- increased competition from alternative suppliers of numismatic coins; and
- rapidly changing technology.

To better reflect the diversity of functions undertaken, the Mint has updated its outcome and outputs for the 2008-09 and future financial years. Whilst continuing to have a single outcome, the Mint's outcome has been expanded to 'Manufacture and sale of circulating coins to meet the needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries'. In addition, the prior year single output has been expanded to four distinct outputs, namely:

Royal Australian Mint Budget Statements

- output 1.1.1 – Manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice;
- output 1.1.2 – Manufacture and sale of circulating coins for foreign countries;
- output 1.1.3 – Production and sale of collector coins and other minted and like products for Australian and other clients; and
- output 1.1.4 – Provide gallery and visitor services.

As it undertakes a major building refurbishment (expected to be completed by early 2009), the Mint will need to demonstrate responsiveness and agility to move with a changing and challenging environment.

Whilst maintaining efficient production and delivery of circulating and collector coins, transforming the Mint's operating, production and management information systems constitutes the major challenge facing the Mint in 2008-09.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the Mint.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Other services				
Departmental non-operating				
Equity injections	1,690	9,979 ¹	11,669	27,799
Total other services	A 1,690	9,979	9,979	27,799
Special accounts²				
Opening balance	23,697	-	23,697	22,472
Appropriation receipts	-	9,979	9,979	27,799
Non-appropriation receipts to special accounts	-	160,438	160,438	163,815
Total special accounts	B 23,697	170,417	194,114	214,086
Total resourcing (A+B)	25,387	180,396	204,093	241,885
Less appropriations drawn from equity injections above and credited to special accounts	-	9,979	9,979	27,799
Total net resourcing for the Mint	25,387	170,417	194,114	214,086

1. Appropriation Bill (No.2) 2008-09.

2. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Table 1.2: Royal Australian Mint 2008-09 Budget measures

The Mint does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the government on the Australian community.

The Mint's outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of the Mint in achieving government outcomes.

2.1.1 Outcome 1: Manufacture and sale of circulating coins, to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries

Outcome 1 strategy

To achieve this outcome the Mint will continue to:

- produce cost efficient circulating coins for Australia and establish and maintain a circulating coin buffer stock;
- provide advice to the Treasury and government on coin related issues;
- develop corporate quality products;
- develop profitable numismatic products which meet customer expectations;
- develop an education program to be undertaken through the visitors centre;
- promote public understanding of the cultural and historical significance of coins; and
- maintain the National Coin Collection.

The Mint has a number of major inter-related projects (expected to be delivered in 2009) designed to improve the efficiency and effectiveness with which the Mint can achieve its outcomes in 2008-09 and future years.

The foundation project is refurbishment of the Mint's premises. The refurbishment will provide the Mint with a building-code and occupational health and safety compliant building that more efficiently meets the Mint's functional requirements, and makes more efficient use of all available space. It will ensure the continued economic viability of the Mint's landmark building, by enabling state-of-the-art automated production

processes to be installed and providing a contemporary education and visitor gallery in line with other national institutions.

The upgrade of the Mint's information management system will improve the integration of the Mint's business operations (production, marketing, and corporate) and enhance information management processes and reporting. The new IT system will also facilitate improved responsiveness from management to any operational issues.

The Materials Handling and Warehousing System project will increase physical security over coinage blanks and coins; reduce or eliminate manual handling; minimise time wasted on transporting materials and work in progress within the Mint; and provide automated real-time accounting and auditing of blanks and coins as they progress through the receipt, production, storage and delivery processes.

In addition, the Mint is replacing some of its outdated manufacturing equipment. New equipment is being progressively installed during 2008-09.

Table 2.1: Total resources for outcome 1

Outcome 1: Manufacture and sale of circulating coins, to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Royal Australian Mint		
Special accounts		
Minting and Coinage Special Account		
Opening balance	23,697	22,472
Non-appropriation receipts to special accounts	160,438	163,815
Total resources for outcome 1	184,135	186,287
Less appropriations drawn from equity injections and credited to special accounts	9,979	27,799
Total net resourcing for the Mint	174,156	158,488
	2008-09	2007-08
Average staffing level (number)	201	198

Contributions to outcome 1

Output group 1.1 — Royal Australian Mint	
<p>Output group 1.1 is the Mint's sole output group and thus the sole contributor to outcome 1. Crucial to provision of outcome 1 is the requirement for the Mint to operate efficiently, as it is primarily a self-funded business operation, receiving government funding predominately for capital projects only. In addition, the Mint is required to provide a return on investment to the Australian Government through remittance of seigniorage (that is, the difference between the face value of circulating coin and the cost of production) to the Official Public Account.</p> <p>Components of output group 1.1 are:</p> <p>Output 1.1.1 — Manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice</p> <p style="padding-left: 40px;">This output contributes to outcome 1 by meeting the Australian economy's demand for circulating coin. Efficient production of circulating coin and maintenance of the agreed buffer stock ceiling are crucial for the Mint's on-going sustainability and ability to continue to provide a return on investment to the Australian Government.</p> <p>Output 1.1.2 — Manufacture and sale of circulating coins for foreign countries</p> <p style="padding-left: 40px;">This output contributes to outcome 1 by producing and selling circulating coin for foreign countries. The Mint will actively market its circulating coin production capabilities to other jurisdictions and enter into contracts for production of foreign coins where it supports the Mint's business goals.</p> <p>Output 1.1.3 — Production and sale of collector coins and other minted and like products for Australian and other clients</p> <p style="padding-left: 40px;">This output contributes towards outcome 1 by producing and selling collector and commemorative coins, defence force and corporate medals and tokens (that is, numismatic products). Efficient production and sale of high quality numismatic products contributes to the Mint's sustainability.</p> <p>Output 1.1.4 — Provide gallery and visitors services</p> <p style="padding-left: 40px;">Provision of gallery and visitor services contributes to outcome 1 by providing a mechanism for marketing the Mint's products and promoting public understanding of the cultural and historical significance of coins.</p>	
Output 1.1.1 — Manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice	
Key performance indicators	2008-09 target
Produce Australian circulating coins to meet public demand.	100 per cent of orders for circulating coin met within contracted lead-time between order and delivery.
Maintain circulating coin within agreed buffer stock parameters.	Circulating coin stocks maintained within buffer stock ceiling as agreed with the Department of the Treasury.
Seigniorage meets budget target.	Controllable costs associated with producing circulating coin do not exceed 45 per cent of the face value of circulating coin.

Contributions to outcome 1 (continued)

Output 1.1.2 — Manufacture and sale of circulating coins for foreign countries	
Key performance indicators	2008-09 target
Produce circulating coins to meet foreign countries demand.	100 per cent of successful tenders for foreign coin production are produced and delivered in accordance with contract terms.
Foreign coin production and sales are economical.	100 per cent of foreign coin sales meet or exceed cost of production.
Output 1.1.3 — Production and sale of collector coins and other minted and like products for Australian and other clients	
Produce numismatic products to meet Australian and overseas demand.	100 per cent of numismatic orders produced and delivered within contracted delivery time.
Numismatic production and sales are profitable.	Minimum profit margin to be achieved on numismatic sales.
Output 1.1.4 — Provide gallery and visitors services	
Maintain and document the National Coin Collection.	100 per cent of the items that make up the National Coin Collection are recorded on the Mint's collection management system.
Collection items displayed on rotation for public viewing.	Display items rotated on completion of gallery refurbishment.
Maintain the Royal Australian Mint's Visitor Gallery including building and grounds.	Refurbishment of gallery and visitor centre completed on time, to agreed standard and within budget.
Provide educational program to school students who visit the Mint.	Development of school student specific visitor program.
Promote public understanding about the cultural and historical significance of coins.	2 per cent increase in visitor numbers to the gallery and visitor centre compared to prior year's actual visitor numbers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the Mint from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the Mint incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the Mint is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the Mint's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	-
Less estimated payments in 2008-09	-
Estimated departmental outputs carried forward and available for 2009-10	-

Note: The Mint does not receive any departmental outputs.

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The Mint does not have any movement of administered funds

3.1.3 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Mint.

Table 3.1.3: Estimates of special account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	23,697 22,472	170,417 191,614	171,957 191,339	950 (950)	21,207 23,697
Total special accounts						
2008-09 Budget estimate		23,697	170,417	171,957	950	21,207
Total special accounts 2007-08 estimate actual		22,472	191,614	191,339	(950)	23,697

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

The Mint does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The Mint does not have any significant differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

A significant change in the 2008-09 budgeted financial statements compared to the 2007-08 Portfolio Additional Estimates Statements is a \$5 million (25 per cent) increase in inventory to reflect revised estimates of numismatic product stock levels at 30 June 2008, an associated \$3 million (96 per cent) increase in employee provisions, \$1 million (80 per cent) increase in suppliers payables and \$1 million (20 per cent) increase in other payables.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Goods and services	58,817	58,342	58,305	57,427	62,019
Interest	480	490	499	499	587
Other	185	189	193	193	199
Total income	59,482	59,021	58,997	58,119	62,805
EXPENSE					
Employees	9,618	8,436	10,627	10,735	11,057
Suppliers	12,557	11,300	10,097	10,013	12,719
Depreciation and amortisation	1,867	2,841	3,705	3,648	4,012
Other	34,422	33,887	33,723	33,723	33,915
Total expenses	58,464	56,464	58,152	58,119	61,703
Surplus (deficit) attributable to the Australian Government	1,018	2,557	845	-	1,102

Prepared on an Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	16,444	16,686	17,169	17,652	17,652
Trade and other receivables	14,206	16,405	17,564	17,564	17,564
Tax assets	856	856	856	856	856
Total financial assets	31,506	33,947	35,589	36,072	36,072
Non-financial assets					
Infrastructure, plant and equipment	39,801	51,439	49,228	46,761	43,749
Inventories	20,123	25,000	25,000	25,000	25,000
Intangibles	275	248	229	220	181
Other	11,492	11,492	11,492	11,492	11,492
Total non-financial assets	71,691	88,179	85,949	83,473	80,422
Total assets	103,197	122,126	121,538	119,545	116,494
LIABILITIES					
Provisions					
Employees	3,137	6,047	6,490	6,388	2,632
Total provisions	3,137	6,047	6,490	6,388	2,632
Payables					
Suppliers	1,539	2,246	2,246	1,346	1,501
Tax liabilities	677	677	677	677	677
Deferred tax liabilities	825	825	825	825	825
Other	3,266	6,042	3,991	3,000	2,448
Total payables	6,307	9,790	7,739	5,848	5,451
Total liabilities	9,444	15,837	14,229	12,236	8,083
Net assets	93,753	106,289	107,309	107,309	108,411
EQUITY					
Contributed equity	73,243	83,222	83,397	83,397	83,397
Reserves	13,917	13,917	13,917	13,917	13,917
Retained surpluses or accumulated deficits	6,593	9,150	9,995	9,995	11,097
Total equity	93,753	106,289	107,309	107,309	108,411
Current assets	50,822	58,140	59,782	60,265	60,265
Non-current assets	52,375	63,986	61,756	59,280	56,229
Current liabilities	8,462	13,943	12,196	10,235	7,259
Non-current liabilities	982	1,894	2,033	2,001	824

Prepared on an Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	162,327	159,238	159,247	158,987	163,579
Other	185	189	193	200	200
Total cash received	162,512	159,427	159,440	159,187	163,779
Cash used					
Employees	9,840	10,308	10,184	10,387	14,143
Suppliers	35,788	34,348	33,959	34,053	36,759
Cash to the Official Public Account	113,629	111,467	111,473	111,291	111,291
Other	2,255	2,062	2,341	1,973	586
Total cash used	161,512	158,185	157,957	157,704	162,779
Net cash from or (used by) operating activities	1,000	1,242	1,483	1,483	1,000
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	28,799	14,076	1,175	1,000	1,000
Net cash from or (used by) investing activities	(28,799)	(14,076)	(1,175)	(1,000)	(1,000)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	27,799	13,076	175	-	-
Net cash from or (used by) financing activities	27,799	13,076	175	-	-
Net increase or (decrease) in cash held	-	242	483	483	-
Cash at the beginning of the reporting period	16,444	16,444	16,686	17,169	17,652
Cash at the end of the reporting period	16,444	16,686	17,169	17,652	17,652

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	6,593	13,917	-	73,243	93,753
Adjusted opening balance	6,593	13,917	-	73,243	93,753
Surplus (deficit) for the period	2,557	-	-	-	2,557
Total income and expenses recognised directly in equity	2,557	-	-	-	2,557
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	9,979	9,979
Sub-total transactions with owners	-	-	-	9,979	9,979
Estimated closing balance as at 30 June 2009	9,150	13,917	-	83,222	106,289

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Goods and services	104,076	101,417	101,125	101,225	101,225
Total revenues administered on behalf of Government	104,076	101,417	101,125	101,225	101,225

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: 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 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Seigniorage	104,076	101,417	101,125	101,225	101,225
Total cash received	104,076	101,417	101,125	101,225	101,225
Cash used					
Cash to Official Public Account	104,076	101,417	101,125	101,225	101,225
Total cash used	104,076	101,417	101,125	101,225	101,225
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)	104,076	101,417	101,125	101,225	101,225
Transfers to other entities					
(Finance - whole-of-government)	104,076	101,417	101,125	101,225	101,225
Cash at end of reporting period	-	-	-	-	-

3.2.4 Notes to the financial statements

Departmental

Basis of Accounting

The Mint's budgeted statements have been prepared on an accrual basis, in accordance with the historical cost convention except for some assets and liabilities that are at valuation and in accordance with:

- Australian Government's financial budgeting and reporting framework; and
- Australian Accounting Standards.

Budgeted departmental income statement

Revenues

Revenue is derived from the production of circulating coin, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependant upon the demand for such products by the Reserve Bank of Australia, Australian commercial banks and the coin collecting market.

Expenses

Employees

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

Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives, 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 re-sale 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 portion of direct labour and overhead. All precious metals are purchased and brought to account at cost.

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.

Administered

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

PORTFOLIO GLOSSARY

Term	Meaning
Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Australian Government. 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 Appropriation 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 <i>Commonwealth of Australia Constitution Act 1900</i> stipulates that all revenue raised or money received by the Commonwealth forms the one Consolidated Revenue Fund (CRF). The CRF is not a bank account. The Official Public Account reflects most of the operations of the CRF.

Portfolio Glossary

Departmental items	Assets, liabilities, income and expenses 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	A valuation methodology whereby 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.

Operating result	Equals income less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the 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.
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.

Portfolio Glossary

Special account

Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations (*Financial Management and Accountability Act 1997* (FMA Act), 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 Minister for Finance and Deregulation (section 20 FMA Act) or through an Act of Parliament (referred to in section 21 of the FMA Act).

Special Appropriations
(including Standing
Appropriations)

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

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