



BUDGET★

**PORTFOLIO BUDGET STATEMENTS 2011-12
BUDGET RELATED PAPER NO. 1.18**

TREASURY PORTFOLIO

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

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The document must be attributed as the *Treasury Portfolio Budget Statements 2011-12*.



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President of the Senate
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Speaker
House of Representatives
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Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2011-12 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 notation may be used:

-	nil
..	not zero, but rounded to zero
*	unquantifiable
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

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

Enquiries

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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 2011-12 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 appropriations 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 2011-12. 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.

CONTENTS

Portfolio Overview	1
Treasury portfolio overview	3
Agency Resources and Planned Performance	11
Department of the Treasury	13
Australian Bureau of Statistics	61
Australian Competition and Consumer Commission	81
Australian Office of Financial Management	105
Australian Prudential Regulation Authority	127
Australian Securities and Investments Commission	149
Australian Taxation Office	181
Commonwealth Grants Commission.....	231
Corporations and Markets Advisory Committee	245
Inspector-General of Taxation.....	259
National Competition Council.....	273
Office of the Auditing and Assurance Standards Board	287
Office of the Australian Accounting Standards Board.....	305
Productivity Commission.....	323
Royal Australian Mint	339

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 and the effective implementation and administration of policies that fall within the portfolio Ministers' responsibilities.

The Treasury portfolio comprises 15 agencies.

The **Department of the Treasury's** mission 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. Its outcome is: informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations.

The **Australian Bureau of Statistics** 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. Its outcome is: informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information.

The **Australian Competition and Consumer Commission** is an independent statutory authority which administers the *Competition and Consumer Act 2010* and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts. Its outcome is: lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

The **Australian Office of Financial Management** is responsible for the management of Australian Government debt and financial assets. Its outcome is: the advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for the prudential regulation of the banking, other deposit taking, insurance and superannuation industries. Its outcome is: 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** is the independent government body that administers and enforces corporate and financial services law. Its areas of regulatory responsibility include market integrity and consumer protection in the financial services sector, investment management (including superannuation), capital markets (including market supervision), consumer credit, corporations and auditors and liquidators. It has two outcomes: improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks; and streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services.

The **Australian Taxation Office** is the Australian Government's principal revenue collection agency and administers Australia's taxation system and significant aspects of Australia's superannuation system. It administers legislation governing taxation, superannuation and the Australian Business Register and supports the delivery of government benefits to the community. Its outcome is: confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law.

The **Commonwealth Grants Commission** provides advice to government on the equitable distribution of GST revenue and health care grants to state and territory governments. Its outcome is: informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants.

The **Corporations and Markets Advisory Committee** is the independent government body that provides informed and expert advice to the government about corporate, financial product and financial market matters. Its outcome is: informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice.

The **Inspector-General of Taxation** seeks to improve the administration of the tax laws for the benefit of all taxpayers. Its outcome is: improved tax administration through community consultation, review and independent advice to Government.

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: competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure.

The **Office of the Auditing and Assurance Standards Board's** mission is to develop, in the public interest, high quality auditing and assurance standards and related guidance as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services. Its outcome is: the formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements.

The **Office of the Australian Accounting Standards Board's** mission is to develop and maintain high quality financial reporting standards for all sectors of the Australian economy and contribute, through leadership and talent, to the development of global financial reporting standards and be recognised as facilitating the inclusion of the Australian community in the activity of global standard setting. Its outcome is: the formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions.

The **Productivity Commission** is the Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its outcome is: well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

The **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 outcome is: the coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.

Figure 1: Treasury portfolio structure and outcomes



Figure 1: Treasury portfolio structure and outcomes (continued)



PORTFOLIO RESOURCES

Table 1 shows the total resources provided to the portfolio in the 2011-12 budget year, by agency.

Table 1: Portfolio resources 2011-12

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	16,685	62,708	70,457,478	16,540,180	87,077,051
Departmental appropriations	157,072	583	-	12,610	170,265
Total:	173,757	63,291	70,457,478	16,552,790	87,247,316
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	563,857	1,068	-	48,388	613,313
Total:	563,857	1,068	-	48,388	613,313
Australian Competition and Consumer Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	152,085	55	-	500	152,640
Total:	152,085	55	-	500	152,640
Australian Office of Financial Management					
Administered appropriations	10	-	361,109,550	-	361,109,560
Departmental appropriations	15,442	-	-	828	16,270
Total:	15,452	-	361,109,550	828	361,125,830
Australian Prudential and Regulation Authority					
Administered appropriations	-	-	-	-	-
Departmental appropriations	13,289	-	97,921	4,579	115,789
Total:	13,289	-	97,921	4,579	115,789
Australian Securities and Investments Commission					
Administered appropriations	3,471	-	40,400	51,000	94,871
Departmental appropriations	387,550	6,462	-	22,746	416,758
Total:	391,021	6,462	40,400	73,746	511,629
Australian Taxation Office					
Administered appropriations	10,213	-	8,952,451	47,423	9,010,087
Departmental appropriations	3,252,169	18,380	-	27,660	3,298,209
Total:	3,262,382	18,380	8,952,451	75,083	12,308,296

Table 1: Portfolio resources 2011-12 (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	7,335	-	-	-	7,335
Total:	7,335	-	-	-	7,335
Corporations and Markets					
Advisory Committee					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,050	-	-	-	1,050
Total:	1,050	-	-	-	1,050
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,724	-	-	-	2,724
Total:	2,724	-	-	-	2,724
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,850	-	-	-	2,850
Total:	2,850	-	-	-	2,850
Office of the Auditing and Assurance Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,315	-	-	31	2,346
Total:	2,315	-	-	31	2,346
Office of the Australian Accounting Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,946	-	-	841	4,787
Total:	3,946	-	-	841	4,787
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	34,448	-	-	10	34,458
Total:	34,448	-	-	10	34,458
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	-	144,252	144,252
Total:	-	-	-	144,252	144,252
Resources available within the Treasury portfolio:					462,274,615

AGENCY RESOURCES AND PLANNED PERFORMANCE

DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources	15
1.1 Strategic direction	15
1.2 Agency resource statement	17
1.3 Budget measures.....	19
Section 2: Outcomes and planned performance	23
2.1 Outcomes and performance information	23
Section 3: Explanatory tables and budgeted financial statements	49
3.1 Explanatory tables	49
3.2 Budgeted financial statements	50

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.

Recent natural disasters have come at significant human cost and caused considerable destruction of assets and livelihoods. The economic effects of the recent floods and Cyclone Yasi, and the disastrous events in Japan and New Zealand are, however, temporary, and the outlook is for strong growth, low unemployment and moderate inflation. The positive outlook is underpinned by expected continued strong demand for commodity exports from the Asian region, high terms of trade, and a surge in mining-related business investment. With the economy in good shape, the policy priority is to harness the opportunities created by the mining boom, including through investment in infrastructure and skills development, coupled with further microeconomic reform. With the economy already close to capacity, this requires the movement of resources to the most productive parts of the economy.

The Treasury will focus on providing advice on key risks facing the global economy, including sovereign debt concerns in major advanced economies, high oil prices, inflationary pressures in emerging markets and the economic implications of events in Japan. Particular focus will also be placed on assessing the implications for Australia of economic developments in China and other emerging economies.

The Treasury will continue to support the Government to implement its fiscal strategy. This will involve advice on effective government spending and effective taxation and retirement income arrangements, as well as debt management policy. Underpinning the provision of policy advice on fiscal policy are timely and high quality assessments of domestic and international economic conditions.

The *2010 Intergenerational Report* identified a number of long-term challenges for the Australian economy, including an ageing and growing population, climate change, escalating pressures in the health system and the need to support sectoral and regional structural adjustment in the face of a continued commodities boom.

The Treasury will continue to provide advice to the Government on responding to each of these challenges. In particular, over the next year, the Treasury will continue to provide policy advice to the Government on climate change, regional policy, water reform (including in the Murray-Darling Basin), problem gambling, disability services, aged care, Indigenous policy, and skills and education.

The Treasury will also continue to provide policy advice on federal financial relations arrangements, including working with the state and territory governments to deliver national health reform to provide a secure funding partnership for hospitals into the future. The Treasury will also support the review of the distribution of revenue from the Goods and Services Tax (GST) to deliver a simpler, fairer, more predictable and more efficient distribution of the GST to the states and territories.

In 2011-12, the Treasury will have the primary role in assisting the Government to implement its tax reform agenda including improved resource tax arrangements, a cut to the company tax rate, more generous depreciation arrangements for small business and an increase to the Superannuation Guarantee. The Treasury will also organise the tax forum to enable further discussion of the *Australia's Future Tax System* report and to build on the Government's tax reform agenda.

As its top international engagement priority, the Treasury will continue its deep engagement in the G-20 agenda. In its role as Chair for 2011, France's ambitious agenda necessitates sustained Treasury engagement on the Framework for Strong, Sustainable and Balanced Growth, commodity price issues, reform of the international monetary system and the financial reform agenda. The Treasury will also continue to participate in the OECD and the Global Forum to enhance the effectiveness of implementing international standards of tax information and transparency, as well as maintaining close engagement with the International Monetary Fund and the multilateral development banks. The Treasury will continue its efforts to entrench an East Asia Summit Finance Ministers' Meeting and will remain engaged in the APEC Finance Ministers' Process.

The Treasury will continue to pursue sound regulatory and competition reforms aimed at improving Australia's productivity and international competitiveness. This includes the implementation of a single national consumer policy framework through the Australian Consumer Law, maintaining the effectiveness of Australia's competition law framework, promotion of efficient use of national infrastructure, including in transport, communication and energy markets, and implementation of the National Broadband Network. This work also includes providing advice on the reform of regulatory frameworks for securities markets, financial advice, corporate governance and consumer credit.

In addition, the Treasury will provide advice with the aim of ensuring that the financial system remains robust, competitive and dynamic in order to promote macroeconomic stability and market confidence. The Treasury will continue to

monitor prudential frameworks applying to the banking sector, insurers and superannuation funds.

It will also support the independent National Disasters Insurance Review, which is scheduled to report to the Government by 30 September 2011, and will continue to implement the Government's Stronger Super reforms and the Competitive and Sustainable Banking package.

The Treasury will continue to work with the Foreign Investment Review Board to ensure that the foreign investment screening framework maintains the right balance between protecting Australia's national interest and ensuring that Australia remains an attractive destination for foreign capital.

The government infrastructure of Standard Business Reporting (SBR), a multi agency initiative led by the Treasury, was delivered in July 2010. SBR aims to reduce the compliance reporting burden experienced by business in reporting to government. The Treasury will continue to lead the ongoing design and extension of the SBR capabilities, and administrative arrangements involving reporting to government.

The Treasury's policy advice is underpinned by its ability to analyse and anticipate economic issues. Over the period ahead, the Treasury will draw on the depth of expertise across all areas of the organisation to meet the long-term policy challenges facing Australia.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	+	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	75,474	⁵	-		75,474	-
Departmental appropriation ³	-		157,072	¹	157,072	167,728
Receipts from other sources (s31)	-		12,610	⁴	12,610	9,398
Total departmental	75,474		169,682		245,156	177,126

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	= Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Administered expenses				
Outcome 1	-	16,685	¹ 16,685	38,378
Total administered expenses	-	16,685	16,685	38,378
Total ordinary annual services	A 75,474	186,367	261,841	215,504
Other services				
Departmental non-operating				
Equity injections	-	583	² 583	1,395
Total	-	583	583	1,395
Administered non-operating				
Administered assets and liabilities				
Outcome 1	-	62,708	² 62,708	162,265
Total	-	62,708	62,708	162,265
Total other services	B -	63,291	63,291	163,660
Total available annual appropriations (A+B)	75,474	249,658	325,132	379,164
Special appropriations				
Asian Development Bank (Additional Subscription) Act 2009	-	15,812	15,812	18,687
Car Dealership Financing Guarantee Appropriation Act 2009	-	-	-	4,922
Federal Financial Relations Act 2009	-	68,062,520	68,062,520	63,440,835
International Monetary Agreements Act 1947	-	2,379,146	2,379,146	530,651
Superannuation Industry (Supervision) Act 1993	-	-	-	55,000
Total special appropriations	C -	70,457,478	70,457,478	64,050,095
Total appropriations excluding special accounts (A+B+C)	75,474	70,707,136	70,782,610	64,429,259
Special accounts				
Opening balance ⁶	2,205	-	2,205	-
Non-appropriation receipts to special accounts	-	16,540,180	16,540,180	20,412,407
Total special account	D 2,205	16,540,180	16,542,385	20,412,407
Total resourcing (A+B+C+D)	77,679	87,247,316	87,324,995	84,841,666
Less receipts from other sources credited to special accounts	-	1,629	1,629	1,629
Total net resourcing for the Treasury	77,679	87,245,687	87,323,366	84,840,037

1. Appropriation Bill (No. 1) 2011-12.

2. Appropriation Bill (No. 2) 2011-12.

3. Includes \$6.5 million in 2011-12 for the Departmental Capital Budget (also refer to Table 3.2.5).

 4. Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.

5. Estimated adjusted balance carried forward from previous year.

6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

Budget measures relating to the Treasury are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Department of the Treasury 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
A Tax Plan For Our Future -						
Tax Forum	1.1	-	926	-	-	-
Advisory Panel on the Economic Potential of Senior Australians						
	1.1	-	-	-	-	-
Competitive and Sustainable Banking System reform plan - public awareness and education campaign						
	1.1	10,158	4,841	-	-	-
Distribution of the Goods and Services Tax - Review						
	1.1	-	790	178	-	-
Efficiency Dividend - temporary increase in the rate						
	1.1	-	(742)	(1,471)	(1,741)	(2,111)
Tackling Climate Change - emissions reduction modelling - continuation						
	1.1	-	3,264	3,296	-	-
Centre for International Finance and Regulation - transfer						
	1.3	-	2,573	4,500	4,000	1,000
Superannuation - financial assistance grants to compensate fund members for the failure of Trio						
	1.3	55,000	-	-	-	-
Fringe benefits tax - reform of the car fringe benefits rules						
	1.4	-	5,000	10,000	15,000	20,000
GST						
- treatment of new residential premises						
	1.4	15,000	10,000	10,000	10,000	10,000
- treatment of property in possession of a mortgagee						
	1.4	-	-	-	-	-
- certain supplies to health insurers						
	1.4	-	-	-	-	-
- Government response to Board of Taxation report: minor changes						
	1.4	-	*	*	*	*
- providing businesses in a net refund position with access to the GST instalment system						
	1.4	-	-	*	*	*
Tax compliance - reporting taxable payments						
	1.4	-	-	7,900	16,500	17,200

Table 1.2: Department of the Treasury 2011-12 Budget measures (continued)

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
(continued)						
Animal and Plant Pest and Disease Eradication Programs - meeting existing commitments	1.10	12,635	2,770	-	-	-
Building Australia's Future Workforce						
- National Partnership for Vocational Education and Training	1.10	-	-	(137,500)	238,400	(137,500)
- training places for single and teenage parents	1.10	-	6,666	20,000	26,667	26,667
Centenary of Canberra						
- a gift to the national capital	1.10	-	27,000	25,000	5,000	5,000
- contribution to a joint national program	1.10	-	2,600	2,040	991	-
Drought Assistance						
- Exceptional Circumstances assistance for primary producers	1.10	2,733	8,199	-	-	-
- Exceptional Circumstances assistance for small businesses	1.10	53	158	-	-	-
Drought policy reform - pilot of new measures in Western Australia - extension and expansion	1.10	-	13,400	6,700	-	-
Health and Hospitals Fund - Regional Priority Round	1.10	-	66,590	95,506	192,170	265,800
Nation Building						
- additional funding for the Pacific Highway	1.10	-	131,000	99,000	220,000	(400,000)
- rail infrastructure - Moreton Bay Rail Link	1.10	-	30,000	20,000	83,000	(192,000)
Nation Building Program - F3 to Sydney Orbital feasibility study - deferral	1.10	-	-	-	(150,000)	-
National Health Reform Agreement - change in payment arrangements	1.10	80,000	40,000	(120,000)	-	-
National Immunisation Program						
- addition of Prevenar 13®	1.10	-	(565)	(764)	(775)	(785)
- Prevenar 13® vaccine - catch up program	1.10	-	29,271	10,449	230	-

Table 1.2: Department of the Treasury 2011-12 Budget measures (continued)

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
(continued)						
National Mental Health Reform						
- Early Psychosis Prevention and Intervention Centre model - further expansion	1.10	-	2,215	22,315	44,315	70,200
- National Partnership Agreement on Mental Health	1.10	-	21,352	43,473	44,269	45,049
National Solar Schools Program - redesign	1.10	-	(19,041)	(13,719)	(35,812)	(46,563)
National Transport Regulators - additional funding	1.10	-	3,200	1,600	-	-
Natural Disaster Recovery and Rebuilding						
- assistance to business affected by the Queensland Floods	1.10	6,300	6,300	-	-	-
- assistance to business affected by Tropical Cyclone Yasi	1.10	15,600	5,600	-	-	-
- assistance to individuals affected by floods in Queensland and other states	1.10	200	-	-	-	-
- assistance to Queensland local governments	1.10	213,600	-	-	-	-
- deferral of other infrastructure projects	1.10	(118,200)	(369,000)	(295,000)	(27,800)	190,000
- donation to the Perth Lord Mayor's Appeal Fund	1.10	1,000	-	-	-	-
- donations to flood appeals	1.10	13,100	-	-	-	-
- reinstatement of infrastructure projects in Queensland	1.10	(4,300)	(31,300)	(349,200)	(76,900)	136,300
- withdrawal of funding for O-Bahn city access project	1.10	(27,100)	(28,900)	-	-	-
Regional Infrastructure Fund						
- administration	1.10	-	(1,771)	(1,929)	(1,947)	(1,964)
- Mackay Ring Road	1.10	9,500	(2,000)	(2,000)	(5,500)	-
- Scone Level Crossing	1.10	1,800	(1,000)	(800)	-	-
Schools - Support for Improving Learning Experiences and Educational Outcomes for School Students with Disability	1.10	-	61,200	61,400	30,700	-
Sustainable Australia - managed motorways	1.10	-	19,952	20,046	20,042	-

Table 1.2: Department of the Treasury 2011-12 Budget measures (continued)

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Capital measures						
Efficiency Dividend - temporary increase in the rate	1.1	-	(33)	(66)	(84)	(105)
Australia's International Monetary Fund Quota - increase	1.2	-	-	-	-	-
Nation Building - rail infrastructure - Moreton Bay Rail Link	1.10	-	-	-	-	-

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The Treasury's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the Treasury.

Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations

Outcome 1 strategy

The Treasury contributes to this outcome by providing a range of policy advice to Treasury ministers and government. More specifically the Treasury will provide advice on:

- macroeconomic policy, based on careful monitoring and analysis of economic conditions in Australia and overseas;
- fiscal strategy, budget priorities and measures, and debt and balance sheet management, as well as a budget coordination role;
- Commonwealth-State financial policy, industry, environment and defence policy and housing, social and income support policy;
- taxation and retirement income arrangements consistent with the Government's reform priorities;
- 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;

- policies that promote well regulated, competitive and efficient infrastructure and address supply constraints in the housing market that impact on housing affordability;
- a range of international economic policy issues, including strengthening multilateral regimes underpinning open trade and capital flows, supporting developing countries' development aspirations, and shaping the evolution of regional economic architecture; and
- the administration of a range of payments which are reported in Programs 1.2 to 1.10.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by program.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Department of the Treasury		
Departmental expenses		
Departmental appropriation	166,567	162,118
Special accounts	1,629	1,629
Expenses not requiring appropriation in the Budget year	11,336	11,336
Administered expenses		
Other services (Appropriation Bill No. 1)	10,439	13,437
Total for Program 1.1	189,971	188,520
Program 1.2: Payments to International Financial Institutions		
Administered expenses		
Special appropriations	18,892	22,936
Expenses not requiring appropriation	28,601	-
Total for Program 1.2	47,493	22,936
Program 1.3: Support for Markets and Business		
Administered expenses		
Other services (Appropriation Bill No. 1)	675	3,248
Special appropriations	55,000	-
Total for Program 1.3	55,675	3,248
Program 1.4: General Revenue Assistance		
Administered expenses		
Special appropriations	45,450,000	48,350,000
Special accounts	1,073,515	1,108,757
Total for Program 1.4	46,523,515	49,458,757

Table 2.1: Budgeted Expenses for Outcome 1 (continued)

Outcome 1 (continued)	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.5: Assistance to the States for Healthcare Services		
Administered expenses		
Special appropriations	11,988,322	12,805,485
Total for Program 1.5	11,988,322	12,805,485
Program 1.6: Assistance to the States for Government Schools		
Administered expenses		
Special appropriations	3,550,652	3,774,819
Total for Program 1.6	3,550,652	3,774,819
Program 1.7: Assistance to the States for Skills and Workforce Development		
Administered expenses		
Special appropriations	1,339,358	1,363,132
Total for Program 1.7	1,339,358	1,363,132
Program 1.8: Assistance to the States for Disabilities Services		
Administered expenses		
Special appropriations	1,052,019	1,221,915
Total for Program 1.8	1,052,019	1,221,915
Program 1.9: Assistance to the States for Affordable Housing		
Administered expenses		
Special appropriations	1,221,831	1,242,603
Total for Program 1.9	1,221,831	1,242,603
Program 1.10: National Partnership Payments to the States		
Administered expenses		
Special accounts	16,314,084	14,932,042
Total for Program 1.10	16,314,084	14,932,042
Outcome 1 Totals by appropriation type		
Administered expenses		
Other services (Appropriation Bill No. 1)	11,114	16,685
Special appropriations	64,676,074	68,780,890
Special accounts	17,387,599	16,040,799
Expenses not requiring appropriation	28,601	-
Departmental expenses		
Departmental appropriation	166,567	162,118
Special accounts	1,629	1,629
Expenses not requiring appropriation in the Budget year	11,336	11,336
Total expenses for Outcome 1	82,282,920	85,013,457
	2010-11	2011-12
Average staffing level (number)	1,010	960

Contributions to Outcome 1

Program 1.1: Department of the Treasury

Program objective

The objectives of the Treasury are:

- promoting a sound macroeconomic environment by monitoring and assessing economic conditions and prospects both in Australia and overseas, and providing advice on macroeconomic policy including fiscal and monetary policy;
- promoting effective government spending arrangements that contribute to the overall fiscal outcomes, influence strong sustainable economic growth and improve the wellbeing of Australians;
- developing effective taxation and retirement income arrangements consistent with the Government's reform priorities; and
- ensuring well functioning markets by providing advice on policies that promote competitive, efficient markets and that work to enhance consumer and investor wellbeing, a secure financial system and sound corporate practices, and foreign investment consistent with Australia's national interest.

Program expenses

Changes in estimates for the forward years predominantly reflect the impact of budget measures.

Table 2.2: Program 1.1 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Departmental expenses					
Departmental items	179,532	175,083	169,013	161,224	162,490
Total departmental expenses	179,532	175,083	169,013	161,224	162,490
Administered expenses					
Other services	10,439	13,437	-	-	-
Total administered expenses	10,439	13,437	-	-	-
Total program expenses	189,971	188,520	169,013	161,224	162,490

Program deliverables

The Treasury has four groups that contribute to the achievement of its outcome.

Macroeconomic Group

In 2011-12, Macroeconomic Group will provide advice on:

- domestic and international developments affecting the Australian economy and forecasts of the direction of the Australian and international economies; and
- the setting of sound macroeconomic policies and assessments of government policies.

Macroeconomic Group will also enhance its engagement with the G-20 and regional financial forums, and support and reform the international financial institutions, particularly the International Monetary Fund and World Bank, and further enhance its engagement with China, India, Indonesia and the south-west Pacific reflecting their importance for Australia.

Fiscal Group

In 2011-12, Fiscal Group will provide advice on:

- fiscal strategy which aims to ensure fiscal sustainability over the economic cycle;
- effective government spending arrangements which contribute to improving the wellbeing of Australians;
- strategies that address intergenerational challenges, including social, fiscal and environmental sustainability;
- a range of policy issues including climate change, problem gambling, health reform and regional economics; and
- Commonwealth-State financial relations, including a review of the Goods and Services Tax distribution to the States and Territories.

Fiscal Group will also coordinate the preparation of the Commonwealth Budget and other documents required under the *Charter of Budget Honesty Act 1998* and support Commonwealth-State relationships through the coordination and delivery of various Commonwealth-State forums.

Revenue Group

In 2011-12, Revenue Group will provide advice on:

- implementation of the Government's taxation and retirement income reform agenda including a standard tax deduction for work related expenses, a tax discount for income interest, the introduction of a Minerals Resource Rent Tax and extension to the Petroleum Resource Rent Tax, a cut in the company tax rate, more generous depreciation arrangements for small business, an increase to the superannuation guarantee rate and other superannuation reforms arising from the Government's Stronger, Fairer, Simpler package and the Superstream and Self Managed Superannuation Fund elements of the Stronger Super package;

- implementation of the Government's 2011-12 Budget decisions that relate to taxation and retirement income arrangements;
- implementation of other Government tax initiatives including the trusts review, research and development tax incentives, specific taxation arrangements for the shipping industry, a new tax regime for Managed Investment Trusts, a household assistance package in support of a price on carbon pollution, increased flexibility for first home saver accounts, not-for-profit sector reforms, foreign source income attribution rules, alternative fuels, sovereign investments and the Tax System Advisory Board;
- delivering the tax forum;
- Australia's participation in international forums, including the OECD, G-20 and the Global Forum in relation to international standards of tax information and transparency;
- a modernised tax treaty network and revised international tax rules which enhance Australia's international attractiveness but address risks from harmful tax jurisdictions; and
- the costs and impacts of tax and retirement income proposals, measures and expenditures, including their distributional impact and overall efficiency.

Markets Group

In 2011-12, Markets Group will provide advice on:

- measures to promote competition, macroeconomic stability and market confidence, including advice on prudential frameworks applying to the banking sector, insurers and superannuation funds;
- the Government's Stronger Super reforms and the Competitive and Sustainable Banking package, and support the independent Natural Disaster Insurance Review which is scheduled to report to the Government by 30 September 2011;
- financial services and corporate reform matters which address emerging issues in investor protection and consumer financial protection, corporate governance and financial reporting, and market integrity;
- initiatives arising from the Australian Financial Centre Forum to strengthen Australia as a regional financial services centre;
- measures to promote the efficient use of national infrastructure, including in transport, communication and energy markets, and improve the responsiveness of the supply side of the housing market;

- completing the implementation of the Australian Consumer Law and the National Consumer Credit Law, and continuing to develop the Phase 2 reforms of the National Consumer Credit Law;
- foreign investment proposals to ensure that they are not contrary to Australia's national interest, and representing Australia's interests on investment and financial service issues in negotiating free trade agreements;
- Standard Business Reporting (SBR), and lead the design and ongoing governance of SBR, including strategic directions, stakeholder take-up, international leadership, architectural and technical leadership and support, the future evolution of SBR services to support future policies and administrative arrangements, and support and priority being maintained for SBR within participating agencies; and
- actuarial matters through the Australian Government Actuary which provides actuarial services to the Government, the Treasury and other agencies.

Program key performance indicators

The Treasury has the following key performance indicators:

- Advice meets the Government's needs in administering its responsibilities and making and implementing decisions. Advice is timely, of high quality, and is based on an objective and thorough understanding of issues and a whole-of-government perspective. The degree of client satisfaction with the quality and timeliness of the advice provided is assessed through feedback mechanisms;
- Timely, high-quality, accurate and transparent Budget, Mid-Year Economic and Fiscal Outlook and Final Budget Outcome documents that meet the expectations of the Government, the Parliament and the public. The budget preparation and coordination process is subject to an annual evaluation;
- Published reports and other information stimulate and inform government and public debate through robust analysis, modelling and research. Publications are timely, high quality and widely available to the public;
- Legislation progressed by the Treasury is in accordance with the principles of good law design and is delivered according to government priorities;
 - the majority of prospective tax and retirement income legislation is ready to be introduced into Parliament within 12 months, and the majority of retrospective tax and retirement income legislation within six months, of the Government announcing it; and
 - at least one tax or retirement income legislative measure is the subject of a post-implementation review annually.

Program 1.2: Payments to International Financial Institutions

Program objective

Payments are made to the International Monetary Fund (IMF), under the *International Monetary Agreements Act 1947*, 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 balance of payments adjustments.

Payments are made to other international financial institutions, as required, to facilitate the achievement of government objectives in international forums, including strengthening the international financial system, support for development objectives through the multilateral development banks, and multilateral debt relief.

Program expenses

There are no significant variations to expenses over the forward years. Only expense items are recorded in Table 2.3. Substantial payments are also made to the international financial institutions as administered capital. These payments are shown in Tables 1.1 and 3.2.10.

Table 2.3: Program 1.2 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered expenses					
Special appropriations					
<i>International Monetary Agreements Act 1947</i>	18,892	22,936	22,971	23,175	23,349
Expenses not requiring appropriation ¹	28,601	-	-	-	-
Total program expenses	47,493	22,936	22,971	23,175	23,349

1. Expenses not requiring appropriation relates to estimated foreign exchange rate movements.

Program deliverables

Payments to international financial institutions, including the IMF, are made with due regard to minimising cost and risk for Australia.

Program key performance indicators

Financial transactions with the international financial institutions, including the IMF, are timely and accurate.

Program 1.3: Support for Markets and Business

Program objective

The Centre for International Finance and Regulation will provide opportunities for research into innovation and development in the global financial sector and best practice financial regulation. Also refer to Budget Paper No. 2, *Budget Measures 2011-12*.

Payments are made in respect of insurance claims arising from the residual Housing Loans Insurance Company Limited portfolio. 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.

Payments of assistance are also made to eligible HIH insurance policy holders under the HIH Claims Support Scheme under this program. Payments are not classified as expenses and therefore do not appear in Table 2.4. The HIH Claims Support Scheme is now focused on finalising remaining claims so assistance can be paid, and the claims portfolio wound-up.

Program expenses

The variation in estimates across the forward years predominantly relate to the funding profile for the Centre for International Finance and Regulation.

Table 2.4: Program 1.3 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Centre for International Finance and Regulation ¹	-	2,573	4,500	4,000	1,000
Housing Loan Insurance Company Limited - payments in respect of insurance claims	675	675	675	675	675
Special appropriations					
Superannuation Industry (Supervision) Act 1993 - Superannuation fund assistance grant ¹	55,000	-	-	-	-
Total program expenses	55,675	3,248	5,175	4,675	1,675

1. This also appears in Table 1.2 Budget Measures.

Program deliverables

The Centre for International Finance and Regulation will be established at a host university or consortium of universities selected through a competitive tender process.

Payments of claims arising from the Housing Loans Insurance Company Limited old book and assistance under the HIH Claims Support Scheme are made according to agreed schedules.

Program key performance indicators

The Centre for International Finance and Regulation will be established during 2011-12. Payments will be accurately determined and made according to the agreed funding schedule.

Payments of claims arising from the Housing Loans Insurance Company Limited old book and assistance under the HIH Claims Support Scheme are accurately determined and are made according to agreed schedules.

Program 1.4: General Revenue Assistance

Program objective

The Government will make general revenue assistance payments to the States and Territories. General revenue assistance payments consist of:

- payments of revenue received from the GST, which in accordance with the *Intergovernmental Agreement on Federal Financial Relations*, the Commonwealth administers on behalf of the States, which are provided without conditions for each State and Territory to spend according to their own budget priorities;
- payments to the Australian Capital Territory to assist in meeting the additional municipal costs which arise from Canberra's role as the national capital and to compensate for the additional costs resulting from the national capital planning influences on the provision of water and sewerage services;
- payments to Western Australia to compensate for the loss of royalty revenue resulting from the removal in the 2008-09 Budget of the exemption of condensate from crude oil excise;
- payments to Western Australia as a share of royalties collected by the Commonwealth under the *Offshore Petroleum (Royalty) Act 2006* in respect of the North West Shelf oil and gas project off the coast of Western Australia;
- payments to the Northern Territory in lieu of royalties on uranium mining in the Ranger Project Area due to the Commonwealth's ownership of uranium in the Northern Territory; and
- payments to New South Wales and Victoria to compensate for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the States' shareholdings.

Elements of this program are linked to the Resources, Energy and Tourism portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.5: Program 1.4 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial Relations Act 2009</i>	45,450,000	48,350,000	51,750,000	54,700,000	57,400,000
Special accounts					
COAG Reform Fund					
ACT Municipal Services	35,437	36,110	36,796	37,458	38,208
Reduced Royalties	60,817	78,446	74,173	71,334	71,589
Royalties	948,878	937,201	935,448	945,997	931,411
Taxation Compensation in Respect of Snowy Hydro Limited	28,383	57,000	57,000	57,000	57,000
Total program expenses	46,523,515	49,458,757	52,853,417	55,811,789	58,498,208

Program deliverables

General revenue assistance payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will make general revenue assistance payments to the States and Territories that reflect the requirements, the amounts and timeframes specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide GST revenue data on a monthly, quarterly and annual basis, and will maintain a schedule of estimates of annual net GST receipts, in accordance with the requirements of the *Intergovernmental Agreement on Federal Financial Relations*.

Program 1.5: Assistance to the States for Healthcare Services

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of healthcare services.

On 13 February 2011, COAG, reached a Heads of Agreement on *National Health Reform* which will form the basis of negotiations for a new *National Health Reform Agreement* to be signed by July 2011.

National Health Reform funding will be provided under the *National Health Reform* arrangements and will commence on 1 July 2012 replacing the National Healthcare Specific Purpose Payment (SPP). National Health Reform funding will have two elements: National Health Reform base funding—to be provided from 1 July 2012 sourced from the existing National Healthcare SPP—and Efficient growth funding—to be provided from 2014-15. National Health Reform funding will be paid into a *National Funding Pool* to support public hospital services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.6: Program 1.5 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations					
National Healthcare SPP - <i>Federal Financial Relations Act 2009</i>	11,988,322	12,805,485	-	-	
National Health Reform funding - <i>Federal Financial Relations Act 2009</i>	-	-	13,676,183	14,597,818	16,154,205
Total program expenses	11,988,322	12,805,485	13,676,183	14,597,818	16,154,205

Note: The *Federal Financial Relations Act 2009* will be amended to implement the *National Health Reform Agreement*.

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Healthcare SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Healthcare SPP in the healthcare sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Healthcare SPP within the healthcare sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

From 1 July 2012, the National Health Reform funding will be paid into a *National Funding Pool*. The *Intergovernmental Agreement on Federal Financial Relations* will be amended to reflect the changed payment arrangements for healthcare.

Program 1.6: Assistance to the States for Schools

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of government and non-government school services.

Although the Treasury makes payments for non-government schools, the funding and expense for the non-government schools component is in the Education, Employment and Workplace Relations portfolio.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.7: Program 1.6 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations					
National Schools SPP - Government schools <i>Federal Financial Relations Act 2009</i>	3,550,652	3,774,819	4,020,265	4,299,848	4,619,857
Total program expenses	3,550,652	3,774,819	4,020,265	4,299,848	4,619,857

Note: The non-government schools component appears in the Education, Employment and Workplace Relations portfolio and in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Schools SPP (government and non-government schools component) and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Schools SPP in the schools sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Schools SPP within the schools sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.7: Assistance to the States for Skills and Workforce Development

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of skills and workforce development services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.8: Program 1.7 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations					
National Skills and Workforce Development SPP - Federal Financial Relations Act 2009	1,339,358	1,363,132	1,390,463	1,416,743	1,445,715
Total program expenses	1,339,358	1,363,132	1,390,463	1,416,743	1,445,715

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Skills and Workforce Development SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Skills and Workforce Development SPP in the skills and workforce sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Skills and Workforce Development SPP within the skills and workforce sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.8: Assistance to the States for Disability Services

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of disability services.

From 1 July 2011, the Commonwealth will make an adjustment to ensure that the changes to Commonwealth and State roles and responsibilities for aged care and disability services, as part of the National Health Reform arrangements, are budget neutral. Subject to further negotiations on elements of the National Health Reform arrangements, it is anticipated that the adjustment to achieve budget neutrality will be made to either the National Healthcare SPP or the National Disability SPP.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.9: Program 1.8 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations Act 2009</i>	1,052,019	1,207,731	1,276,843	1,348,413	1,431,873
Changed roles and responsibilities - adjustment to achieve budget neutrality	-	14,184	6,758	65	454
Total program expenses	1,052,019	1,221,915	1,283,601	1,348,478	1,432,327

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Disability Services SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Disability Services SPP in the disability services sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Disability Services SPP within the disability services sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.9: Assistance to the States for Affordable Housing

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of affordable housing services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.10: Program 1.9 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations Act 2009</i>	1,221,831	1,242,603	1,266,212	1,289,004	1,314,784
Total program expenses	1,221,831	1,242,603	1,266,212	1,289,004	1,314,784

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Affordable Housing SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Affordable Housing SPP in the affordable housing sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Affordable Housing SPP within the affordable housing sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.10: National Partnership Payments to the States

Program objective

The Government provides financial support for the States and Territories to be spent on improving outcomes in the areas specified in each of the National Partnership agreements. These payments support the delivery of specified outputs or projects, facilitate reforms or reward those jurisdictions that deliver on nationally significant reforms.

This program is linked to the Agriculture, Fisheries and Forestry portfolio, Attorney-General's portfolio; Broadband, Communications and the Digital Economy portfolio; Climate Change and Energy Efficiency portfolio; Defence portfolio; Defence portfolio (Department of Veterans' Affairs); Education, Employment and Workplace Relations portfolio; Families, Housing, Community Services and Indigenous Affairs portfolio; Finance and Deregulation portfolio; Health and Ageing portfolio; Infrastructure and Transport portfolio; Prime Minister and Cabinet portfolio; Prime Minister and Cabinet portfolio (Department of Regional Australia, Regional Development and Local Government); Resources, Energy and Tourism portfolio; and Sustainability, Environment, Water, Population and Communities portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.11: Program 1.10 expenses

	Agency PBS Program	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special accounts						
COAG Reform Fund						
Agriculture, Fisheries and Forestry portfolio						
Exceptional Circumstances						
Assistance	1.11	235,447	10,768	-	-	-
Pilot of drought reform measures in Western Australia	1.11	1,055	16,782	7,772	1,157	-
Tasmanian Forest Contractors Financial Support Program	1.3	5,616	-	-	-	-
Exotic Disease Preparedness Program	2.2	7,892	400	414	422	429
Plant disease and eradication	2.2	5,135	2,770	-	-	-
Total		255,145	30,720	8,186	1,579	429

Table 2.11: Program 1.10 expenses (continued)

		2010-11	2011-12	2012-13	2013-14	2014-15
	Agency	Revised	Budget	Forward	Forward	Forward
	PBS	budget		year 1	year 2	year 3
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Attorney-General's portfolio						
Legal assistance services	1.3	190,797	194,784	198,280	201,540	205,772
Native title	1.5	6,000	-	-	-	-
Natural disaster recovery and rebuilding relief appeals - Commonwealth contributions	1.6	14,076	-	-	-	-
Natural disaster resilience	1.6	27,830	34,737	26,242	26,949	27,514
Natural disaster recovery and rebuilding	1.6	982,553	478,922	1,650,041	3,955,041	1,416,041
Total		1,221,256	708,443	1,874,563	4,183,530	1,649,327
Broadband, Communications and the Digital Economy portfolio						
Digital regions initiative	1.2	19,225	21,041	10,418	-	-
Digital regions initiative - local government	1.2	395	4	4	-	-
Remote Indigenous public internet access	1.2	2,299	2,013	2,073	2,121	2,171
Total		21,919	23,058	12,495	2,121	2,171
Department of Climate Change and Energy Efficiency portfolio						
National Solar Schools Program (Government Schools)	1.1	-	54,849	17,904	-	-
Renewable remote power generation	1.1	17,320	6,400	-	-	-
Total		17,320	61,249	17,904	-	-
Defence portfolio						
School Pathways Program	1.3	943	1,855	1,704	1,286	-
Total		943	1,855	1,704	1,286	-
Defence portfolio (Department of Veterans' Affairs)						
Home and community care - services for veterans	2.4	18,349	7,442	7,131	6,784	6,797
Total		18,349	7,442	7,131	6,784	6,797
Education, Employment and Workplace Relations portfolio						
Early childhood education - universal access to early education	1.3	97,000	297,000	447,000	460,410	460,410
Indigenous early childhood development - children and family centres	1.3	63,177	94,142	56,535	46,155	-
National quality agenda for early childhood education and care	1.3	7,747	13,093	21,328	19,080	19,080

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Education, Employment and Workplace Relations portfolio (continued)						
TAFE fee waivers for childcare qualifications	1.3	16,563	30,306	22,029	22,741	11,372
Youth attainment and transitions						
- maximising engagement, attainment and successful transitions	2.1	37,502	37,502	37,502	18,751	-
- year 12 attainment and transitions	2.1	-	50,000	-	50,000	-
Closing the Gap in the Northern Territory						
- supporting remote schools - additional teachers	2.3	29,200	32,300	12,400	-	-
- quality teaching, accelerated literacy	2.3	16,290	12,289	-	-	-
- teacher housing	2.3	4,918	-	-	-	-
Schools - support for improving learning experiences and educational outcomes for school students with disability	2.4	-	61,162	61,370	30,681	-
Building Australia's Future Workforce						
- training places for single and teen parents	2.2	-	6,666	20,000	26,667	26,667
- vocational education and training	2.4	-	-	238,351	238,351	238,351
Trade training centres in schools (Government)	2.4	203,880	158,220	164,880	171,780	179,040
Digital education revolution (Government Schools)	2.5	63,000	126,000	126,000	126,000	126,000
Smarter schools - literacy and numeracy	2.6	175,000	175,000	-	-	-
Building the education revolution - primary schools for the 21st century (Government Schools)	2.7	3,717,363	309,658	-	-	-
Smarter schools - low SES school communities	2.8	203,258	371,032	362,908	225,771	173,964
Smarter schools - improving teacher quality	2.9	34,000	216,000	175,000	-	-
Pre-apprenticeship training	3.5	19,962	-	-	-	-
Productivity Places Program	3.5	319,424	375,863	-	-	-
Total		5,008,284	2,366,233	1,745,303	1,436,387	1,234,884

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Families, Housing, Community Services and Indigenous Affairs portfolio						
Homelessness	2.2	130,501	131,501	156,501	-	-
Nation Building and Jobs Plan - Social housing - second stage construction	2.2	1,294,000	162,000	-	-	-
Victorian bushfire reconstruction and recovery plan	3.4	6,930	-	-	-	-
Certain concessions for pensioners and senior card holders						
- certain concessions for pensioners	4.2	244,519	254,567	262,870	272,028	281,532
- national reciprocal transport concessions	4.2	13,179	14,231	12,500	12,500	12,500
Remote Indigenous housing	7.2	674,989	525,584	473,685	537,797	491,963
Closing the Gap in the Northern Territory						
- community safety - family support	7.5	5,269	5,476	-	-	-
- field operations	7.5	2,907	4,278	-	-	-
- food security	7.5	370	220	-	-	-
- property and tenancy management rent reimbursement	7.5	3,277	4,892	-	-	-
- remote policing and substance abuse	7.5	50,095	60,074	-	-	-
Improving policing in very remote areas	7.5	1,000	-	-	-	-
Total		2,427,036	1,162,823	905,556	822,325	785,995
Finance and Deregulation portfolio						
Seamless national economy	1.1	-	200,000	250,000	-	-
Total		-	200,000	250,000	-	-
Health and Ageing portfolio						
National bowel cancer screening	1.1	1,398	-	-	-	-
Victorian cytology service	1.1	7,334	7,700	8,085	8,497	8,949
National antimicrobial utilisation surveillance program	1.2	300	-	-	-	-
Essential vaccines	1.5	306,845	371,179	360,151	348,057	344,926
Preventive health						
- enabling infrastructure	1.6	5,000	2,500	2,500	2,500	-
- healthy children	1.6	-	32,455	64,912	97,367	130,790
- healthy workers	1.6	-	33,552	62,556	88,161	105,150
- social marketing	1.6	6,001	6,001	6,001	6,001	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
PET scanner for the Westmead Hospital, Sydney	3.3	1,300		1,300	1,300	1,300
Cairns integrated cancer centre	3.5	2,000		-	-	-
Tasmanian health package - radiation oncology services in North / North West Tasmania	3.5	2,664		400	-	-
- upgrading patient accommodation for Launceston	3.5	500		-	-	-
Aged care assessment	4.1	72,729		8,667	-	-
Transitioning responsibilities for aged care and disability services						
- basic community care maintenance and support services	4.4	1,295,808		502,657	544,006	588,755
- specialist disability services	4.4	-		229,715	234,418	238,493
National Health Reform - financial assistance for long stay older patients	4.7	-		92,611	78,385	-
Healthy kids health checks	5.2	1,804		1,972	1,988	1,988
Closing the Gap in the Northern Territory - Indigenous health and related services	8.1	5,673		829	-	-
Indigenous early childhood development - antenatal and reproductive health	8.1	21,883		24,257	24,363	5,954
Reducing acute rheumatic heart fever among Indigenous children	8.1	2,383		2,523	2,571	2,625
Satellite renal dialysis facilities in remote Northern Territory communities	8.1	272		-	-	-
Sexual assault counselling in remote Northern Territory areas	8.1	1,386		461	-	-
Children's cancer centre, Adelaide	10.1	8,000		-	-	-
Health and Hospitals Fund - National cancer system	10.1	202,225		367,789	26,428	4,779
OzFoodNet	10.5	1,598		1,644	1,673	1,706
Vaccine-preventable diseases surveillance	10.5	1,210		781	799	817

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
Health and Hospitals Fund						
- Transitional research and workforce training	10.5	-	26,000	25,000	20,000	-
- Hospital infrastructure and other projects of national significance	10.6	228,700	429,000	193,000	77,600	50,000
- Regional priority round						
- Port Macquarie Base Hospital Expansion	10.6	-	14,100	22,600	38,500	20,800
- Royal Hobart Hospital Redevelopment	10.6	-	20,016	38,606	50,000	50,000
- Additional component	10.6	-	66,590	95,506	191,970	245,000
Mental health	11.1	-	21,352	43,473	44,269	45,049
National Health Reform - expanding the Early Psychosis Prevention and Intervention Centre model	11.1	5,885	8,100	28,200	50,200	70,200
National perinatal depression initiative	11.1	6,401	9,501	8,700	8,700	8,700
Northern Territory medical school funding contribution	12.1	532	1,628	2,212	2,252	2,297
Hepatitis C settlement fund	13.1	355	1,400	-	-	-
Extension of the COAG Long Stay Older Patients Initiative	13.3	37,500	37,500	37,500	37,500	37,500
Commonwealth Dental Health Program	13.3	-	94,300	96,700	99,000	-
Elective surgery waiting list reduction plan	13.3	268,000	-	-	-	-
Funding for Grafton Hospital	13.3	1,000	5,000	-	-	-
Health care grants for the Torres Strait	13.3	3,969	4,166	4,365	4,443	4,532
Hospital and health workforce reform	13.3	-	41,400	55,520	-	-
National Health Reform - expansion of subacute care in multi-purpose services	13.3	24,950	43,000	35,000	17,050	-
- flexible funding for emergency departments, elective surgery and subacute care	13.3	94,289	25,000	25,000	-	-
- four hour national access target for emergency departments - capital funding	13.3	105,390	50,000	50,000	-	-
- four hour national access target for emergency departments - facilitation and reward funding	13.3	175,000	100,000	75,000	150,000	-

Table 2.11: Program 1.10 expenses (continued)

	2010-11	2011-12	2012-13	2013-14	2014-15
Agency	Revised	Budget	Forward	Forward	Forward
PBS	budget	Budget	year 1	year 2	year 3
Program	\$'000	\$'000	\$'000	\$'000	\$'000
Health and Ageing portfolio (continued)					
National Health Reform					
- improving access to elective surgery - capital funding	13.3	91,625	25,000	-	-
- improving access to elective surgery - facilitation and reward funding	13.3	355,000	158,000	21,000	116,000
- new subacute beds guarantee funding	13.3	233,600	317,600	446,600	625,500
Tasmanian health package					
- patient transport and accommodation services	13.3	2,300	1,150	-	-
Health infrastructure projects in Tasmania	13.3	-	1,400	-	-
Contribution towards the new Women's and Children's Hospital in Hobart	13.3	100,000	-	-	-
Royal Darwin hospital - equipped, prepared, and ready	14.1	14,212	14,481	14,756	15,007
National public health - human quarantine services	14.1	106	108	110	112
Torres Strait health protection strategy	14.1	895	913	929	945
Total		3,698,022	4,356,492	3,059,588	3,015,562
Infrastructure and Transport portfolio					
Nation Building Plan for the Future					
- Building Australia Fund - Rail	1.1	399,100	719,200	655,400	858,000
- Building Australia Fund - Road	1.1	432,000	848,000	890,000	41,000
- Major Cities - Rail	1.1	30,200	60,600	101,200	37,000
National smart-managed motorways	1.1	-	19,952	20,046	20,042
Nation Building Program					
- black spot projects	1.1	50,384	74,500	59,500	59,500
- heavy vehicle safety and productivity	1.1	15,952	28,000	-	-
- improving the national network	1.1	49,246	7,000	-	-
- investment - rail	1.1	18,700	122,795	287,397	266,486
- investment - road	1.1	1,807,735	2,913,860	2,742,975	2,788,883
- off-network projects - rail	1.1	48,000	90,100	76,272	140,000
- off-network projects - road	1.1	95,644	90,521	123,702	122,754
- off-network supplementary	1.1	1,100	-	-	-

Table 2.11: Program 1.10 expenses (continued)

		2010-11	2011-12	2012-13	2013-14	2014-15
Agency	PBS	Revised	Budget	Forward	Forward	Forward
Program		budget		year 1	year 2	year 3
		\$'000	\$'000	\$'000	\$'000	\$'000
Infrastructure and Transport portfolio (continued)						
Regional Infrastructure Fund - committed infrastructure and economic infrastructure projects	1.1	12,000	42,400	419,300	578,753	665,500
Seamless national economy						
- National Heavy Vehicles Transport Regulator	2.2	1,710	1,800	1,000	-	-
- National Rail Transport Safety Regulator	2.2	610	1,400	600	-	-
Interstate road transport	2.2	76,510	81,010	85,060	89,314	93,779
Fort Street High School noise insulation	2.4	6,000	4,500	-	-	-
Local Government and Regional Development - infrastructure employment projects	3.1	13,000	16,500	-	-	-
Total		3,057,891	5,122,138	5,462,452	5,001,732	1,585,579
Prime Minister and Cabinet portfolio						
World sailing championships	3.1	2,000	3,600	-	-	-
Total		2,000	3,600	-	-	-
Prime Minister and Cabinet portfolio (Department of Regional Australia, Regional Development and Local Government)						
East Kimberley development package						
- education-related projects	1.1	10,660	16,830	4,210	-	-
- health-related projects	1.1	6,260	14,570	2,830	-	-
- social and transitional housing projects	1.1	20,640	4,360	-	-	-
- other infrastructure projects	1.1	5,800	1,450	-	-	-
Regional Infrastructure Fund - Regional Development Australia Fund	1.1	-	-	285,000	288,000	-
Local Government and Regional Development - Local Government Reform Fund	1.2	8,114	9,783	3,301	-	-
Centenary of Canberra 2013						
- a gift to the national capital	2.1	-	27,000	25,000	5,000	5,000
- Joint National Program	2.1	-	2,600	2,040	991	-
Total		51,474	76,593	322,381	293,991	5,000

Table 2.11: Program 1.10 expenses (continued)

		2010-11	2011-12	2012-13	2013-14	2014-15
	Agency	Revised		Forward	Forward	Forward
	PBS	budget	Budget	year 1	year 2	year 3
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Resources, Energy and Tourism portfolio						
Environment Management of the Former Rum Jungle mine site	2.0	1,200	2,400	1,474	-	-
Total		1,200	2,400	1,474	-	-
Sustainability, Environment, Water, Population and Communities portfolio						
Caring for our Country	1.1	143,400	143,400	143,400	-	-
Bioremediation and revegetation	4.1	4,702	-	-	-	-
Great Artesian Basin Sustainability Initiative	4.1	9,317	30,397	15,085	15,085	-
Water for the Future	4.1	192,245	613,004	56,100	-	-
Total		349,664	786,801	214,585	15,085	-
Treasury portfolio						
First Home Owners Boost	1.10	177,674	22,195	484	-	-
Standard Business Reporting Program	1.10	5,907	-	-	-	-
Total		183,581	22,195	484	-	-
Total program expenses		16,314,084	14,932,042	13,883,806	14,780,382	7,256,877

Note: These items can also be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program deliverables

Payments to the States and Territories will be made on the basis set out in each of the National Partnership agreements and any related agreements.

Program key performance indicators

The Commonwealth Treasury will make payments to the States and Territories that reflect the requirements, the amounts and timeframes set out in each of the National Partnership agreements and any related agreements. These payments will only be made upon the Commonwealth Treasury's receipt of authorisations from the relevant agency in respect of performance benchmarks or payment schedules set out in each of the National Partnership agreements.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the Treasury’s finances for 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period with the agreement of the Finance Minister may be moved to a future year. Table 3.1.1 shows the movement of administered funds approved between years.

Table 3.1.1: Movement of Administered Funds between years

	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1 ¹	(9,381)	9,381	-	-	-
Total Movement of Administered Funds	(9,381)	9,381	-	-	-

1. The movement of funds relates to the expected delay in the Competitive and Sustainable Banking System reform plan — public awareness and education campaign that is now expected to commence in 2011-12 rather than 2010-11.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Treasury.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2011-12 2010-11	Receipts non- appropriated 2011-12 2010-11	Receipts appropriated 2011-12 2010-11	Payments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account(D)	1	2,205 2,205	1,629 1,629	- -	1,629 1,629	2,205 2,205
COAG Reform Fund Special Account(A)	1	- -	16,538,551 20,410,778	- -	16,538,551 20,410,778	- -
Financial System Stability Special Account(A)	1	- -	- -	- -	- -	- -
Other Trust Moneys Account(D)	1	- -	- -	- -	- -	- -
Services for other Governments and Non-agency Bodies Account(D)	1	- -	- -	- -	- -	- -
Total special accounts						
2011-12 Budget estimate		2,205	16,540,180	-	16,540,180	2,205
Total special accounts 2010-11 estimate actual		2,205	20,412,407	-	20,412,407	2,205

(A) Administered.

(D) Departmental.

3.1.3 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 2011-12 after non appropriated expenses are added back.

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 comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	121,000	119,058	114,353	108,576	109,405
Supplier	44,776	43,609	42,245	40,237	40,674
Grants	2,420	1,080	1,080	1,080	1,080
Depreciation and amortisation	11,336	11,336	11,335	11,331	11,331
Total expenses	179,532	175,083	169,013	161,224	162,490
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	9,108	11,868	11,868	11,868	11,868
Other revenue	290	742	742	742	742
Total revenue	9,398	12,610	12,610	12,610	12,610
Gains					
Other gains	530	550	550	550	550
Total gains	530	550	550	550	550
Total own-source income	9,928	13,160	13,160	13,160	13,160
Net cost of (contribution by) services	169,604	161,923	155,853	148,064	149,330
Appropriation revenue	158,268	150,587	144,518	136,733	137,999
Surplus (deficit) attributable to the Australian Government	(11,336)	(11,336)	(11,335)	(11,331)	(11,331)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(11,336)	(11,336)	(11,335)	(11,331)	(11,331)
Plus non-appropriated expenses depreciation and amortisation expenses	11,336	11,336	11,335	11,331	11,331
Operating result attributable to the Treasury	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	4,194	4,194	4,194	4,194	4,194
Trade and other receivables	76,256	78,256	80,256	82,256	84,256
Total financial assets	80,450	82,450	84,450	86,450	88,450
Non-financial assets					
Land and buildings	8,890	7,866	6,852	5,848	4,854
Infrastructure, plant and equipment	8,069	8,972	9,906	10,882	11,915
Intangibles	32,607	28,460	24,234	20,129	16,198
Other	1,799	1,799	1,799	1,799	1,799
Total non-financial assets	51,365	47,097	42,791	38,658	34,766
Total assets	131,815	129,547	127,241	125,108	123,216
LIABILITIES					
Interest bearing liabilities					
Leases	40	40	40	40	40
Total interest bearing liabilities	40	40	40	40	40
Provisions					
Employees	43,194	45,194	47,194	49,194	51,194
Total provisions	43,194	45,194	47,194	49,194	51,194
Payables					
Suppliers	1,662	1,662	1,662	1,662	1,662
Other	10,014	10,014	10,014	10,014	10,014
Total payables	11,676	11,676	11,676	11,676	11,676
Total liabilities	54,910	56,910	58,910	60,910	62,910
Net assets	76,905	72,637	68,331	64,198	60,306
EQUITY					
Parent entity interest					
Contributed equity	46,621	53,689	60,718	67,916	75,355
Reserves	5,246	5,246	5,246	5,246	5,246
Retained surpluses or accumulated deficits	25,038	13,702	2,367	(8,964)	(20,295)
Total equity	76,905	72,637	68,331	64,198	60,306
Current assets	82,249	84,249	86,249	88,249	90,249
Non-current assets	49,566	45,298	40,992	36,859	32,967
Current liabilities	50,517	52,357	54,197	56,037	57,877
Non-current liabilities	4,393	4,553	4,713	4,873	5,033

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	9,108	11,868	11,868	11,868	11,868
Appropriations	159,266	148,587	142,518	134,733	135,999
Other	290	742	742	742	742
Total cash received	168,664	161,197	155,128	147,343	148,609
Cash used					
Employees	119,000	117,058	112,353	106,576	107,405
Suppliers	44,246	43,059	41,695	39,687	40,124
Grants	2,420	1,080	1,080	1,080	1,080
Borrowing costs	-	-	-	-	-
Total cash used	165,666	161,197	155,128	147,343	148,609
Net cash from or (used by) operating activities	2,998	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	7,857	7,068	7,029	7,198	7,439
Total cash used	7,857	7,068	7,029	7,198	7,439
Net cash from or (used by) investing activities	(7,857)	(7,068)	(7,029)	(7,198)	(7,439)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	7,857	7,068	7,029	7,198	7,439
Total cash received	7,857	7,068	7,029	7,198	7,439
Net cash from or (used by) financing activities	7,857	7,068	7,029	7,198	7,439
Net increase or (decrease) in cash held	2,998	-	-	-	-
Cash at the beginning of the reporting period	1,196	4,194	4,194	4,194	4,194
Cash at the end of the reporting period	4,194	4,194	4,194	4,194	4,194

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	25,038	5,246	-	46,621	76,905
Adjusted opening balance	25,038	5,246	-	46,621	76,905
Comprehensive income					
Surplus (deficit) for the period	(11,336)	-	-	-	(11,336)
Total comprehensive income recognised directly in equity	(11,336)	-	-	-	(11,336)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	583	583
Appropriation (departmental capital budget)	-	-	-	6,485	6,485
Total transactions with owners	-	-	-	7,068	7,068
Estimated closing balance as at 30 June 2012	13,702	5,246	-	53,689	72,637

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	6,462	6,485	6,529	6,615	6,856
Total equity injections	1,395	583	500	583	583
Total capital appropriations	7,857	7,068	7,029	7,198	7,439
Represented by:					
Purchase of non-financial assets	7,857	7,068	7,029	7,198	7,439
Total represented by	7,857	7,068	7,029	7,198	7,439
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,395	583	500	583	583
Funded by capital appropriation - DCB	6,462	6,485	6,529	6,615	6,856
TOTAL	7,857	7,068	7,029	7,198	7,439
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	7,857	7,068	7,029	7,198	7,439
Total cash used to acquire assets	7,857	7,068	7,029	7,198	7,439

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (budget year 2011-12)

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	20,300	16,296	43,968	80,564
Accumulated depreciation/amortisation and impairment	11,410	8,227	11,361	30,998
Opening net book balance	8,890	8,069	32,607	49,566
Capital asset additions				
By purchase - appropriation equity	-	-	583	583
By purchase - appropriation ordinary annual services	500	2,954	3,031	6,485
Total additions	500	2,954	3,614	7,068
Other movements				
Depreciation/amortisation expense	1,524	2,051	7,761	11,336
Total other movements	1,524	2,051	7,761	11,336
As at 30 June 2012				
Gross book value	20,800	19,250	47,582	87,632
Accumulated depreciation/amortisation and impairment	12,934	10,278	19,122	42,334
Closing net book balance	7,866	8,972	28,460	45,298

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Goods and services	1,899,926	1,688,629	1,428,130	1,209,911	734,993
Interest	4,546	11,260	16,582	20,022	21,370
Dividends	-	-	-	-	57,000
Nation Building and COAG transfers	1,338,535	2,623,732	2,372,961	1,392,812	964,358
Other sources of non-taxation revenues	54,235	18,100	2,500	2,500	2,500
Total non-taxation	3,297,242	4,341,721	3,820,173	2,625,245	1,780,221
Total revenue administered on behalf of government	3,297,242	4,341,721	3,820,173	2,625,245	1,780,221
Gains					
Foreign exchange	-	1,330	12,229	72,006	74,333
Total gains administered on behalf of government	-	1,330	12,229	72,006	74,333
Total income administered on behalf of government	3,297,242	4,343,051	3,832,402	2,697,251	1,854,554
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	82,044,781	84,801,325	88,378,448	93,548,063	90,722,974
Interest	18,892	22,936	22,971	23,175	23,349
Other	11,114	14,112	675	675	675
Losses					
Foreign exchange losses	28,601	-	-	-	-
Total expenses administered on behalf of government	82,103,388	84,838,373	88,402,094	93,571,913	90,746,998

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,063	4,063	4,063	4,063	4,063
Advances and loans	98,122	571,348	626,273	685,792	699,344
Receivables	2,337,713	1,371,634	727,575	271,065	153,429
Investments	16,707,089	21,983,700	22,045,104	22,206,298	22,370,367
Total financial assets	19,146,987	23,930,745	23,403,015	23,167,218	23,227,203
Non financial assets					
Prepayments	2,557,000	3,050,000	2,398,000	354,000	-
Total non financial assets	2,557,000	3,050,000	2,398,000	354,000	-
Total assets administered on behalf of government	21,703,987	26,980,745	25,801,015	23,521,218	23,227,203
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	3,742,245	7,078,162	6,443,008	6,467,338	6,491,483
Other	4,975,812	4,924,476	4,924,476	4,967,965	5,012,237
Total interest bearing liabilities	8,718,057	12,002,638	11,367,484	11,435,303	11,503,720
Payables					
Grants and subsidies	128,174	111,463	105,839	106,622	105,352
Other payables	2,210,199	1,305,078	672,961	250,691	149,835
Total payables	2,338,373	1,416,541	778,800	357,313	255,187
Total liabilities administered on behalf of government	11,056,430	13,419,179	12,146,284	11,792,616	11,758,907

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	1,252,714	1,015,124	740,992	544,455	144,699
Interest	3,630	8,385	11,368	12,305	12,415
Dividends	750,000	-	-	-	57,000
Grants	8,279,602	10,103,554	10,444,736	10,108,451	10,511,148
Other	54,235	18,100	2,500	2,500	2,500
Total cash received	10,340,181	11,145,163	11,199,596	10,667,711	10,727,762
Cash used					
Grant payments	88,014,562	91,580,143	95,095,767	99,515,242	99,308,960
Interest paid	17,279	22,936	22,936	23,141	23,349
Other	77,580	29,393	9,419	4,675	1,675
Total cash used	88,109,421	91,632,472	95,128,122	99,543,058	99,333,984
Net cash from or (used by) operating activities	(77,769,240)	(80,487,309)	(83,928,526)	(88,875,347)	(88,606,222)
INVESTING ACTIVITIES					
Cash received					
Other investing activities	401,962	-	-	-	-
Total cash received	401,962	-	-	-	-
Cash used					
Purchase of investments	446,796	1,950,154	684,329	25,686	25,916
Advances and loans	2,562,500	550,000	50,000	47,500	-
Other	90,185	421,868	-	-	-
Total cash used	3,099,481	2,922,022	734,329	73,186	25,916
Net cash from or (used by) investing activities	(2,697,519)	(2,922,022)	(734,329)	(73,186)	(25,916)
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Net cash from or (used by) financing activities					
Net increase or (decrease) in cash held	(80,466,759)	(83,409,331)	(84,662,855)	(88,948,533)	(88,632,138)
Cash at beginning of reporting period	4,063	4,063	4,063	4,063	4,063
Cash from Official Public Account - appropriations	84,267,825	87,074,662	87,790,666	90,900,595	89,813,100
Cash to Official Public Account	3,801,066	3,665,331	3,127,811	1,952,062	1,180,962
Cash at end of reporting period	4,063	4,063	4,063	4,063	4,063

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Administered assets and liabilities	14,765	62,708	54,244	47,500	-
Special appropriations	532,059	2,372,022	684,329	25,686	25,916
Total capital appropriations	546,824	2,434,730	738,573	73,186	25,916
Represented by:					
International Financial Institutions	532,059	2,372,022	684,329	25,686	25,916
Other	14,765	62,708	54,244	47,500	-
Total represented by	546,824	2,434,730	738,573	73,186	25,916

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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.

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 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, fines and excises.

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Agency overview and resources	63
1.1 Strategic direction	63
1.2 Agency resource statement	66
1.3 Budget measures.....	67
Section 2: Outcomes and planned performance	68
2.1 Outcomes and performance information	68
Section 3: Explanatory tables and budgeted financial statements	72
3.1 Explanatory tables	72
3.2 Budgeted financial statements	73

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Bureau of Statistics (ABS) is Australia's central statistical agency. It provides statistics on a wide range of economic, environmental and social matters covering government, business and the community. The ABS's 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.

The ABS's legislated functions include:

- operate as Australia's central statistical authority for the Australian Government and, by arrangements with the Governments of the States, provide statistical services for those Governments;
- collect, compile, analyse and disseminate statistics, and related information; and
- coordinate the statistical operations of official bodies with particular regard to:
 - the avoidance of duplication of statistical information;
 - the attainment of compatibility and integration of statistics compiled by official bodies;
 - the maximum utilisation of information available to official bodies for statistical purposes;
 - the development of standards for statistics and ensuring that official bodies comply with them;
 - the provision of advice and assistance to official bodies on the production and use of statistics; and
 - liaison with international organisations on statistical matters.

To achieve the ABS's mission, the ABS will continue to provide quality and relevant statistics over the forward triennium within the budget allocated to it. This includes ensuring that the statistics released by the ABS address current issues. The ABS will continue to undertake significant engagement with stakeholders in order to

understand their needs with the aim of better responding to those needs. The ABS will also work with other agencies to provide the next generation of statistical requirements and information management infrastructure.

The ABS will continue to work with data providers to access alternative sources of information that can be used for statistical purposes, especially administrative data held by other government agencies. Access to this data will be managed carefully to ensure that providers are aware of the excellent protection the ABS's legislation affords their data. This will manage public perceptions about privacy issues, and maintain the trust of providers.

The ABS will also continue to provide leadership of the National Statistics Service (NSS). The NSS is the community of government agencies at Australian, state and territory levels, led by the ABS, which seeks to build a better statistical service for the community. For example, the ABS will be actively building relationships with other government agencies and will target areas to progress the NSS, such as statistical frameworks, principles and data sources that can be used to produce official statistics. The objective of the NSS work is to improve and expand the information available for decision making regardless of its source. The NSS work encapsulates the coordination functions set out in the ABS legislation and will be critical to reducing duplication across government agencies, increasing coherence of official statistics, reducing provider load and ensuring a less fragmented statistical system.

The ABS will support data integration for statistical and research purposes. The demand for linking social, economic and environment datasets continues to increase across Australian governments. The ABS is working with Australian governments to improve the strategic use of data assets whilst preserving community trust in the process and confidence in the statistics and research produced.

The ABS will also be paying particular attention to ensuring the sustainability of its operations by developing better ways for organising its work including how best to secure its future workforce.

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;
- 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 the 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 and with the need to maintain the trust of providers;
- a wider range of sources of statistical data driving a need to ensure that the overall NSS is coordinated and the ABS's role is clearly defined;
- increasing demands for simplified interactions with government, including with 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 (while acknowledging concerns about individual privacy); and
- pressures to improve productivity and to create a staff profile more appropriate to the ABS's future skill needs in an increasingly tight labour market where attraction and retention issues are presenting significant challenges.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Australian Bureau of Statistics resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts + available in 2011-12 \$'000	Proposed at = Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental appropriations				
Prior year departmental appropriation	48,020 ⁵	-	48,020	-
Departmental appropriation ⁴	-	563,857 ¹	563,857	398,904
Receipts from other sources (s31)	-	48,388 ³	48,388	39,386
Total ordinary annual services A	48,020	612,245	660,265	438,290
Other services				
Departmental non-operating				
Equity injections	-	1,068 ²	1,068	623
Total other services B	-	1,068	1,068	623
Total net resourcing for the ABS (A+B)	48,020	613,313	661,333	438,913

1. Appropriation Bill (No.1) 2011-12.

2. Appropriation Bill (No.2) 2011-12.

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

4. Includes an amount of \$18.0 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).

5. Estimated adjusted balance carried forward from previous year.

1.3 BUDGET MEASURES

Budget measures relating to the ABS are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Bureau of Statistics 2011-12 Budget measures

		2010-11	2011-12	2012-13	2013-14	2014-15
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Efficiency dividend - temporary increase in the rate	1.1	-	(2,722)	(3,201)	(3,804)	(4,758)
Enhanced macro-economic statistical capacity	1.1	-	6,848	7,304	7,515	7,507
Tackling Climate Change - emissions reduction modelling - continuation	1.1	-	2,780	2,807	-	-
Total expense measures		-	6,906	6,910	3,711	2,749
Related capital						
Efficiency dividend - temporary increase in the rate	1.1	-	(91)	(230)	(323)	(403)
Enhanced macro-economic statistical capacity	1.1	-	680	220	-	-
Tackling Climate Change - emissions reduction modelling - continuation	1.1	-	152	153	-	-
Total related capital		-	741	143	(323)	(403)

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The ABS's outcome is described below specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the ABS.

Outcome 1: Informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information

Outcome 1 strategy

Key strategies for 2011-12 to 2013-14 are set out in the ABS Forward Work Program. The major initiatives that will contribute to this outcome over this period include:

- assist and encourage informed decision making through continued delivery of relevant high quality, key official statistics;
- ensure maximum use of, and access to, official statistics, by actively building relationships and targeting specific areas to progress the NSS;
- meet provider expectations through continued standardisation and harmonisation of data collection requirements and methods across the Australian government, including through e-data initiatives; and
- ensure international statistical coherence by influencing the development and implementation of statistical standards and frameworks of relevance to the region through the ABS's leadership role in international statistics strategy.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information	2010-11	2011-12
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Australian Bureau of Statistics		
Departmental expenses		
Departmental appropriation	402,321	594,427
Expenses not requiring appropriation in the budget year	32,944	33,060
Total expenses for Outcome 1	435,265	627,487
	2010-11	2011-12
Average staffing level (number)	3,030	3,230

Contributions to Outcome 1

Program 1.1: Australian Bureau of Statistics

Program objective

The ABS has the following objectives:

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

Program expenses

The increase in expenses for 2011-12 are predominately due to the 2011 Census of Population and Housing (2011 Census) cyclical funding, budget measures and rendering of services.

Table 2.2 Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	435,265	627,487	383,912	365,052	375,794
Total departmental expenses	435,265	627,487	383,912	365,052	375,794

Program deliverables

The ABS deliverables are:

- provide a range of quality and timely statistical outputs across key economic, population, social and environmental subject matters that meet the needs of key users;
- conduct, and commence processing of, the 2011 Census;
- undertake an ongoing engagement process with external stakeholders to facilitate ongoing improvements to the relevance, reliability and accuracy of the ABS statistical program;
- influence the development and implementation of statistical standards and frameworks across the world; and
- progress the NSS by expanding and improving the statistical information available for decision making regardless of its source.

Program key performance indicators

The ABS key performance indicators are:

- an objective statistical service as demonstrated by:
 - release of reliable and accurate statistics;
 - transparent statistical process; and
 - trust and cooperation of providers.

- statistical output which meets the needs of key users of economic and social data in terms of:
 - support for decision-making; and
 - a high level of use.
- appropriate use of statistical standards, frameworks and methodologies by:
 - leading the development of national statistical standards, frameworks and methodologies, and their implementation within the broader Australian statistical system; and
 - contributing to the development of key international standards, frameworks and methodologies, and implementing them as appropriate.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ABS does not have any administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ABS.

Table 3.1.2 Estimates of special account cash flows and balances

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	2011-12	2011-12	2011-12	2011-12	2011-12
	2010-11	2010-11	2010-11	2010-11	2010-11
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Australian Bureau of Statistics Special Account	1	-	-	-	-
	-	-	-	-	-
Total special accounts 2011-12 Budget estimate	-	-	-	-	-
Total special accounts 2010-11 estimate actual	-	-	-	-	-

3.1.3 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

The difference between the agency level resource statement and the sum of all outcome resource statements is the expected carry-forward amount of resources for the budget year 2011-12, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

3.2.2 Analysis of budgeted financial statements

Budgeted financial statements

The change in appropriation in 2011-12 reflects an increase in activity relating to the 2011 Census and new measures arising from the 2011-12 Budget. A listing of these measures is provided at Table 1.2.

Goods and services revenue in 2011-12 and the forward years reflects the expected services to be rendered, with the increase being primarily due to work funded by the Department of Health and Ageing.

The estimated actual 2010-11 operating deficit represents a technical accounting loss resulting from the change in accounting estimates for internally generated software. This will result in an increase in employee benefits expenditure and a reduction in internally generated software capitalised as reported in the balance sheet.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	276,915	447,821	259,859	244,614	254,276
Supplier	125,061	146,130	89,549	83,746	85,473
Depreciation and amortisation	32,944	33,060	34,004	36,192	35,545
Finance costs	65	-	-	-	-
Other	280	476	500	500	500
Total expenses	435,265	627,487	383,912	365,052	375,794
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	39,391	48,388	35,203	29,939	29,000
Total revenue	39,391	48,388	35,203	29,939	29,000
Gains					
Sale of assets	100	100	100	100	100
Other gains	120	120	120	120	120
Total gains	220	220	220	220	220
Total own-source income	39,611	48,608	35,423	30,159	29,220
Net cost of (contribution by) services	395,654	578,879	348,489	334,893	346,574
Appropriation revenue	354,851	545,819	314,485	298,701	311,029
Surplus (deficit) attributable to the Australian Government	(40,803)	(33,060)	(34,004)	(36,192)	(35,545)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(40,803)	(33,060)	(34,004)	(36,192)	(35,545)
Plus non-appropriated expenses depreciation and amortisation expenses	32,944	33,060	34,004	36,192	35,545
Operating result attributable to the ABS	(7,859)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	3,556	3,556	3,556	3,556	3,556
Trade and other receivables	52,592	49,801	41,084	39,873	42,873
Accrued revenues	408	408	408	408	408
Total financial assets	56,556	53,765	45,048	43,837	46,837
Non-financial assets					
Infrastructure, plant and equipment	49,740	50,920	46,890	44,633	44,473
Intangibles	76,198	69,926	62,962	54,444	45,451
Other non-financial assets	7,635	7,655	9,638	9,638	9,638
Total non-financial assets	133,573	128,501	119,490	108,715	99,562
Total assets	190,129	182,266	164,538	152,552	146,399
LIABILITIES					
Interest bearing liabilities					
Leases	4,988	1,997	1,997	1,997	1,997
Total interest bearing liabilities	4,988	1,997	1,997	1,997	1,997
Provisions					
Employees	87,628	94,518	92,266	94,300	96,300
Total provisions	87,628	94,518	92,266	94,300	96,300
Payables					
Suppliers	22,638	22,743	23,384	20,139	20,639
Other	16,127	18,214	13,092	13,092	13,592
Total payables	38,765	40,957	36,476	33,231	34,231
Total liabilities	131,381	137,472	130,739	129,528	132,528
Net assets	58,748	44,794	33,799	23,024	13,871
EQUITY					
Contributed equity	63,896	83,002	106,010	131,427	157,819
Reserves	17,188	17,188	17,188	17,188	17,188
Retained surpluses or accumulated deficits	(22,336)	(55,396)	(89,399)	(125,591)	(161,136)
Total equity	58,748	44,794	33,799	23,024	13,871
Current assets	52,388	50,222	45,336	42,034	40,339
Non-current assets	137,741	132,044	119,202	110,518	106,060
Current liabilities	53,038	55,496	52,778	52,290	53,501
Non-current liabilities	78,343	81,976	77,961	77,238	79,027

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	39,363	48,388	36,088	29,939	29,000
Appropriations	355,469	540,702	327,951	302,612	308,029
Net GST received	11,792	12,585	6,949	6,686	6,256
Other cash received	23	-	-	-	-
Total cash received	406,647	601,675	370,988	339,237	343,285
Cash used					
Employees	276,311	446,540	262,109	242,578	252,277
Suppliers	121,587	139,195	98,830	86,873	82,097
Borrowing costs	65	-	-	-	-
Net GST paid	14,669	15,564	9,649	9,386	8,511
Other cash used	280	476	500	500	500
Total cash used	412,912	601,775	371,088	339,337	343,385
Net cash from or (used by) operating activities	(6,265)	(100)	(100)	(100)	(100)
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	27,955	27,968	23,010	25,417	26,392
Total cash used	27,955	27,968	23,010	25,417	26,392
Net cash from or (used by) investing activities	(27,855)	(27,868)	(22,910)	(25,317)	(26,292)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	35,814	27,968	23,010	25,417	26,392
Total cash received	35,814	27,968	23,010	25,417	26,392
Cash used					
Repayments of debt	1,699	-	-	-	-
Total cash used	1,699	-	-	-	-
Net cash from or (used by) financing activities	34,115	27,968	23,010	25,417	26,392
Net increase or (decrease) in cash held	(5)	-	-	-	-
Cash at the beginning of the reporting period	3,561	3,556	3,556	3,556	3,556
Cash at the end of the reporting period	3,556	3,556	3,556	3,556	3,556

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	(22,336)	17,188	-	63,896	58,748
Adjusted opening balance	(22,336)	17,188	-	63,896	58,748
Comprehensive income					
Surplus (deficit) for the period	(33,060)	-	-	-	(33,060)
Total comprehensive income recognised directly in equity	(33,060)	-	-	-	(33,060)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	1,068	1,068
Appropriation (departmental capital budget)	-	-	-	18,038	18,038
Total transactions with owners	-	-	-	19,106	19,106
Estimated closing balance as at 30 June 2012	(55,396)	17,188	-	83,002	44,794

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	44,053	18,038	22,581	25,361	26,336
Total equity injections	623	1,068	429	56	56
Total capital appropriations	44,676	19,106	23,010	25,417	26,392
Represented by:					
Purchase of non-financial assets	44,676	19,106	23,010	25,417	26,392
Total represented by	44,676	19,106	23,010	25,417	26,392
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	376	1,068	429	56	56
Funded by capital appropriation - DCB ¹	27,579	26,900	22,581	25,361	26,336
TOTAL	27,955	27,968	23,010	25,417	26,392
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	27,955	27,968	23,010	25,417	26,392
Total cash used to acquire assets	27,955	27,968	23,010	25,417	26,392

 1. DCB funding of \$8.862 million will be carried over from 2010-11 to fund 2011-12 purchases.
 Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (2011-12)

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	-	81,620	185,051	266,671
Accumulated depreciation/amortisation and impairment	-	31,880	108,853	140,733
Opening net book balance	-	49,740	76,198	125,938
Capital asset additions				
By purchase - appropriation equity	-	-	1,068	1,068
By purchase - appropriation ordinary annual services	-	15,125	11,775	26,900
Total asset additions	-	15,125	12,843	27,968
Other movements				
Depreciation/amortisation expense	-	13,945	19,115	33,060
Total other movements	-	13,945	19,115	33,060
As at 30 June 2012				
Gross book value	-	96,745	197,894	294,639
Accumulated depreciation/amortisation and impairment	-	45,825	127,968	173,793
Closing net book balance	-	50,920	69,926	120,846

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Budgeted departmental financial statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (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

The ABS is appropriated from government for its program.

Sale of goods and rendering of 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 gains

This category includes resources received free of charge.

Expenses

Employee benefits

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

Depreciation and amortisation

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

Budgeted departmental balance sheet

Non-financial assets — intangibles

These include software developed in house (internally generated software).

Non-financial assets — 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 fit-out of the ABS's new national office accommodation. Loan repayments will be made over a ten year period and are being met by the ABS from within its ongoing operational funding levels. The loan has been fully repaid in 2010-11.

Interest bearing liabilities — 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. This essentially reflects the current cost the entity would face in replacing that asset.

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources	83
1.1 Strategic direction	83
1.2 Agency resource statement	84
1.3 Budget measures	85
Section 2: Outcomes and planned performance	86
2.1 Outcomes and performance information	86
Section 3: Explanatory tables and budgeted financial statements	94
3.1 Explanatory tables	94
3.2 Budgeted financial statements	95

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 *Competition and Consumer Act 2010* (CCA) and performs functions under other Commonwealth legislation and State and Territory competition policy reform Acts.

The Australian Energy Regulator (AER), which is part of the ACCC, regulates the national energy market.

The ACCC's outcome is: lawful competition, consumer protection, and regulation of national infrastructure markets and services, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

The AER will have significant new functions under the National Energy Consumer Framework (NECF) in regulating energy retail and distribution businesses. The AER will continue to work within the evolving regulatory landscape while performing regulatory resets, monitoring compliance and providing timely and relevant information to energy market participants.

A further significant measure for the ACCC is the implementation and enforcement of the new consumer protection and fair trading provisions of the second tranche of the Australian Consumer Law (ACL). The ACL rationalises consumer laws and enhances the protection of consumers. This supports the implementation of one of the 27 deregulation priorities under the Council of Australian Governments' National Partnership to Deliver a Seamless National Economy. In conjunction with the ACL implementation, the ACCC will also be undertaking an awareness-raising campaign to educate consumers and businesses about their rights and obligations under the new consumer guarantees laws.

The ACCC will also be undertaking additional activities as a result of the Government's final response to the recommendations of the National Broadband Network (NBN) Implementation Study.

In performing its role, the ACCC is alert to market conduct that may impact adversely on competition and consumers. Specific areas for the ACCC's attention are mergers, unconscionable conduct, franchising opportunities, misleading and deceptive conduct,

harassment and coercion, and cartel conduct. The ACCC's regulatory role will continue to reflect the view that competition provides the best incentive for firms and institutions to become more efficient, innovative and flexible.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts + available in 2011-12 \$'000	Proposed at Budget = 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	21,449 ⁴	-	21,449	-
Departmental appropriation ⁶	-	152,085 ¹	152,085	147,304
Receipts from other sources (s31)	-	500 ³	500	500
Total ordinary annual services	A 21,449	152,585	174,034	147,804
Other services				
Departmental non-operating				
Equity injections	24,779 ⁴	55 ²	24,834	40
Total other services	B 24,779	55	24,834	40
Total available annual appropriations (A+B)	46,228	152,640	198,868	147,844
Special accounts				
Opening balance ⁵	52	-	52	-
Non-appropriation receipts to special accounts	-	-	-	100
Total special account	C 52	-	52	100
Total net resourcing for ACCC (A+B+C)	46,280	152,640	198,920	147,944

1. Appropriation Bill (No. 1) 2011-12.

2. Appropriation Bill (No. 2) 2011-12.

3. Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.

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

5. Estimated opening balance for special accounts (refer to Table 3.1.2 for further details).

6. Includes \$2.5 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).

Third party payments from and on behalf of other agencies

	2010-11	2011-12
	\$'000	\$'000
Payments made on behalf of the National Competition Council (NCC)	2,812	2,850

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 ACCC are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Competition and Consumer Commission 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Australian Consumer Law						
- compliance and awareness of consumer guarantees law	1.1	-	1,600	-	-	-
- enforcement of consumer protection provisions	1.1	500	1,100	1,101	1,101	1,101
Australian Energy Regulator - new consumer protection function						
	1.1	-	5,419	5,387	4,162	3,584
Efficiency dividend - temporary increase in the rate						
	1.1	-	(693)	(1,479)	(1,809)	(2,180)
National Broadband Network - regulatory framework						
	1.1	-	1,653	1,662	1,266	994
Petrol Commissioner and formal monitoring of petrol prices - continuation						
	1.1	-	1,000	1,000	-	-
Water for the Future - Driving Reform in the Murray-Darling Basin - reallocation of funds						
	1.1	-	1,729	1,742	-	-
Total expense measures		500	10,208	9,413	4,720	3,499
Related capital						
Efficiency dividend - temporary increase in the rate						
	1.1	-	(13)	(26)	(32)	(39)
Total related capital		-	(13)	(26)	(32)	(39)

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The ACCC's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the ACCC.

Outcome 1: Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services

Outcome 1 strategy

To achieve its outcome the three strategies the ACCC will pursue are:

- promote vigorous, lawful competition and informed markets;
- encourage fair trading, protection of consumers and product safety; and
- regulate national infrastructure services (such as communications, bulk water, energy, rail, airports, post and wheat exports) and other markets where there is limited competition.

The intended results and target groups of the ACCC program are:

- detect, pursue and stop anti-competitive conduct – including cartels – and misuse of market power;
- promptly deliver authorisation and notification decisions, particularly on small business collective bargaining arrangements;
- assess mergers promptly and efficiently across all industries, taking effective action to address substantial competition concerns arising from mergers;

- 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 conduct resulting in widespread detriment;
- ensure that trading conditions between big and small firms are fair;
- promote product safety through identification and regulation of emerging hazards, active engagement in recalls, and enforcement of standards and bans;
- support and protect competition in markets that rely on networks with natural monopoly characteristics;
- provide consistent and independent regulation of the energy sector, encouraging 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 (for example water, transport 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 petrol and a range of airport prices including car parking.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

	2010-11	2011-12
Outcome 1: Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Australian Competition and Consumer Commission		
Departmental expenses		
Departmental appropriation	141,842	149,577
Expenses not requiring appropriation in budget year	3,540	3,543
Total expenses for Outcome 1	145,382	153,120
	2010-11	2011-12
Average staffing level (number)	778	812

Contributions to Outcome 1

Program 1.1: Australian Competition and Consumer Commission

Program objectives

The ACCC program objective is to administer the CCA, and associated legislation, to bring greater competitiveness, fair trading, consumer protection and product safety to the Australian economy, working on the fundamental principle that this benefits consumers, business and the wider community.

The ACCC promotes compliance with federal competition, fair trading, consumer protection and product safety laws.

The ACCC and AER regulate markets where competition is less effective – for example communications (ACCC), transport (ACCC) and energy markets (AER and ACCC).

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	145,382	153,120	149,381	146,124	146,535
Total departmental expenses	145,382	153,120	149,381	146,124	146,535

Program deliverables

To promote compliance with federal competition, fair trading, consumer protection and product safety laws, the ACCC has the following program deliverables:

- effective and appropriate actions (investigations, litigation, communication) are taken to prevent and stop;
 - anti-competitive conduct;
 - misleading, deceptive and unconscionable conduct, especially conduct that causes widespread consumer detriment; and
 - non-compliance with mandatory codes of conduct.
- effective and appropriate actions are taken to promote product safety, including responding to emerging hazards, managing product recalls, and enforcing standards and bans;
- support is provided to increase the ability of small business to trade with larger firms in a fair, yet competitive environment;
- immediate information is provided to thousands of callers each week; publications are widely distributed through print and the web; and special information programs reach small, isolated or disadvantaged groups; and
- effective and appropriate education campaigns are conducted that target industries and sectors where the risk of failure to comply with the CCA is high.

To regulate markets where competition is less effective – for example communications (ACCC), transport (ACCC) and energy markets (AER and ACCC) – the ACCC and AER have the following program deliverables:

- access terms, conditions and prices balance the interests of infrastructure owners and users and the broader public;
- incentives are provided that stimulate efficient investment in and use of services with natural monopoly characteristics;
- regulatory processes that support efficient resource allocation, including investment in the regulated businesses, are predictable and consistent;
- prices of specified goods and services are monitored to assess the effect of market conditions on price levels, and the government and public are advised accordingly; and
- all the outcomes of access arbitrations, arrangements and undertakings, monitoring activities and inquiry findings are publicised.

Program key performance indicators

From promoting vigorous, lawful competition and informed markets (CCA Parts IV, VII, XIA) and encouraging fair trading, protection of consumers and product safety (CCA Schedule 2, Part IVB, *Trade Marks Act 1995* and *Copyright Act 1968*), the ACCC has the following key performance indicators:

- meet with key consumer and business groups every six months;
- 70 per cent of phone calls answered within 20 seconds;
- 95 per cent of emails responded to within seven days;
- 95 per cent of letters responded to within 28 days;
- make decisions within seven days of receipt about whether to refer written complaints to an investigative unit;
- 80 per cent of under assessment matters concluded or progressed to initial investigations within 28 days;
- 80 per cent of initial investigations concluded or progressed to in-depth investigations within 90 days;
- 80 per cent of in-depth investigations concluded or progressed to litigation within one year;
- obtain positive outcomes from an expected 25 court cases and an expected 40 court enforceable undertakings;

- resolve expected 50 enforcement actions to prevent or stop conduct causing detriment to consumers or small business;
- monitor media and industry on a daily basis for possible Mergers and Acquisition reviews;
- actions against unlawful conduct;
- effective and appropriate remedies for unlawful conduct;
- outcomes from an expected 20 court cases (for competition, fair trading and consumer protection);
- outcomes from an expected 40 court enforceable undertakings (predominately for consumer protection conduct that has breached or is likely to breach the CCA);
- assessment of mergers within statutory and organisational timelines and in accordance with published guidelines;
- publication on acc.gov.au of all public merger decisions;
- authorisation and notification decisions within statutory and organisational timeframes (assessment of validity within five days, authorisation within six months, majority of notifications within four weeks) and promptly communicated;
- collective bargaining notification decisions within statutory timeframes (assessment of validity within five days, initial assessment within 14 days) and communicated promptly;
- publicity, liaison and education activities that are timely and reach the target audiences – 750,000 publications and 250 media releases;
- enforcement of mandatory codes of conduct;
- assistance to parliamentary inquiries and government agencies to develop policies and processes; and
- websites (www.accc.gov.au, www.recalls.gov.au, www.productsafety.gov.au and www.scamwatch.gov.au) that are accessible and a source of relevant and up-to-date information.

From regulating national infrastructure services and other markets where there is limited competition (CCA Parts IIIA, VIIA, X, XIB, XIC; *National Gas Law 2008*, *National Gas Rules*, *National Electricity Law 2005*; *National Electricity Rules*; *Airports Act 1996*; *Broadcasting Services Act 1992*; *Radiocommunications Act 1992*; *Telecommunications*

Act 1997; Telecommunications (Consumer Protection and Service Standards) Act 1999; Water Act 2007; Wheat Export Marketing Act 2008), the ACCC has the following key performance indicators:

- provide annual monitoring report to the Minister for Sustainability, Environment, Water, Populations and Culture on rule compliance (annually in March);
- complete Petrol Monitoring Report in order to provide to the Minister on an annual basis;
- prepare all guidelines, instruments and the comparator website for the National Energy Customer Framework prior to 30 June 2012;
- consult with Government, industry and consumer groups in preparation for Customer Framework, including by holding three Customer Consultative Group meetings;
- publish weekly electricity and gas reports and wholesale market high-price event reports in accordance with statutory timelines; publish State of the Energy Market Report;
- finalise two gas access arrangement decisions, two electricity revenue determinations and AMI budget approvals for the Victorian DNSPs;
- develop and implement new information requirements and a new connections framework for network businesses;
- complete annual tariff processes for network businesses;
- publish Regulator Observer report on the website on a 2-3 week basis;
- publish guidance for stakeholders in relation to Part IIIA of the TPA by targeted function on an annual basis;
- provide responses to ministerials within 14 days and public correspondence within 28 days;
- provide Container Stevedoring Monitoring Report to Treasurer on an annual basis (October);
- publish Price Monitoring and Quality of Service Report for the five major airports on an annual basis (March);
- complete access undertakings within statutory timeframes;
- complete price notifications within statutory timeframes;

- complete arbitration determinations within statutory timeframes;
- publish Accounting Separation-Imputation Report and Non-Price KPI Report on a quarterly basis;
- publish Competition and Consumer Safeguards Report (Division 11 and 12 Report) on an annual basis;
- provide Retail Price Control Report on an annual basis to the Minister;
- publish Accounting Separation-Current Cost Accounting Report on a bi-annual basis;
- compliance with statutory reporting requirements to the Minister for Broadband, Communications and the Digital Economy;
- implementation of reasonable terms and conditions of access in arbitral determinations under the telecommunications access regime;
- review of declarations of declared services under the telecommunications access regime within statutory timeframes;
- assistance to the Australian Competition Tribunal and Courts in review of any appealed ACCC regulatory decisions under the telecommunications access regime;
- assistance to parliamentary inquiries and government agencies to develop policies and processes;
- effective access regimes (evidenced by price levels and service delivery standards);
- improvement (to more closely reflect efficient costs) in prices paid by businesses using monopoly services;
- timely and accessible regulatory reports, determinations, and issues papers;
- robust and accurate regulatory methodology (evidenced by industry acceptance); and
- websites (www.accc.gov.au and www.aer.gov.au) that are accessible and a source of relevant and up-to-date information.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ACCC does not have any administered funds.

3.1.2 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 3.1.2 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 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2011-12	Receipts 2011-12	Payments 2011-12	Adjustments 2011-12	Closing balance 2011-12
		2010-11	2010-11	2010-11	2010-11	2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys	1	52	-	-	-	52
Account		760	100	808	-	52
Services for other Governments and Non-Agency Bodies	1	-	-	-	-	-
Account		-	-	-	-	-
Total special accounts						
2011-12 Budget estimate		52	-	-	-	52
Total special accounts 2010-11 estimate actual		760	100	808	-	52

3.1.3 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 2011-12 budget year and estimated actual for 2010-11 for comparative purposes.

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

An analysis of the ACCC's budgeted financial statements as reflected in the budgeted departmental financial statements and administered schedules for 2011-12 is provided below.

Departmental

Comprehensive income statement

The ACCC is budgeting for a break even result for 2011-12 and for the remainder of the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses under the new net cash appropriation arrangements, which began in the 2010-11 Budget.

Operating revenues

Total appropriation revenue for 2011-12 is estimated to be \$152.1 million. This figure includes \$2.6m for Departmental Capital Budget funding under the new appropriation framework arrangements.

Operating expenses

Total expenses in 2011-12 are estimated to be \$153.1 million. This is an increase of \$7.7m from the 2010-11 estimated actual. This increase is primarily attributable to the new measures the ACCC will be undertaking in 2011-12.

Balance sheet

The ACCC's budgeted net asset position of \$43.2 million represents a decrease of \$0.9 million from the 2010-11 estimated actual. This is the difference between the ACCC depreciation charge and the departmental capital budget funding.

The total assets are expected to be \$77.5 million, a decrease of \$0.9 million from 2010-11 primarily as a result of a decrease in value of land and buildings.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$21.5 million.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	83,087	88,929	87,984	85,778	86,586
Supplier	58,830	60,723	57,928	56,877	56,480
Depreciation and amortisation	3,465	3,468	3,469	3,469	3,469
Total expenses	145,382	153,120	149,381	146,124	146,535
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	500	500	500	500	500
Total revenue	500	500	500	500	500
Gains					
Other gains	75	75	75	75	75
Total gains	75	75	75	75	75
Total own-source income	575	575	575	575	575
Net cost of (contribution by) services	144,807	152,545	148,806	145,549	145,960
Appropriation revenue	141,342	149,077	145,337	142,080	142,491
Surplus (deficit) attributable to the Australian Government	(3,465)	(3,468)	(3,469)	(3,469)	(3,469)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(3,465)	(3,468)	(3,469)	(3,469)	(3,469)
Plus non-appropriated expenses depreciation and amortisation expenses	3,465	3,468	3,469	3,469	3,469
Operating result attributable to the ACCC	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	790	1,290	1,290	1,290	1,290
Trade and other receivables	53,813	53,313	53,313	53,313	53,313
Total financial assets	54,603	54,603	54,603	54,603	54,603
Non-financial assets					
Land and buildings	11,819	10,404	9,018	7,657	7,216
Infrastructure, plant and equipment	7,769	8,184	8,559	8,928	7,897
Inventories	36	36	36	36	36
Intangibles	2,767	2,862	2,969	3,076	3,462
Other	1,364	1,364	1,364	1,364	1,364
Total non-financial assets	23,755	22,850	21,946	21,061	19,975
Total assets	78,358	77,453	76,549	75,664	74,578
LIABILITIES					
Provisions					
Employees	21,464	21,464	21,464	21,464	21,464
Other	1,361	1,361	1,361	1,361	1,361
Total provisions	22,825	22,825	22,825	22,825	22,825
Payables					
Suppliers	5,606	5,606	5,606	5,606	5,606
Other	5,797	5,797	5,797	5,797	5,797
Total payables	11,403	11,403	11,403	11,403	11,403
Total liabilities	34,228	34,228	34,228	34,228	34,228
Net assets	44,130	43,225	42,321	41,436	40,350
EQUITY					
Contributed equity	42,642	45,205	47,790	50,394	52,777
Reserves	3,538	3,538	3,538	3,538	3,538
Retained surpluses or accumulated deficits	(2,050)	(5,518)	(9,007)	(12,496)	(15,965)
Total equity	44,130	43,225	42,321	41,436	40,350
Current assets	55,285	55,285	55,285	55,285	55,285
Non-current assets	23,073	22,168	21,264	20,379	19,293
Current liabilities	11,403	11,403	11,403	11,403	11,403
Non-current liabilities	22,825	22,825	22,825	22,825	22,825

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	500	500	500	500	500
Appropriations	141,437	149,577	145,337	142,080	142,491
Other	100	-	-	-	-
Total cash received	142,037	150,077	145,837	142,580	142,991
Cash used					
Employees	83,087	88,929	87,984	85,778	86,586
Suppliers	58,755	60,648	57,853	56,802	56,405
Other	808	-	-	-	-
Total cash used	142,650	149,577	145,837	142,580	142,991
Net cash from or (used by) operating activities	(613)	500	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,540	2,563	2,585	2,604	2,568
Total cash used	2,540	2,563	2,585	2,604	2,568
Net cash from or (used by) investing activities	(2,540)	(2,563)	(2,585)	(2,604)	(2,568)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,540	2,563	2,585	2,604	2,568
Total cash received	2,540	2,563	2,585	2,604	2,568
Net cash from or (used by) financing activities	2,540	2,563	2,585	2,604	2,568
Net increase or (decrease) in cash held	(613)	500	-	-	-
Cash at the beginning of the reporting period	1,403	790	1,290	1,290	1,290
Cash at the end of the reporting period	790	1,290	1,290	1,290	1,290

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	(2,050)	3,538	-	42,642	44,130
Adjusted opening balance	(2,050)	3,538	-	42,642	44,130
Comprehensive income					
Surplus (deficit) for the period	(3,468)	-	-	-	(3,468)
Total comprehensive income recognised directly in equity	(3,468)	-	-	-	(3,468)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	55	55
Appropriation (departmental capital budget)	-	-	-	2,508	2,508
Total transactions with owners	-	-	-	2,563	2,563
Estimated closing balance as at 30 June 2012	(5,518)	3,538	-	45,205	43,225

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	2,500	2,508	2,525	2,544	2,568
Equity injections - Bill 2	40	55	60	60	-
Total capital appropriations	2,540	2,563	2,585	2,604	2,568
Represented by:					
Purchase of non-financial assets	2,540	2,563	2,585	2,604	2,568
Total represented by	2,540	2,563	2,585	2,604	2,568
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	2,500	2,508	2,525	2,544	2,568
Funded by capital appropriations	40	55	60	60	-
TOTAL	2,540	2,563	2,585	2,604	2,568
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,540	2,563	2,585	2,604	2,568
Total cash used to acquire assets	2,540	2,563	2,585	2,604	2,568

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	14,734	11,200	6,160	32,094
Accumulated depreciation/amortisation and impairment	2,915	3,431	3,393	9,739
Opening net book balance	11,819	7,769	2,767	22,355
Capital asset additions				
By purchase - appropriation ordinary annual services	22	2,287	254	2,563
Total additions	22	2,287	254	2,563
Other movements				
Depreciation/amortisation expense	1,437	1,872	159	3,468
Total other movements	1,437	1,872	159	3,468
As at 30 June 2012				
Gross book value	14,756	13,487	6,414	34,657
Accumulated depreciation/amortisation and impairment	4,352	5,303	3,552	13,207
Closing net book balance	10,404	8,184	2,862	21,450

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Fees and fines	10,000	10,000	10,000	10,000	10,000
Total non-taxation	10,000	10,000	10,000	10,000	10,000
Total revenues administered on behalf of Government	10,000	10,000	10,000	10,000	10,000

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	61	61	61	61	61
Receivables	22,774	22,774	22,774	22,774	22,774
Total financial assets	22,835	22,835	22,835	22,835	22,835
Total assets administered on behalf of Government	22,835	22,835	22,835	22,835	22,835

Prepared on Australian Accounting Standards basis.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	10,000	10,000	10,000	10,000	10,000
Total cash received	10,000	10,000	10,000	10,000	10,000
Cash used					
Other	10,000	10,000	10,000	10,000	10,000
Total cash used	10,000	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	61	61	61	61	61
Cash at end of reporting period	61	61	61	61	61

Prepared on Australian Accounting Standards basis.

3.2.4 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.

Departmental and administered items

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the ACCC that are used by the ACCC in producing its program 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 the departmental program; and
- employee, supplier and depreciation expenses incurred in providing the departmental program.

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 programs.

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. The 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

Section 1: Agency overview and resources	107
1.1 Strategic direction	107
1.2 Agency resource statement	108
1.3 Budget measures.....	109
Section 2: Outcomes and planned performance	110
2.1 Outcomes and performance information	110
Section 3: Explanatory tables and budgeted financial statements	114
3.1 Explanatory tables	114
3.2 Budgeted financial statements	115

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Office of Financial Management (AOFM) is responsible for the management of Australian Government debt and financial assets. It issues Treasury Bonds, Treasury Indexed Bonds and Treasury Notes, manages the Government's cash balances and invests in high quality financial assets including residential mortgage-backed securities, term deposits, money market instruments and short-dated State government bonds.

For some years the Government has issued Treasury Bonds in order to maintain liquid and efficient Bond and Bond futures markets, reflecting the important role that these markets play in the Australian financial system. Since February 2009 debt issuance has been required to fund the Budget. Treasury Bonds continue to be the main instrument in the AOFM's issuance strategy to meet the Government's funding needs. The use of Treasury Indexed Bonds facilitates the diversification of the investor base by tapping into additional sources of investor demand.

Treasury Notes and short-term assets are used to manage the Government's within-year financing task.

The AOFM makes direct investment in high quality, AAA rated residential mortgage-backed securities to support competition in residential mortgage lending and to support lending to small business. Subject to market conditions, in 2011-12 the AOFM will continue to consider proposals for investment in residential mortgage-backed securities in accordance with the terms of the program. Under the Competitive and Sustainable Banking Package the AOFM has a mandate to invest up to \$20 billion. This will allow the AOFM to continue to support smaller lenders, and to accelerate the development of a range of residential mortgage-backed securities.

In the 2011-12 Budget, the AOFM will receive additional funding to implement the trading of Commonwealth Government Securities (CGS) on a securities exchange. Retail trading of CGS will facilitate broader access to the Government's debt products and may facilitate further development of the corporate bond market in Australia.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	+	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	15,803	⁴	-		15,803	-
Departmental appropriation ³	-		15,442	¹	15,442	16,146
Receipts from other sources (s31)	-		828	²	828	828
Total departmental	15,803		16,270		32,073	16,974
Administered expenses						
Outcome 1	-		10	¹	10	10
Total ordinary annual services	A		16,280		32,083	16,984
Other services						
Departmental non-operating						
Equity injections	662		-		662	-
Total other services	B		-		662	-
Total available annual appropriations (A+B)			16,280		32,745	16,984
Special appropriations expenses						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		11,630,900		11,630,900	9,285,582
<i>Financial Agreement Act 1994</i>	-		50		50	50
<i>Loans Securities Act 1919</i>	-		600		600	800
Subtotal	-		11,631,550		11,631,550	9,286,432
Special appropriations capital						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		182,134,100		182,134,100	81,860,015
<i>Loans Securities Act 1919</i>	-		-		-	6,223,000
<i>Financial Management and Accountability Act 1997</i>	-		167,343,900		167,343,900	269,869,000
Subtotal	-		349,478,000		349,478,000	357,952,015
Total special appropriations	C		361,109,550		361,109,550	367,238,447

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior year amounts available in 2011-12 \$'000	+	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Total appropriations excluding special accounts	16,465		361,125,830		361,142,295	367,255,431
Special accounts						
Opening balance ⁵	494		-		494	-
Total special account	494	D	-		494	-
Total net resourcing for the AOFM (A+B+C+D)	16,959		361,125,830		361,142,789	367,255,431

1. Appropriation Bill (No. 1) 2011-12.
2. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
3. Includes \$3.0 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. Estimated opening balance for special accounts (refer to Table 3.1.2 for further details).

1.3 BUDGET MEASURES

Budget measures relating to the AOFM are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Office of Financial Management 2011-12 Budget measures

Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures					
Competitive and Sustainable					
Banking - trading of Commonwealth Government Securities on a securities exchange					
Departmental	1.1	-	860	-	-
Administered	1.1	-	-	3,542	3,366
Efficiency dividend - temporary increase in the rate	1.1	-	(59)	(120)	(108)
Total expense measures		-	801	3,422	3,258
Related capital					
Efficiency dividend - temporary increase in the rate	1.1	-	(15)	(5)	(7)
Total related capital		-	(15)	(5)	(7)

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to government outcomes over the budget and forward years.

The AOFM's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the AOFM.

Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government

Outcome 1 strategy

The AOFM's activities include debt issuance, cash management, investment, portfolio management, compliance, financial reporting, debt administration, promotional activities with investors, monitoring of market conditions and liaison with market participants.

Currently debt issuance is directed to meeting the Government's Budget funding needs. Both Treasury Bonds and Treasury Indexed Bonds will be issued to meet this objective. Issuance will remain flexible to achieve an appropriate balance between meeting investor demand, and managing refinancing risk and the costs of the debt portfolio.

The within-year cash management task results from differences in the timing of receipts and payments in the Official Public Account. In managing the Government's cash requirements, the AOFM will continue to issue Treasury Notes and make short-term term deposits with the Reserve Bank of Australia and invest in money market instruments and fixed interest investments. In 2010-11 the AOFM established Global Master Repurchase Agreements with a number of the members of its investment facility dealing panel in order to enter into repurchase agreements on its fixed interest investments.

In December 2010, the Government further extended its program of investing in residential mortgage-backed securities by \$4 billion as part of the Competitive and Sustainable Banking Package.

Over the course of 2011-12 the AOFM will work to implement the retail trading of CGS on a securities exchange. This will entail the selection and appointment of one or more securities exchanges and the selection and appointment of a stock registry.

The AOFM's financial assets and financial liabilities are managed in accordance with legislative requirements, delegations and directions from the Treasurer and instructions from the Secretary to the Treasury and the AOFM Chief Executive. This governance framework ensures that activities and financial risks are managed in a tightly controlled manner.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government		
Program 1.1: Australian Office of Financial Management		
Departmental expenses		
Departmental appropriation	13,724	13,241
Expenses not requiring appropriation in budget year	711	911
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	10	10
Special appropriations		
<i>Commonwealth Inscribed Stock Act 1911</i>	9,285,582	11,630,900
<i>Financial Agreement Act 1994</i>	50	50
<i>Loans Securities Act 1919</i>	800	600
Total expenses for Outcome 1	9,300,877	11,645,712
	2010-11	2011-12
Average staffing level (number)	42	46

Contributions to Outcome 1

Program 1.1: Australian Office of Financial Management

Program objective

Achievement of the Government's financing task in a cost-effective manner, subject to acceptable risk, maintain liquidity in the Treasury Bond and Treasury Bond futures markets, and facilitate a return to a competitive residential mortgage-backed securities market.

Program expenses

With the increased level of debt on the AOFM's administered balance sheet, debt servicing costs arising from the issuance will also rise.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	14,435	14,152	13,529	10,146	10,274
Annual administered expenses:					
Administered item	10	10	3,552	3,376	3,446
Special Appropriations:					
<i>Commonwealth Inscribed Stock Act 1911</i>	9,285,582	11,630,900	12,611,100	12,850,200	12,598,100
<i>Financial Agreement Act 1994</i>	50	50	50	50	50
<i>Loans Securities Act 1919</i>	800	600	600	600	600
Total program expenses	9,300,877	11,645,712	12,628,831	12,864,372	12,612,470

Program deliverables

The AOFM has the following key deliverables:

- issue Treasury Bonds, Treasury Indexed Bonds and Treasury Notes;
- invest in residential mortgage-backed securities;
- manage the Official Public Account balance; and
- manage the risks of the debt portfolio.

Program key performance indicators

The AOFM has the following key performance indicators:

- debt issuance – volume and efficiency of issuance,

- monitoring issue yields against secondary market yields,
- monitoring the range of accepted bids, and
- monitoring the tender bids ratio; and
- efficient management of the Government’s cash balances,
 - maintaining the 91 day moving average of the Government’s cash balances within operational limits and within the Ministerial limit throughout the year, and
 - using the overdraft facility with the Reserve Bank of Australia to cover unexpected events only; and
- promote investors’ take up of Commonwealth Government Securities by intermediaries and investors,
 - building relations through the conduct of investor meetings and conference presentations; and
- investment in residential mortgage-backed securities,
 - the volume of investment undertaken, the extent of participation by other investors and the quality of the securities issued; and
- operating within legal and policy limits,
 - compliance with legislative and policy limits.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AOFM has not moved any administered funds between years.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the AOFM.

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance	Receipts	Payments	Adjustments	Closing balance
		2011-12	2011-12	2011-12	2011-12	2011-12
		2010-11	2010-11	2010-11	2010-11	2010-11
		\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust	1	494	-	-	-	494
Account		494	-	-	-	494
Total special accounts						
2011-12 Budget estimate		494	-	-	-	494
Total special accounts						
2010-11 estimated actual		494	-	-	-	494

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

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

Only perpetual debt with no fixed maturity date remains outstanding under these arrangements for New South Wales, Victoria and South Australia. Redemption of the perpetual debt is at the discretion of the relevant State.

3.1.3 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

Departmental

Sales of goods and rendering of services revenue as recorded in the comprehensive income statement (Table 3.2.1) includes resources received free of charge from the Australian National Audit Office for audit services. Departmental agency receipts as recorded in the agency resource statement (Table 1.1) exclude the estimated value of these services.

Administered

The AOFM receives administered appropriations for expenses and for capital expenditure arising from managing a portfolio of debt and assets. This is reflected in the agency resource statement (Table 1.1). The administered financial statements identify expenses in the schedule of budgeted income and expenses (Table 3.2.7), and capital expenditures in the capital budget schedule (Table 3.2.10).

3.2.2 Analysis of budgeted financial statements

Departmental

The AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in agency infrastructure. Capital expenditure on the replacement of AOFM's specialist debt management systems represents the majority of this expenditure.

Administered

The budget and forward estimates reflect expected increases in debt issuance and debt levels over the next few years to meet the Government's funding needs. With the increased level of debt, debt servicing costs will also rise.

Assets administered on behalf of the Government include investments in residential mortgage-backed securities made in accordance with the Government's policy to support competition in lending for housing. They also include investments in short term assets held as part of the AOFM's management of the Government's cash balances.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	6,724	7,132	7,570	6,015	6,604
Supplier	7,261	6,370	5,309	3,581	3,070
Depreciation and amortisation	450	650	650	550	600
Total expenses	14,435	14,152	13,529	10,146	10,274
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	1,089	1,089	1,089	1,089	1,089
Total own-source income	1,089	1,089	1,089	1,089	1,089
Net cost of (contribution by) services	13,346	13,063	12,440	9,057	9,185
Appropriation revenue	15,896	12,413	11,790	8,507	8,585
Surplus (deficit) attributable to the Australian Government	2,550	(650)	(650)	(550)	(600)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	2,550	(650)	(650)	(550)	(600)
Plus non-appropriated expenses depreciation and amortisation expenses	450	650	650	550	600
Operating result attributable to the AOFM	3,000	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	337	578	858	1,016	1,216
Trade and other receivables ¹	16,304	16,304	16,304	16,304	16,304
Total financial assets	16,641	16,882	17,162	17,320	17,520
Non-financial assets					
Infrastructure, plant and equipment	626	505	564	628	1,261
Intangibles	381	2,881	2,681	2,581	2,281
Other	98	98	98	98	98
Total non-financial assets	1,105	3,484	3,343	3,307	3,640
Total assets	17,746	20,366	20,505	20,627	21,160
LIABILITIES					
Provisions					
Employees	1,834	2,075	2,355	2,513	2,713
Other	130	130	130	130	130
Total provisions	1,964	2,205	2,485	2,643	2,843
Payables					
Suppliers	332	332	332	332	332
Total payables	332	332	332	332	332
Total liabilities	2,296	2,537	2,817	2,975	3,175
Net assets	15,450	17,829	17,688	17,652	17,985
EQUITY					
Contributed equity	1,496	4,525	5,034	5,548	6,481
Retained surpluses	13,954	13,304	12,654	12,104	11,504
Total equity	15,450	17,829	17,688	17,652	17,985
Current assets	611	852	1,132	1,290	1,490
Non-current assets	17,135	19,514	19,373	19,337	19,670
Current liabilities	1,012	1,085	1,169	1,216	1,276
Non-current liabilities	1,284	1,452	1,648	1,759	1,899

1. Includes undrawn appropriations of \$16.1 million.
Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	828	828	828	828	828
Appropriations	12,896	12,413	11,790	8,507	8,585
Total cash received	13,724	13,241	12,618	9,335	9,413
Cash used					
Employees	6,477	6,891	7,290	5,857	6,404
Suppliers	7,000	6,109	5,048	3,320	2,809
Total cash used	13,477	13,000	12,338	9,177	9,213
Net cash from or (used by) operating activities	247	241	280	158	200
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	537	3,029	509	514	933
Total cash used	537	3,029	509	514	933
Net cash from or (used by) investing activities	(537)	(3,029)	(509)	(514)	(933)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	537	3,029	509	514	933
Total cash received	537	3,029	509	514	933
Net cash from or (used by) financing activities	537	3,029	509	514	933
Net increase or (decrease) in cash held	247	241	280	158	200
Cash at the beginning of the reporting period	90	337	578	858	1,016
Cash at the end of the reporting period	337	578	858	1,016	1,216

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	13,954			1,496	15,450
Adjusted opening balance	13,954	-	-	1,496	15,450
Comprehensive income					
Surplus (deficit) for the period	(650)	-	-	-	(650)
Total comprehensive income recognised directly in equity	(650)	-	-	-	(650)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	3,029	3,029
Total transactions with owners	-	-	-	3,029	3,029
Estimated closing balance as at 30 June 2012	13,304	-	-	4,525	17,829

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	250	3,029	509	514	933
Total capital appropriations	250	3,029	509	514	933
Represented by:					
Purchase of non-financial assets	250	3,029	509	514	933
Total represented by	250	3,029	509	514	933
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	250	3,029	509	514	933
Funded by prior year equity injections	287	-	-	-	-
TOTAL	537	3,029	509	514	933
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	537	3,029	509	514	933
Total cash used to acquire assets	537	3,029	509	514	933

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	-	1,613	3,320	4,933
Accumulated depreciation/amortisation and impairment	-	987	2,939	3,926
Opening net book balance	-	626	381	1,007
Capital Asset Additions				
By purchase - appropriation ordinary annual services	-	129	2,900	3,029
Total asset additions	-	129	2,900	3,029
Other movements				
Depreciation/amortisation expense	-	250	400	650
Total other movements	-	250	400	650
As at 30 June 2012				
Gross book value	-	1,742	6,220	7,962
Accumulated depreciation/amortisation and impairment	-	1,237	3,339	4,576
Closing net book balance	-	505	2,881	3,386

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue before re-measurements					
Non-taxation					
Interest	1,417,412	1,621,637	1,684,423	1,572,250	1,058,631
Total revenues before re-measurements	1,417,412	1,621,637	1,684,423	1,572,250	1,058,631
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest costs	9,286,392	11,631,510	12,611,710	12,850,810	12,598,710
Other	50	50	3,592	3,416	3,486
Total expenses before re-measurements	9,286,442	11,631,560	12,615,302	12,854,226	12,602,196
Operating result before re-measurements	(7,869,030)	(10,009,923)	(10,930,879)	(11,281,976)	(11,543,565)
Re-measurements					
Net market valuation gains (losses)	2,350,462	(267,700)	(183,400)	(96,300)	(24,600)
Total re-measurements	2,350,462	(267,700)	(183,400)	(96,300)	(24,600)
Net income	(5,518,568)	(10,277,623)	(11,114,279)	(11,378,276)	(11,568,165)

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	622	622	622	622	622
Receivables	2,620,145	2,543,300	2,463,851	2,381,819	2,296,883
Investments (s39 FMA Act)	24,960,400	29,769,200	27,667,400	23,672,200	21,177,600
Total assets administered on behalf of government	27,581,167	32,313,122	30,131,873	26,054,641	23,475,105
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government Securities	200,588,000	234,898,600	236,522,500	239,150,400	238,353,200
Total liabilities administered on behalf of government	200,588,000	234,898,600	236,522,500	239,150,400	238,353,200

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,403,897	1,584,010	1,676,023	1,562,717	1,043,103
Total cash received	1,403,897	1,584,010	1,676,023	1,562,717	1,043,103
Cash used					
Interest paid	9,504,166	11,064,024	12,325,554	12,155,046	11,973,155
Grants	50	50	50	50	50
Total cash used	9,504,216	11,064,074	12,325,604	12,155,096	11,973,205
Net cash from or (used by) operating activities	(8,100,319)	(9,480,064)	(10,649,581)	(10,592,379)	(10,930,102)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	95,725	97,872	100,249	102,565	105,164
Total cash received	95,725	97,872	100,249	102,565	105,164
Net cash from or (used by) investing activities	95,725	97,872	100,249	102,565	105,164
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	127,060,400	215,270,600	159,161,400	158,790,600	164,096,200
Investment redemptions	275,662,700	162,549,900	166,180,100	184,173,200	107,415,800
Other	6,223,000	-	-	-	-
Total cash received	408,946,100	377,820,500	325,341,500	342,963,800	271,512,000
Cash used					
Repayments of borrowings	81,860,015	182,134,100	158,304,100	157,058,900	165,581,900
Investments	269,869,000	167,343,900	164,092,500	180,185,500	104,925,900
Other	6,223,000	-	-	-	-
Total cash used	357,952,015	349,478,000	322,396,600	337,244,400	270,507,800
Net cash from or (used by) financing activities	50,994,085	28,342,500	2,944,900	5,719,400	1,004,200
Net increase or (decrease) in cash held	42,989,491	18,960,308	(7,604,432)	(4,770,414)	(9,820,738)
Cash at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for: appropriations	368,813,331	361,603,474	335,411,804	349,889,996	283,027,305
Cash to Official Public Account for: receipts	(411,802,822)	(380,563,782)	(327,807,372)	(345,119,582)	(273,206,567)
Cash at end of reporting period	622	622	622	622	622

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Special appropriations	357,952,015	349,478,000	322,396,600	337,244,400	270,507,800
Total capital appropriations	357,952,015	349,478,000	322,396,600	337,244,400	270,507,800
Represented by:					
Repayments of borrowings and purchase of investments	357,952,015	349,478,000	322,396,600	337,244,400	270,507,800
Total represented by	357,952,015	349,478,000	322,396,600	337,244,400	270,507,800

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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 in accordance with the historical cost convention, except for infrastructure, plant and equipment assets and employee entitlements.

With exception to loans to the States and the Northern Territory, the administered financial statements have been prepared on a fair value basis in accordance with Australian Accounting 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.

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, revenue and expenses are those which are controlled by the agency. Agency expenses include employee and supplier expenses and other

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

Administered assets, liabilities, revenues and expenses are those which are managed on behalf of the Australian Government according to set government directions. Administered expenses include interest incurred on Commonwealth Government Securities. Administered revenues include interest earned on housing agreement loans and interest on investments (including residential mortgage-backed securities).

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

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

Budgeted departmental comprehensive income statement

Appropriations

Under the net cash appropriation framework the AOFM receives an output appropriation to meet budgeted expenses (except depreciation). The output appropriation is recognised in revenue. Appropriations for capital purposes are not recognised in revenue.

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;
- fund future asset replacements; and
- repay liabilities.

Administered schedule of budgeted income and expenses

Non-taxation revenue — interest

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
Interest revenue					
Interest on housing agreements	158,018	153,637	149,123	144,450	139,631
Interest from investments	1,259,394	1,468,000	1,535,300	1,427,800	919,000
Total interest revenue	1,417,412	1,621,637	1,684,423	1,572,250	1,058,631

Expenses — interest costs

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
Interest costs					
Interest on Commonwealth Government Securities	9,286,392	11,631,510	12,611,710	12,850,810	12,598,710
Total interest costs	9,286,392	11,631,510	12,611,710	12,850,810	12,598,710

Net market valuation gains (losses)

Net market valuation gains (losses) represent the estimated unrealised fair value gains or losses on the financial asset and financial liability portfolio. This revaluation effect 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 — investments

The AOFM manages the cash balances in the Official Public Account and invests surplus funds in deposits, fixed interest securities and money market securities. 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.

Investments also include residential mortgage-backed securities.

Interest bearing liabilities — Commonwealth Government Securities

Interest bearing liabilities represent the fair value of Commonwealth Government Securities on issue.

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
Commonwealth Government Securities					
Treasury Bonds	164,233,034	201,565,230	200,817,682	201,759,207	199,359,798
Treasury Indexed Bonds	19,384,224	22,341,203	24,712,763	26,396,295	27,998,471
Treasury Notes	16,954,311	10,975,690	10,975,690	10,978,550	10,978,550
Other	16,431	16,477	16,365	16,348	16,381
Total Commonwealth Government Securities	200,588,000	234,898,600	236,522,500	239,150,400	238,353,200

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Agency overview and resources	129
1.1 Strategic direction	129
1.2 Agency resource statement	131
1.3 Budget measures.....	132
Section 2: Outcomes and planned performance	133
2.1 Outcomes and performance information	133
Section 3: Explanatory tables and budgeted financial statements	136
3.1 Explanatory tables	136
3.2 Budgeted financial statements	137

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, 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.

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.

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.

In APRA's *Statement of Intent*, it committed itself to further developing its supervisory approach and to be focussed on outcomes.

In 2011-12, 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, in line with the global reform initiatives endorsed by the G-20 and overseen by the Financial Stability Board;
- enhance the efficiency and effectiveness of APRA's supervisory tools and systems through better integration of and greater analytical support for its risk-rating systems, including 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 or a systemic crisis.

APRA's supervisory activities in 2010-11 have been conducted against a backdrop of continued strengthening in the global economy and improved confidence in the banking systems of major countries. However, episodes of market instability have recurred, due to sovereign debt concerns, geo-political tensions and natural disasters. The Australian financial system has continued to perform well, underpinned by solid growth in the Australian economy; however, the household sector and many parts of the business sector remain cautious. APRA has maintained its heightened level of supervisory intensity as regulated institutions re-adjust their ambitions and risk appetite to the post-crisis environment; it has also pursued a substantial prudential policy agenda.

APRA's activities will continue at this tempo in 2011-12. Its supervisory oversight will focus, in particular, on how regulated institutions adapt to what may be a period of only modest growth in business volumes. On the policy front, APRA will be preparing to implement major reforms in ADI capital adequacy and liquidity, as part of the global response to the G-20 Declaration *Strengthening the Financial System* (April 2009). In addition, APRA will be consulting on relevant aspects of the Government's superannuation reforms arising out of the Cooper Review, and will be updating and harmonising capital standards in the general and life insurance industries.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services					
Departmental appropriation					
Departmental appropriation	-	13,289	¹	13,289	12,575
Receipts from other sources (s31)	-	4,579	²	4,579	4,864
Total ordinary annual services	A	17,868		17,868	17,439
Other services					
Departmental non-operating					
Equity injections	-	-		-	1,457
Total other services	B	-		-	1,457
Total available annual appropriations (A+B)		17,868		17,868	18,896
Special appropriations					
<i>Financial Management and Accountability Act 1997</i>	-	-		-	3,000
Total special appropriations	C	-		-	3,000
Total appropriations excluding special accounts (A+B+C)		17,868		17,868	21,896
Special accounts					
Opening balance ³	47,001	-		47,001	-
Appropriation receipts	-	13,289		13,289	12,575
Non-appropriation receipts to special accounts	-	97,921		97,921	89,382
Total special accounts	D	111,210		158,211	101,957
Total resourcing (A+B+C+D)		129,078		176,079	123,853
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	13,289		13,289	12,575
Total net resourcing for APRA	47,001	115,789		162,790	111,278

1. Appropriation Bill (No. 1) 2011-12.

2. Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.

3. Estimated opening balance for special accounts (for further detail on special accounts see Table 3.1.2).

1.3 BUDGET MEASURES

Budget measures relating to APRA are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Prudential Regulation Authority 2011-12 Budget measures

		2010-11	2011-12	2012-13	2013-14	2014-15
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measure						
Stronger Super - MySuper	1.1	-	4,261	7,483	6,549	5,866
Efficiency dividend - temporary increase in the rate	1.1	-	(565)	(1,074)	(1,338)	(1,605)
Total expense measures		-	3,696	6,409	5,211	4,261
Related capital						
Stronger Super - MySuper	1.1	-	-	1,413	535	108
Total related capital		-	-	1,413	535	108
Related revenue						
Stronger Super - MySuper	1.1	-	5,063	10,005	8,336	6,462
Superannuation - financial assistance grants to compensate fund members for the failure of Trio	1.1	-	55,000	-	-	-
Total related revenue		-	60,063	10,005	8,336	6,462

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

APRA's outcome is described below, specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of APRA.

Outcome 1: 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

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 expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

	2010-11	2011-12
Outcome 1: 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	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Australian Prudential Regulation Authority		
Departmental expenses		
Special accounts	89,382	97,921
Departmental appropriation	18,896	17,868
Expenses not requiring appropriation in budget year	7,545	3,823
Administered expenses		
Special appropriations - waivers and write off	616	-
Total expenses for Outcome 1	116,439	119,612
	2010-11	2011-12
Average staffing level (number)	619	607

Contributions to Outcome 1

Program 1.1: Australian Prudential Regulation Authority

Program objective

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.

Program expenses

Program expenses are currently estimated to peak in 2011-12 as APRA maintains its more intensive supervisory and policy development activities. The forward estimates are reducing after 2011-12 due to the end of funding associated with the global financial crisis.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	115,823	119,612	110,712	110,261	110,109
Administered expenses					
Special appropriations					
<i>Financial Management and Accountability Act 1997</i>	616	-	-	-	-
Total expenses	116,439	119,612	110,712	110,261	110,109

Program deliverables

APRA has the following program deliverables:

- the issuance of prudential standards and guidance to assist regulated industries manage risk;
- active oversight of regulated institutions aimed at mitigating financial loss by depositors, policyholders and superannuation fund members which may result from the failure of a regulated institution to adequately manage risk; and
- advice to government on prudential regulation policy development; advice on amendments to legislation and regulations administered by APRA; and briefing to the government on matters emerging from international forums which may impact on prudential policy.

Program key performance indicators

APRA has the following key performance indicators:

- timely issuance of prudential standards and guidance which address risk management exposures of regulated institutions;
- identification of emerging prudential risks within regulated institutions through programs of on-site visits and off-site surveillance and the supervision of remedial actions to effectively manage such risks;
- exercise of APRA's formal enforcement powers where necessary to protect the interests of depositors, policyholders, superannuation fund members or the public interest generally; and
- timely briefings to government on financial system developments and on major items of policy interest emerging from APRA participation in international forums.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of APRA's finances for the budget year 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

APRA has not moved any administered funds between years.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by APRA.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance	Receipts non- appropriated	Receipts appropriated	Payments	Closing balance
		2011-12	2011-12	2011-12	2011-12	2011-12
		<i>2010-11</i>	<i>2010-11</i>	<i>2010-11</i>	<i>2010-11</i>	<i>2010-11</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Prudential Regulation Authority Special Account	1	43,542	97,921	17,868	116,431	42,900
Financial Claims Scheme Special Account	1	1,459	-	-	700	759
Lloyd's Deposit Trust Special Account	1	2,000	-	-	-	2,000
Services for Other Entities and Trust Moneys - Australian Prudential Regulation Authority Special Account	1	2,000	-	-	-	2,000
		-	-	-	-	-
		-	-	-	-	-
Total special accounts						-
2011-12 Budget estimate		47,001	97,921	17,868	117,131	45,659
Total special accounts						-
2010-11 estimate actual		53,054	89,382	17,439	112,874	47,001

3.1.3 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 comprehensive income statement (Table 3.2.1) shows a net increase in appropriation revenue from \$102.5 million forecast for 2010-11 to \$111.2 million in 2011-12. The \$8.7 million increase mainly reflects:

- \$4.2 million of new funding to support work associated with implementing the Stronger Super – MySuper measure (total funding of \$26.2 million, including capital investment, is provided across the budget and forward estimates to 2014-15 inclusive);
- the use of \$3.8 million of global financial crisis appropriation carried over from prior years;
- the receipt of \$1.3 million of under-collected 2010-11 levies; and
- a reduction in funding of \$0.6 million after applying the 2011-12 efficiency dividend.

Employee expenses of \$84.1 million support a reduced average staffing level (ASL) of 607 (619 in 2010-11); consistent with the ongoing consolidation of institutions in the industries APRA regulates.

Supplier costs in 2011-12 take into account savings on Sydney leasing costs and reductions in technology, travel and property expenditures in line with whole-of-government requirements.

APRA is budgeting for an operating loss of \$3.8 million in 2011-12, to be funded from accumulated surpluses.

The budgeted departmental balance sheet (Table 3.2.2) shows that, after funding the budgeted operating loss of \$3.8 million in 2011-12, APRA will maintain sufficient financial assets to meet all known employee and supplier commitments as and when they fall due.

Non-financial asset balances will be unchanged at \$18.3 million in 2011-12 and will remain stable over the forward estimates as APRA maintains its investments in core supervisory and corporate infrastructure.

Contributed equity remains unchanged over 2011-12, but will increase over the forward estimates by \$2.1 million to support technology investment for Stronger Super – MySuper.

Retained surpluses, after funding the budgeted operating loss of \$3.8 million in 2011-12, are set 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 change in equity from 2010-11 to 2011-12. The only change will be the use of accumulated surpluses to partially meet 2011-12 expenditures.

The departmental capital budget statement (Table 3.2.5) indicates APRA's capital needs will, apart from the Stronger Super – MySuper measure, be met by internally generated resources. The expected movements in fixed assets and intangibles between 2010-11 and 2011-12 are shown in Table 3.2.6.

The schedule of budgeted income and expenses administered on behalf of government (Table 3.2.7) shows the amounts APRA collects in supervisory levies from the finance industry on behalf of the Government under the *Financial Institutions Supervisory Levies Collection Act 1998*. Apart from the amount required to fund APRA, the levies also include amounts to fund the activities of the Australian Taxation Office (ATO) for unclaimed moneys and lost member functions and the Australian Securities and Investments Commission (ASIC) for consumer protection and market integrity functions. The expenses are an estimate of levies and penalties that will be waived or written off in the year.

In addition, a \$55 million levy will be collected in 2011-12 from the superannuation industry under the *Superannuation (Financial Assistance Funding) Levy Act 1993*, to recover costs associated with financial assistance provided to certain superannuation fund members under Part 23 of the *Superannuation Industry (Supervision) Act 1993*.

The schedule of budgeted assets and liabilities administered on behalf of Government (Table 3.2.8) mainly reflects the unused funds relating to the Financial Claims Scheme.

As indicated in the schedule of budgeted administered cash flows (Table 3.2.9), the cash collected is swept daily from the APRA account to the Official Public Account (OPA), from which APRA, in turn, draws down the amounts appropriated to it by the Parliament (as per Table 3.2.1). The residual is retained in the OPA to meet Treasurer's Determinations for the ATO and ASIC and recoupment of financial assistance made to the superannuation industry.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	80,690	84,072	74,731	74,051	73,431
Supplier	30,747	30,371	30,693	30,440	30,635
Depreciation and amortisation	4,386	5,169	5,288	5,770	6,043
Total expenses	115,823	119,612	110,712	110,261	110,109
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	3,912	3,612	4,160	4,160	4,160
Other revenue	952	967	1,050	1,050	1,050
Total revenue	4,864	4,579	5,210	5,210	5,210
Total own-source income	4,864	4,579	5,210	5,210	5,210
Net cost of (contribution by) services	110,959	115,033	105,502	105,051	104,899
Appropriation revenue	102,512	111,210	105,502	105,051	104,899
Surplus (deficit) attributable to the Australian Government	(8,447)	(3,823)	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash	43,545	42,903	44,451	45,200	45,192
Receivables	4,672	4,672	2,492	2,492	2,492
Total financial assets	48,217	47,575	46,943	47,692	47,684
Non-financial assets					
Infrastructure, plant and equipment	4,307	3,290	2,828	2,860	2,202
Intangibles	10,795	11,643	12,170	11,924	12,698
Other	3,218	3,387	3,421	3,421	3,421
Total non-financial assets	18,320	18,320	18,419	18,205	18,321
Total assets	66,537	65,895	65,362	65,897	66,005
LIABILITIES					
Provisions					
Employees	28,997	32,035	29,740	29,740	29,740
Other	2,318	2,418	2,460	2,460	2,460
Total provisions	31,315	34,453	32,200	32,200	32,200
Payables					
Suppliers	4,072	4,115	4,222	4,222	4,222
Total payables	4,072	4,115	4,222	4,222	4,222
Total liabilities	35,387	38,568	36,422	36,422	36,422
Net assets	31,150	27,327	28,940	29,475	29,583
EQUITY					
Contributed equity	7,469	7,469	9,082	9,617	9,725
Reserves	9,809	9,809	9,809	9,809	9,809
Retained surpluses or accumulated deficits	13,872	10,049	10,049	10,049	10,049
Total equity	31,150	27,327	28,940	29,475	29,583
Current assets	51,435	50,962	50,364	51,113	51,105
Non-current assets	15,102	14,933	14,998	14,784	14,900
Current liabilities	27,558	29,955	28,372	28,372	28,372
Non-current liabilities	7,829	8,613	8,050	8,050	8,050

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,912	3,612	4,160	4,160	4,160
Appropriations	102,512	111,210	105,502	105,051	104,899
Other	952	967	1,050	1,050	1,050
Total cash received	107,376	115,789	110,712	110,261	110,109
Cash used					
Employees	76,819	81,034	74,731	74,051	73,431
Suppliers	33,045	30,397	30,693	30,440	30,635
Total cash used	109,864	111,431	105,424	104,491	104,066
Net cash from or (used by) operating activities	(2,488)	4,358	5,288	5,770	6,043
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment/intangibles	4,957	5,000	5,353	5,556	6,159
Total cash used	4,957	5,000	5,353	5,556	6,159
Net cash from or (used by) investing activities	(4,957)	(5,000)	(5,353)	(5,556)	(6,159)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,457	-	1,613	535	108
Total cash received	1,457	-	1,613	535	108
Net cash from or (used by) financing activities	1,457	-	1,613	535	108
Net increase (or decrease) in cash held	(5,988)	(642)	1,548	749	(8)
Cash at the beginning of the reporting period	49,533	43,545	42,903	44,451	45,200
Cash at the end of the reporting period	43,545	42,903	44,451	45,200	45,192

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	13,872	3,809	6,000	7,469	31,150
Adjusted opening balance	13,872	3,809	6,000	7,469	31,150
Comprehensive income					
Surplus (deficit) for the period	(3,823)	-	-	-	(3,823)
Total comprehensive income recognised directly in equity	(3,823)	-	-	-	(3,823)
Estimated closing balance as at 30 June 2012	10,049	3,809	6,000	7,469	27,327

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	1,457	-	1,613	535	108
Total capital appropriations	1,457	-	1,613	535	108
Represented by:					
Purchase of non-financial assets	1,457	-	1,613	535	108
Total represented by:	1,457	-	1,613	535	108
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,457	-	1,613	535	108
Funded internally from departmental resources	3,500	5,000	3,740	5,021	6,051
TOTAL	4,957	5,000	5,353	5,556	6,159
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,957	5,000	5,353	5,556	6,159
Total cash used to acquire assets	4,957	5,000	5,353	5,556	6,159

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other, infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011			
Gross book value	12,972	23,081	36,053
Accumulated depreciation/amortisation and impairment	8,665	12,286	20,951
Opening net book balance	4,307	10,795	15,102
Capital asset additions			
By purchase - other	2,384	2,616	5,000
Total additions	2,384	2,616	5,000
Other movements			
Depreciation/amortisation expense	3,401	1,768	5,169
Total other movements	3,401	1,768	5,169
As at 30 June 2012			
Gross book value	15,356	25,697	41,053
Accumulated depreciation/amortisation and impairment	12,066	14,054	26,120
Closing net book balance	3,290	11,643	14,933

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual estimate 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation					
<i>Financial Institutions Supervisory Levies Collection Act 1998</i>	116,247	125,093	128,728	129,072	129,425
<i>Superannuation (Financial Assistance Assistance Funding) Levy Act 1993</i>	-	55,000	-	-	-
Total non-taxation	116,247	180,093	128,728	129,072	129,425
Total income administered on behalf of government	116,247	180,093	128,728	129,072	129,425
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Waivers and write-offs	616	-	-	-	-
Total expenses administered on behalf of government	616	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual estimate 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash - Financial Claims Scheme special account	1,459	759	759	759	759
Receivables	38	38	38	38	38
Total financial assets	1,497	797	797	797	797
Total assets administered on behalf of government	1,497	797	797	797	797

Prepared on Australian Accounting Standards basis.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Actual estimate 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash or equivalents received					
Transfer from Official Public Account	616	-	-	-	-
Administered revenue	116,247	180,093	128,728	129,072	129,425
Total cash or equivalents received	116,863	180,093	128,728	129,072	129,425
Cash or equivalents used					
Cash to Official Public Account	116,247	180,093	128,728	129,072	129,425
Administered expenses	616	-	-	-	-
Total cash or equivalents used	116,863	180,093	128,728	129,072	129,425
Net cash or equivalents from or (used by) operating activities	-	-	-	-	-

Prepared on 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 appropriation to its special account 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 ASIC for consumer protection and market integrity functions, and the 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 includes 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

Section 1: Agency overview and resources	151
1.1 Strategic direction	151
1.2 Agency resource statement	153
1.3 Budget measures.....	155
Section 2: Outcomes and planned performance	156
2.1 Outcomes and performance information	156
Section 3: Explanatory tables and budgeted financial statements	166
3.1 Explanatory tables	166
3.2 Budgeted financial statements	168

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

ASIC's objectives, as set out in the *Australian Securities and Investments Commission Act 2001* 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 take, 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 superannuation), capital markets (including primary and secondary capital markets), credit and corporations and their auditors and liquidators.

ASIC also operates a major public register function that provides information about Australia's 1.7 million companies, financial services licensees and other professionals registered with ASIC.

ASIC also provides public and consumer education material through a variety of community outreach activities and programs, and has an enforcement and regulatory role designed to deal with misconduct, in order to promote a confident and informed market.

In 2011-12 ASIC will be implementing a number of the Stronger Super reforms, including the development of a register for self managed superannuation fund auditors.

ASIC will put in place a regulatory framework and revise its supervisory systems and processes for the introduction of market competition. This builds on the earlier transfer of market supervision responsibilities from the Australian Securities Exchange to ASIC in August 2010.

In addition, ASIC will receive funding of \$28.8m in 2011-12 for the continuation of the global financial crisis program and to sustain operations until the completion of the Government's review into ASIC's funding, expected in the first half of the financial year.

ASIC expects to have an average staffing level of 1,885 in 2011-12, with offices in all states and territories.

ASIC will continue to focus on the following priorities:

- financial economy priorities; and
 - building confidence in the integrity of Australia's capital markets;
 - assisting and protecting retail investors and consumers in the financial economy;
 - facilitating international capital flows and international enforcement; and
 - continuing to manage the domestic and international implications of the global financial crisis; and
- real economy priorities;
 - lifting operational effectiveness and service levels for all ASIC stakeholders; and
 - using new technologies to improve services and reduce costs.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	40,113 ⁵	-	40,113	-
Departmental appropriation ³	-	387,550 ¹	387,550	340,756
Receipts from other sources (s31)	-	22,746 ⁴	22,746	34,597
Total departmental	40,113	410,296	450,409	375,353
Administered expenses				
Outcome 1 - Assetless Administration fund	-	3,471 ¹	3,471	3,450
Total administered	-	3,471	3,471	3,450
Total ordinary annual services	A 40,113	413,767	453,880	378,803
Other services				
Departmental non-operating				
Equity injections	-	6,462 ²	6,462	29,621
Total other services	B -	6,462	6,462	29,621
Total available annual appropriations (A+B)	40,113	420,229	460,342	408,424
Special appropriations				
Banking Act 1959	-	36,861	36,861	33,648
Life Insurance Act 1995	-	3,539	3,539	3,247
Total special appropriations	C -	40,400	40,400	36,895
Total appropriations excluding special accounts (A+B+C)	40,113	460,629	500,742	445,319

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Special accounts				
Opening balance ⁶	74,436	-	74,436	-
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to special accounts	-	51,000	51,000	127,500
Total special account	D 74,436	81,000	155,436	157,500
Total resourcing (A+B+C+D)	114,549	541,629	656,178	602,819
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
Total net resourcing for ASIC	114,549	511,629	626,178	572,819

1. Appropriation Bill (No. 1) 2011-12.
2. Appropriation Bill (No. 2) 2011-12.
3. Includes an amount of \$58.6 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).
4. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
5. Estimated adjusted balance carried from previous year for annual appropriations.
6. Estimated opening balance for special accounts (refer to Table 3.1.2 for further details).

1.3 BUDGET MEASURES

Budget measures relating to ASIC are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Securities and Investments Commission 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Australian Securities and Investments Commission	1.1, 1.2					
- additional funding	2.1	-	28,849	-	-	-
Competition for Market	1.1, 1.2					
Services	2.1	6,367	6,739	5,561	3,396	3,291
Efficiency dividend - temporary increase in the rate	1.1, 1.2					
Departmental Expenses	2.1	-	(1,557)	(3,281)	(3,979)	(4,808)
Administered expenses	2.1	-	(18)	(36)	(45)	(55)
Stronger Super						
- initial funding for self managed superannuation funds auditor registration	1.1, 1.2	108	41	-	-	-
- MySuper	2.1	-	802	1,109	1,252	488
Stronger Super - self managed super funds	1.1, 1.2					
	2.1	-	693	6,298	834	593
Total expense measures		6,475	35,549	9,651	1,458	(491)
Related capital measures						
Competition for Market	1.1, 1.2					
Services	2.1	462	3,375	388	307	-
Efficiency dividend - temporary increase in the rate	1.1, 1.2					
	2.1	-	(298)	(301)	(300)	(199)
Stronger Super						
- initial funding for self managed superannuation funds auditor registration	1.1, 1.2	1,535	1,090	-	-	-
Total related capital		1,997	4,167	87	7	(199)
Related Revenue						
Australian Accounting Standards Board and Auditing and Assurance Standards Board - additional funding	2.1	-	1,765	1,783	1,800	1,816
Australian Securities and Investments Commission	1.1, 1.2					
- additional funding	2.1	-	18,849	-	-	-
Competition for Market						
Services	2.1	-	7,950	9,050	6,600	6,250
Stronger Super - self managed super funds	2.1	-	-	993	449	449
Total related revenue		-	28,564	11,826	8,849	8,515

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

ASIC's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of ASIC.

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks

Outcome 1 strategy

The strategy under Outcome 1 focuses on:

- building confidence in the integrity of Australia's capital markets;
- assisting and protecting retail investors and consumers in the financial economy; and
- continuing to manage the implications of the global financial crisis.

Outcome expense statement

Table 2.1 provides an overview of the total resources for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

	2010-11	2011-12
Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Research, policy, compliance, education and information initiatives		
Departmental expenses		
Departmental appropriation	108,008	103,531
Expenses not requiring appropriation in the budget year	12,150	13,327
Total for Program 1.1	120,158	116,858
Program 1.2: Enforcement / deterrence		
Departmental expenses		
Departmental appropriation	156,071	149,600
Expenses not requiring appropriation in the budget year	17,556	19,257
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,450	3,471
Total for Program 1.2	177,077	172,328
Outcome 1 totals by appropriation type		
Departmental expenses		
Departmental appropriation	264,079	253,131
Expenses not requiring appropriation in the budget year	29,706	32,584
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,450	3,471
Total expenses for Outcome 1	297,235	289,186
	2010-11	2011-12
Average staffing level (number)	1,489	1,376

Contributions to Outcome 1

Program 1.1: Research, policy, compliance, education and information initiatives

Program 1.1 objective

Program 1.1 contributes to Outcome 1 by improving industry behaviour where market integrity and consumer confidence are most at risk, and by helping consumers and retail investors make well informed decisions in the financial economy.

Program 1.1 expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program 1.1 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	120,158	116,858	114,230	108,294	106,121
Total program expenses	120,158	116,858	114,230	108,294	106,121

Program 1.1 deliverables

Improving industry behaviour

Financial economy programs, for each major grouping of market participants, are designed to:

- monitor market developments and identify and prioritise factors and behaviours most likely to result in threats to market integrity and the fair treatment of consumers;
- devise and implement information, guidance and regulatory initiatives most likely to reduce the threat of misconduct or mistreatment of consumers and retail investors; and
- target misconduct or mistreatment through tailored deterrence activity.

Helping retail investors and consumers

Retail investor and consumer programs are designed to:

- give consumers and retail investors access to clear, useful information about financial economy products and services;
- make financial advice more accessible and more reliable;

- enhance community-wide financial literacy; and
- enable consumers and retail investors to better assess the benefits and risks of decisions about financial products and services.

Program 1.1 key performance indicators

ASIC has the following key performance indicators:

- improved confidence in market integrity;
- improvements in quality and availability of financial advice;
- improvements in overall financial literacy levels;
- improvements in retail investor and consumer perception of information received about products and services; and
- improvements in conduct of market participants and corporates.

Program 1.2: Enforcement / deterrence

Program 1.2 objective

Program 1.2 contributes to Outcome 1 by enforcing the law to maximise deterrent effect and improve behaviour of entities subject to the laws that ASIC administers.

Program 1.2 expenses

There are no significant changes to estimates across the forward years.

Table 2.3: Program 1.2 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	173,627	168,857	165,061	156,483	153,344
Annual administered expenses:					
Ordinary annual services	3,450	3,471	3,556	3,554	3,587
Total program expenses	177,077	172,328	168,617	160,037	156,931

Program 1.2 deliverables

Enforcement / deterrence

Deterrence programs are designed to:

- investigate suspect conduct and take appropriate and timely criminal, civil or administrative action, especially where market integrity and consumers and retail investors are most at risk;
- create community confidence that the law is being effectively enforced;
- communicate clearly about ASIC's enforcement approach and outcomes to improve industry understanding and drive behavioural change in key risk areas; and
- encourage industry participation in enhanced standards of behaviour (alleviating the need for additional regulation).

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.

Program 1.2 key performance indicators

ASIC has the following key performance indicators:

- clear alignment between ASIC enforcement actions and key risk areas; and
- improved stakeholder perceptions of how ASIC deals with people who do not comply with the law.

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services

Outcome 2 Strategy

The strategy under Outcome 2 focuses on:

- lifting ASIC's operational effectiveness and service levels for all stakeholders;
- using technology to reduce costs for business and contribute to cutting red tape; and
- facilitating business, including international capital flows.

Outcome 2 budgeted expenses

Table 2.4 provides an overview of the total resources for Outcome 2 by program.

Table 2.4: Budgeted expenses for Outcome 2

	2010-11	2011-12
Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 2.1: Legal infrastructure for companies and financial services providers		
Departmental expenses		
Departmental appropriation	96,560	93,655
Expenses not requiring appropriation in the budget year	10,987	12,052
Administered expenses		
Expenses not requiring appropriation in the budget year	31,477	30,020
Total for Program 2.1	139,024	135,727
Program 2.2: Banking Act and Life Insurance Act, Unclaimed Moneys and Special Accounts		
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	33,648	36,861
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	3,247	3,539
Total for Program 2.2	36,895	40,400
Outcome 2 totals by appropriation type		
Departmental expenses		
Departmental appropriation	96,560	93,655
Expenses not requiring appropriation in the budget year	10,987	12,052
Administered expenses		
Expenses not requiring appropriation in the budget year	31,477	30,020
Special appropriations	36,895	40,400
Total expenses for Outcome 2	175,919	176,127
	2010-11	2011-12
Average staffing level (number)	551	509

Contributions to Outcome 2

Program 2.1: Legal infrastructure for companies and financial services providers

Program 2.1 objective

Program 2.1 contributes to Outcome 2 by improving ASIC's registry and stakeholder services by developing initiatives for business and consumer stakeholders to:

- simplify their interactions with ASIC; and
- reduce the cost of those interactions.

Program 2.1 expenses

There are no significant changes to estimates across the forward years.

Table 2.5: Program 2.1 expenses

	2010-11 Revised budget	2011-12 Budget	2012-13 Forward year 1	2013-14 Forward year 2	2014-15 Forward year 3
Annual departmental expenses:					
Departmental items	107,547	105,707	91,536	93,038	93,199
Annual administered expenses:					
Expenses not requiring appropriation	31,477	30,020	30,387	30,759	31,136
Total program expenses	139,024	135,727	121,923	123,797	124,335

Program 2.1.1 deliverables

Modernising registry services

Programs are designed to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate register and licensing systems; and
- improve public access to information about registered and licensed entities.

Improving stakeholder services

Programs are designed to:

- improve service delivery to better meet stakeholder needs;
- take prompt and appropriate regulatory action on reports of misconduct;
- provide accurate information and assistance to the public; and

- provide accurate and useful information to industry stakeholders about the regulatory system and ASIC's administration of it.

Facilitating business

Initiatives are designed to:

- reduce costs and red tape for businesses by making it easier to transact with ASIC;
- improve consultation with regulated entities and other stakeholders;
- administer the law to enhance commercial certainty and reduce business costs; and
- facilitate inward and outward investment in Australian capital markets.

Program 2.1 key performance indicators

ASIC has the following key performance indicators:

- improved effectiveness and efficiency of registry and licensing services;
- improved stakeholder satisfaction with ASIC's corporate register and other stakeholder services; and
- ASIC's regulatory system not being seen as a major barrier to inward and outward capital flows.

Program 2.2: Banking Act and Life Insurance Act, unclaimed moneys and special accounts

Program 2.2 objectives

ASIC is responsible for the administration of unclaimed moneys from banking and deposit taking institutions, and life insurance institutions.

Moneys from bank and deposit taking institutions that are inactive for seven or more years are transferred to the Commonwealth and deposited into the Official Public Account (OPA).

Moneys in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth and deposited into the OPA.

Refunds are paid to successful claimants out of the OPA.

Program 2.2 expenses

There are no significant changes to estimates across the forward years.

Table 2.6: Program 2.2 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered expenses:					
Special appropriations					
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	33,648	36,861	40,380	44,235	48,459
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	3,247	3,539	3,857	4,204	4,583
Total program expenses	36,895	40,400	44,237	48,439	53,042

Program 2.2 deliverables

Provide an accurate register of unclaimed moneys and special accounts administered by ASIC.

Program 2.2 key performance indicators

ASIC has the following key performance indicators:

- ensure that refunds of unclaimed moneys are paid to successful claimants promptly; and
- ensure that payments of moneys from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

ASIC has not moved any administered funds between years.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by ASIC.

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance 2011-12 2010-11 \$'000	Receipts			Closing balance 2011-12 2010-11 \$'000
			non- appropriated 2011-12 2010-11 \$'000	Receipts appropriated 2011-12 2010-11 \$'000	Payments 2011-12 2010-11 \$'000	
ASIC Deregistered Companies						
Trust Moneys Special Account (D)	1	- 740	1,000 1,000	- -	1,000 1,740	- -
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (D)	1	67,221 13,721	- 76,500	- -	67,221 23,000	- 67,221
ASIC Security Deposits Special Account (D)	1	- 383	- -	- -	- 383	- -
Companies and Unclaimed Moneys Special Account(A)	2	7,215 7,215	50,000 50,000	- -	50,000 50,000	7,215 7,215
Enforcement Special Account (D)	1	- 6,508	- -	30,000 30,000	30,000 36,508	- -
Other Trust Moneys Account (D)	1	- -	- -	- -	- -	- -
Total special accounts 2011-12 Budget estimate		74,436	51,000	30,000	148,221	7,215
Total special accounts 2010-11 estimate actual		28,567	127,500	30,000	111,631	74,436

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

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
Australian Securities and Investments Commission							
Departmental 2011-12	850	-	-	850	-	850	1.1
<i>Departmental 2010-11</i>	<i>740</i>	-	-	<i>740</i>	-	<i>740</i>	<i>1.1</i>

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 departmental income statement

ASIC is currently budgeting for a break-even operating result for 2011-12 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses under the new net cash appropriation arrangements, which began in the 2010-11 Budget. The new arrangements involve the cessation of funding for depreciation, amortisation and makegood expenses. Funding for these expenses has been replaced with a departmental capital budget (Table 3.2.5 refers).

Total revenue and expenses (excluding depreciation) are estimated to be \$346.8 million for 2011-12. The expenditure will be used to fund activities that contribute towards achieving the outcome and program 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 2011-12 is \$153.7 million.

The 2011-12 equity position reflects the cumulative effect of capital injections of \$65.1 million received during 2011-12.

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.

Departmental Capital Budget statement

This statement shows details of capital appropriations received by ASIC. It helps decision makers to track the acquisition of new non-financial assets.

Statement of asset movements — departmental

This statement shows details of gross asset movements during the year. It helps decision makers to analyse movements of non-financial assets.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

The schedule of budgeted income and expenses administered on behalf of government 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 2011-12 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 2011-12 and the forward estimates represent the estimated amount of refunds relating to the overpayments 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 comprehensive income statement (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	223,711	206,826	187,970	182,986	177,474
Supplier	134,138	137,170	135,957	131,010	138,148
Finance costs	500	500	500	500	500
Depreciation and amortisation	42,983	46,926	46,400	43,318	36,543
Total expenses	401,332	391,422	370,827	357,814	352,665
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	3,362	3,394	3,429	3,365	3,395
Other revenue	31,538	19,655	771	835	840
Total revenue	34,900	23,049	4,200	4,200	4,235
Gains					
Other	172	172	172	172	172
Total gains	172	172	172	172	172
Total own-source income	35,072	23,221	4,372	4,372	4,407
Net cost of (contribution by) services	366,260	368,201	366,455	353,442	348,258
Appropriation revenue	325,567	323,565	322,345	312,414	314,005
Surplus (deficit) attributable to the Australian Government	(40,693)	(44,636)	(44,110)	(41,028)	(34,253)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(40,693)	(44,636)	(44,110)	(41,028)	(34,253)
Plus non-appropriated expenses depreciation and amortisation expenses	40,693	44,636	44,110	41,028	34,253
Operating result attributable to ASIC	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	277	1,536	1,776	2,930	2,930
Trade and other receivables	46,899	56,399	55,523	50,214	49,576
Total financial assets	47,176	57,935	57,299	53,144	52,506
Non-financial assets					
Land and buildings	66,509	58,378	52,052	45,806	39,796
Infrastructure, plant and equipment	18,718	16,248	15,734	10,783	10,313
Intangibles	119,705	136,591	117,176	108,903	91,822
Other	8,133	8,167	8,167	8,167	8,167
Total non-financial assets	213,065	219,384	193,129	173,659	150,098
Total assets	260,241	277,319	250,428	226,803	202,604
LIABILITIES					
Provisions					
Employees	59,560	60,064	60,064	60,064	60,064
Other	11,418	11,918	12,418	12,918	13,418
Total provisions	70,978	71,982	72,482	72,982	73,482
Payables					
Suppliers	26,208	26,447	26,447	22,928	22,928
Other	29,814	25,177	21,751	18,325	14,897
Total payables	56,022	51,624	48,198	41,253	37,825
Total liabilities	127,000	123,606	120,680	114,235	111,307
Net assets	133,241	153,713	129,748	112,568	91,297
EQUITY					
Contributed equity	141,567	206,675	226,820	250,668	263,650
Reserves	6,473	6,473	6,473	6,473	6,473
Retained surpluses or accumulated deficits	(14,799)	(59,435)	(103,545)	(144,573)	(178,826)
Total equity	133,241	153,713	129,748	112,568	91,297
Current assets	55,309	66,102	65,466	61,311	60,673
Non-current assets	204,932	211,217	184,962	165,492	141,931
Current liabilities	85,784	85,033	83,736	78,920	77,621
Non-current liabilities	41,216	38,573	36,944	35,315	33,686

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,059	3,091	3,429	3,365	3,395
Appropriations	344,613	313,232	322,785	316,587	313,505
GST received	13,403	13,373	12,555	14,920	14,523
Other	31,538	19,655	771	835	840
Total cash received	392,613	349,351	339,540	335,707	332,263
Cash used					
Employees	224,729	206,322	187,970	182,986	177,474
Suppliers	137,995	140,294	138,775	136,647	140,266
GST Paid	13,403	13,373	12,555	14,920	14,523
Borrowing costs	-	-	-	-	-
Total cash used	376,127	359,989	339,300	334,553	332,263
Net cash from or (used by) operating activities	16,486	(10,638)	240	1,154	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	73,339	53,211	20,145	23,848	12,982
Total cash used	73,339	53,211	20,145	23,848	12,982
Net cash from or (used by) investing activities	(73,339)	(53,211)	(20,145)	(23,848)	(12,982)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	56,941	65,108	20,145	23,848	12,982
Total cash received	56,941	65,108	20,145	23,848	12,982
Net cash from or (used by) financing activities	56,941	65,108	20,145	23,848	12,982
Net increase or (decrease) in cash held	88	1,259	240	1,154	-
Cash at the beginning of the reporting period	189	277	1,536	1,776	2,930
Cash at the end of the reporting period	277	1,536	1,776	2,930	2,930

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	(14,799)	6,473	-	141,567	133,241
Adjusted opening balance	(14,799)	6,473	-	141,567	133,241
Comprehensive income					
Surplus (deficit) for the period	(44,636)	-	-	-	(44,636)
Total comprehensive income recognised directly in equity	(44,636)	-	-	-	(44,636)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	6,462	6,462
Appropriation (departmental capital budget)	-	-	-	58,646	58,646
Total transactions with owners	-	-	-	65,108	65,108
Estimated closing balance as at 30 June 2012	(59,435)	6,473	-	206,675	153,713

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	22,800	58,646	19,757	23,541	12,982
Equity injections - Bill 2	34,141	6,462	388	307	-
Total capital appropriations	56,941	65,108	20,145	23,848	12,982
Represented by:					
Purchase of non-financial assets	56,941	53,211	20,145	23,848	12,982
Other items	-	11,897	-	-	-
Total represented by	56,941	65,108	20,145	23,848	12,982
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	27,141	11,465	388	307	-
Funded by capital appropriation - DCB	29,800	41,746	19,757	23,541	12,982
Funded internally from departmental resources	16,398	-	-	-	-
TOTAL	73,339	53,211	20,145	23,848	12,982
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	73,339	53,211	20,145	23,848	12,982
Total cash used to acquire assets	73,339	53,211	20,145	23,848	12,982

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	93,771	46,048	166,164	305,983
Accumulated depreciation/amortisation and impairment	27,262	27,330	46,459	101,051
Opening net book balance	66,509	18,718	119,705	204,932
Capital asset additions				
By purchase - appropriation ordinary annual services	3,000	4,026	46,185	53,211
Total asset additions	3,000	4,026	46,185	53,211
Other movements				
Depreciation/amortisation expense	11,131	6,496	29,299	46,926
Total other movements	11,131	6,496	29,299	46,926
As at 30 June 2012				
Gross book value	94,271	48,074	207,849	350,194
Accumulated depreciation/amortisation and impairment	35,893	31,826	71,258	138,977
Closing net book balance	58,378	16,248	136,591	211,217

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Other sources of non-taxation revenues	686,453	759,568	791,079	803,939	819,924
Total revenues administered on behalf of government	686,453	759,568	791,079	803,939	819,924
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	3,450	3,471	3,556	3,554	3,587
Write down and impairment of assets	31,477	30,020	30,387	30,759	31,136
Other	36,895	40,400	44,237	48,439	53,042
Total expenses administered on behalf of government	71,822	73,891	78,180	82,752	87,765

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,587	4,587	4,587	4,587	4,587
Receivables	87,741	88,874	92,529	96,149	99,733
Total assets administered on behalf of government	92,328	93,461	97,116	100,736	104,320
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	985	985	985	985	985
Other payables	7,000	7,000	7,000	7,000	7,000
Total liabilities administered on behalf of government	7,985	7,985	7,985	7,985	7,985

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	314	316	323	323	326
Other	654,340	728,415	757,037	769,560	785,204
Total cash received	654,654	728,731	757,360	769,883	785,530
Cash used					
Grants	3,450	3,471	3,556	3,554	3,587
Other	36,895	40,400	44,237	48,439	53,042
Net GST paid	314	316	323	323	326
Total cash used	40,659	44,187	48,116	52,316	56,955
Net cash from or (used by) operating activities	613,995	684,544	709,244	717,567	728,575
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	47,345	49,871	53,793	57,993	62,629
Total cash received	47,345	49,871	53,793	57,993	62,629
Cash used					
Cash to Official Public Account	659,770	734,415	763,037	775,560	791,204
Total cash used	659,770	734,415	763,037	775,560	791,204
Net cash from or (used by) financing activities	(612,425)	(684,544)	(709,244)	(717,567)	(728,575)
Net increase or (decrease) in cash held	1,570	-	-	-	-
Cash at beginning of reporting period	3,017	4,587	4,587	4,587	4,587
Cash at end of reporting period	4,587	4,587	4,587	4,587	4,587

Prepared on 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 Australian Government.

Appropriations in the accrual budgeting framework

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

- departmental appropriations representing the Australian Government's purchase of programs 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 while, 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 ACT 2001* 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

Section 1: Agency overview and resources	183
1.1 Strategic direction	183
1.2 Agency resource statement	184
1.3 Budget measures.....	186
1.4 Changes to the program structure	188
Section 2: Outcomes and planned performance	189
2.1 Outcomes and performance information	189
Section 3: Explanatory tables and budgeted financial statements	218
3.1 Explanatory tables	218
3.2 Budgeted financial statements	219

AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The role of the Australian Taxation Office (ATO) is to achieve confidence in the administration of Australia's taxation and superannuation systems.

The taxation and superannuation systems are part of Australia's social and economic infrastructure. A major part of the ATO's administration of these systems is emphasising to the community the importance of willing and proper participation, in underpinning nation building.

The ATO's Strategic Statement 2010-15 strengthens this view by outlining a strategic vision for the taxation and superannuation systems. The vision aspires for Australians to value their taxation and superannuation systems as community assets, where willing participation is recognised as good citizenship.

The journey towards achievement of the Strategic Statement is guided by five strategic themes that intersect all levels in the ATO's vision and daily activities. The strategic themes are:

- Encourage: People support and understand the benefits of participation – they are engaged and willingly participate;
- Support: People are helped and assisted to understand their rights and responsibilities and are able to fulfil their obligations easily at minimal cost;
- Protect: Protecting people and the community by deterring, detecting and dealing with those who have not complied;
- Enhance: The ATO is passionate about improving its capabilities to be more innovative, agile and responsive to challenges and opportunities; and
- Champion: The ATO champions interests of both individual taxpayers and the community, advising government on ways to improve the operation of Australia's taxation and superannuation systems.

These themes are supported by the ATO's corporate values of being fair and professional, applying the rule of law, supporting people who want to do the right thing and being fair but firm with those that don't, being consultative, collaborative

and willing to co-design, being open and accountable and being responsive to challenges and opportunities.

Having just successfully implemented one of the most significant IT change programs in its history, the ATO is looking to optimise its new platforms by re-engineering business processes to encourage and support the community to willingly participate in Australia's taxation and superannuation systems.

There will need to be sustained focus in helping those recovering as a result of natural disasters. The ATO's help and assistance program of work will support this cause while remaining vigilant against those who seek an unfair advantage.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	307,709 ⁵	-	307,709	-
Departmental appropriation ³	-	3,252,169 ¹	3,252,169	3,150,813
Receipts from other sources (s31)	-	27,660 ⁴	27,660	29,237
Total departmental	307,709	3,279,829	3,587,538	3,180,050
Administered expenses				
Outcome 1	-	10,213 ¹	10,213	930
Total administered expenses	-	10,213	10,213	930
Total ordinary annual services	A 307,709	3,290,042	3,597,751	3,180,980
Other services				
Departmental non-operating				
Equity injections	-	18,380 ²	18,380	30,579
Total other services	B -	18,380	18,380	30,579
Total available annual appropriations (A+B)	307,709	3,308,422	3,616,131	3,211,559

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior year amounts available in 2011-12 \$'000	+ Proposed at Budget 2011-12 \$'000	= Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	26,000	26,000	38,000
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil</i>	-	40,000	40,000	37,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	271,000	271,000	258,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)⁷</i>	-	8,615,451	8,615,451	8,180,282
Total special appropriations	C -	8,952,451	8,952,451	8,513,282
Total appropriations excluding special accounts	307,709	12,260,873	12,568,582	11,724,841
Special accounts				
Opening balance ⁶	109,564	-	109,564	-
Appropriation receipts	-	12,400	12,400	28,700
Non-appropriation receipts to special accounts	-	47,423	47,423	44,980
Total special account	D 109,564	59,823	169,387	73,680
Total resourcing (A+B+C+D)	417,273	12,320,696	12,737,969	11,798,521
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	12,400	12,400	28,700
Total net resourcing for the ATO	417,273	12,308,296	12,725,569	11,769,821

1. Appropriation Bill (No. 1) 2011-12.

2. Appropriation Bill (No. 2) 2011-12.

3. Includes \$137.8 million in 2011-12 (\$137.3 million in 2010-11) for the Departmental Capital Budget (refer to Table 3.2.5 for further details).

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

5. Estimated adjusted balance carried from previous year for annual appropriations.

6. Estimated opening balance for special accounts (refer to Table 3.1.2 for further details).

7. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, education tax refunds and research and development subsidies. Estimated tax refund items for 2010-11 are \$88.2 billion (including \$75 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$93.0 billion for 2011-12 (including \$80 million paid via the ACS on the ATO's behalf).

1.3 BUDGET MEASURES

Budget measures relating to the ATO are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Taxation Office 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
A Tax Plan for Our Future -						
Tax Forum						
Departmental expenses	1.1	(926)	-	-	-	-
Efficiency dividend - temporary						
increase in the rate						
Departmental expenses	1.1	-	(15,688)	(31,995)	(38,564)	(45,244)
Inspector-General of Taxation						
- additional funding						
Departmental expenses	1.1	-	(544)	(548)	(551)	(554)
Natural Disaster Recovery						
and Rebuilding - Temporary						
flood and cyclone						
reconstruction levy						
Departmental expenses	1.1	2,773	7,361	6,950	2,855	-
Not-for-profit sector reforms						
- Australian Charities and						
Not-for-profits Commission -						
establishment						
Departmental expenses	1.1	-	8,626	14,826	9,975	10,076
- introducing a statutory						
definition of 'charity'						
Departmental expenses	1.1	-	-	700	1,600	600
Stronger Super - self managed						
super funds						
Departmental expenses	1.1	2,269	5,655	9,684	9,158	9,202
Stronger Super - SuperStream						
- initial funding						
Departmental expenses	1.1	3,019	11,636	-	-	-
Superannuation - refund of						
excess concessional						
contributions						
Departmental expenses	1.1	-	3,057	4,283	5,061	3,209
Tax compliance						
- countering fraudulent phoenix						
activities by company directors						
Departmental expenses	1.1	607	5,808	7,509	4,413	3,821
- enhanced refund fraud						
detection and management						
Departmental expenses	1.1	-	14,400	15,100	14,300	12,600

Table 1.2: Australian Taxation Office 2011-12 Budget measures (continued)

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	
Expense measures (continued)							
Tax compliance							
- reporting Government grants and payments							
	Departmental expenses	1.1	-	6,682	12,349	12,066	12,195
- reporting taxable payments							
	Departmental expenses	1.1	-	3,558	8,823	17,180	15,407
Alternative fuels - delayed introduction of taxation and other changes							
	Administered expenses	1.6	-	(212,000)	(199,000)	(135,000)	(69,000)
Enhancements from the Review of the Australian Independent Screen Production Sector							
	Administered expenses	1.7	-	(2,500)	(1,500)	(500)	(500)
Superannuation co-contribution - extending the pause to the indexation of the income threshold							
	Administered expenses	1.10	-	-	(25,000)	(25,000)	(25,000)
Reform of family payments - pause indexation of upper limits and thresholds for a further two years							
	Administered expenses	1.13	-	-	(20,000)	(40,000)	(45,000)
Natural Disaster Recovery and Rebuilding - National Rental Affordability Scheme - deferral of dwelling target							
	Administered expenses	1.15	(5,940)	(45,038)	(52,411)	(66,235)	(84,244)
Ethanol Production Grants Program - extension							
	Administered expenses	1.20	-	(37,733)	-	-	-
Migration Program - allocation of places for 2011-12							
	Administered expenses	1.20	-	-	1,200	2,200	3,300
Total expense measures							
	Departmental		7,742	50,551	47,681	37,493	21,312
	Administered		(5,940)	(297,271)	(296,711)	(264,535)	(220,444)
	Total		1,802	(246,720)	(249,030)	(227,042)	(199,132)

Table 1.2: Australian Taxation Office 2011-12 Budget measures (continued)

		2010-11	2011-12	2012-13	2013-14	2014-15
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Related capital						
Efficiency dividend - temporary increase in the rate	1.1	-	(700)	(1,412)	(1,780)	(2,167)
Natural Disaster Recovery and Rebuilding - Temporary flood and cyclone reconstruction levy	1.1	1,060	-	-	-	-
Not-for-profit sector reforms - Australian Charities and Not-for-profits Commission - establishment	1.1	-	1,000	9,126	-	-
Stronger Super - self managed super funds	1.1	1,124	1,124	992	992	-
Tax compliance - reporting taxable payments	1.1	-	-	1,431	-	-
Total related capital		2,184	1,424	10,137	(788)	(2,167)

Prepared on a government finance statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAM STRUCTURE

The ATO has revised its program structure since the 2010-11 Budget. The Australian Business Register (ABR) and the Australian Valuation Office (AVO) (previously part of Program 1.1) are now separate programs 1.3 and 1.4 respectively.

As a result of this there have also been some minor changes to other program numbers, which are shown as part of Table 2.1.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The ATO's outcome is described below specifying the strategy, programs, objectives, deliverables and key performance indicators used to assess and monitor the performance of ATO.

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law

Outcome 1 strategy

The ATO seeks to deliver this outcome by:

- encouraging community participation in Australia's taxation and superannuation systems;
- supporting people willing to participate and making it as easy as possible for them to fulfil their responsibilities at minimum cost; and
- protecting people by dealing with those not willing to comply.

The ATO does this both as a single agency, as well as through managing a number of whole-of-government initiatives that deliver a range of services. The ATO also provides support to the Tax Practitioners Board, the ABR and the AVO.

The ATO has five broad indicators of effectiveness. These help to measure performance and how effective the agency is in delivering a high level of service to the government and the community. They are:

- Deliver aspects of taxation and superannuation systems for government and the community.
- Maintain community confidence and engagement.

- Help people understand their rights and obligations.
- Improve ease of compliance and access to benefits.
- Manage non-compliance with the law.

The ATO publishes a range of governance publications including the Strategic Statement, Corporate Plan and Compliance Program which outline the ATO's strategic direction and annual commitments to the community. The ATO's Annual Report assesses the achievements of the agency against these commitments.

The ATO also administers a range of subsidies and benefits, including fuel tax credits, research and development tax offsets, and superannuation incentives. These initiatives or schemes involve eligibility rules and conditions set out in legislation. Several of these administered programs deliver other government agencies' outcomes, with the ATO acting as a service delivery agency.

While the benefits delivered through these administered programs are funded through special appropriations the cost of the work and systems required to deliver the benefits is included in the ATO's departmental funding under Program 1 and is not specifically or separately identified.

Outcome expenses statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	930	10,213
Departmental expenses		
Departmental appropriation	3,018,108	3,108,106
Expenses not requiring appropriation in budget year	104,538	118,202
Total for Program 1.1	3,123,576	3,236,521
Program 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	17,057	16,534
Total for Program 1.2	17,057	16,534
Program 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	16,765	13,173
Total for Program 1.3	16,765	13,173
Program 1.4: Australian Valuation Office		
Departmental expenses		
Special accounts	34,106	36,532
Total for Program 1.4	34,106	36,532
Program 1.5: Product Stewardship for Oil		
Administered expenses		
Special appropriations	37,000	40,000
Total for Program 1.5	37,000	40,000
Program 1.6: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	38,000	26,000
Total for Program 1.6	38,000	26,000
Program 1.7: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	154,000	157,500
Total for Program 1.7	154,000	157,500
Program 1.8: Research and Development Tax Offset		
Administered expenses		
Special appropriations	1,149,000	1,137,000
Total for Program 1.8	1,149,000	1,137,000

Table 2.1: Budgeted expenses and resources for Outcome 1 (continued)

	2010-11	2011-12
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.9: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	200,000	207,000
Total for Program 1.9	200,000	207,000
Program 1.10: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	470,000	591,000
Total for Program 1.10	470,000	591,000
Program 1.11: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	258,000	271,000
Total for Program 1.11	258,000	271,000
Program 1.12: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	4,996,000	5,142,000
Total for Program 1.12	4,996,000	5,142,000
Program 1.13: Education Tax Refund		
Administered expenses		
Special appropriations	659,000	888,000
Total for Program 1.13	659,000	888,000
Program 1.14: National Urban Water and Desalination Plan		
Administered expenses		
Special appropriations	-	-
Total for Program 1.14	-	-
Program 1.15: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	23,682	56,484
Subtotal for Program 1.15	23,682	56,484
Program 1.16: First Home Saver Accounts		
Administered expenses		
Special appropriations	23,600	39,700
Total for Program 1.16	23,600	39,700
Program 1.17: Baby Bonus		
Administered expenses		
Special appropriations	-	-
Total for Program 1.17	-	-
Program 1.18: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	500,000	330,000
Total for Program 1.18	500,000	330,000

Table 2.1: Budgeted expenses and resources for Outcome 1 (continued)

	2010-11	2011-12
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.19: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in budget year	6,865,000	6,392,800
Total for Program 1.19	6,865,000	6,392,800
Program 1.20: Other Administered		
Administered expenses		
Special appropriations	5,000	66,767
Total Other Administered	5,000	66,767
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	930	10,213
Special appropriations	8,513,282	8,952,451
Expenses not requiring appropriation in budget year	6,865,000	6,392,800
Departmental expenses		
Departmental appropriation	3,051,930	3,137,813
Special accounts	34,106	36,532
Expenses not requiring appropriation in budget year	104,538	118,202
Total expenses for Outcome 1	18,569,786	18,648,011
	2010-11	2011-12
Average staffing level (number)	21,908	21,963

Contributions to Outcome 1

Program 1.1: Australian Taxation Office

Program 1.1 objective

The ATO is the Government's principal revenue collection agency, administering Australia's taxation system, regulating aspects of the superannuation system, and supporting delivery of government benefits to the community.

The objective of the ATO is to administer aspects of Australia's taxation and superannuation systems fairly by helping people do the right thing, by making it as easy as possible for taxpayers to comply, ensuring effective strategies are in place to deter, detect and deal with non-compliance, and developing and supporting the capability of its people and of others in the system.

Program 1.1 expenses

Estimates for the forward years reflect the impact of government policy initiatives.

Table 2.2: Program 1.1 expenses by program component

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation					
Annual departmental expenses:					
Departmental items	523,039	540,403	553,963	539,071	528,312
Total component expenses	523,039	540,403	553,963	539,071	528,312
Program Component 1.1.2 - We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost					
Annual departmental expenses:					
Departmental items	1,128,513	1,165,976	1,195,235	1,163,103	1,139,889
Total component expenses	1,128,513	1,165,976	1,195,235	1,163,103	1,139,889
Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply					
Annual departmental expenses:					
Departmental items	1,471,094	1,519,929	1,558,070	1,516,184	1,485,923
Annual administered expenses:					
Administered item	930	10,213	14,756	5,384	2,258
Total component expenses	1,472,024	1,530,142	1,572,826	1,521,568	1,488,181
Total program expenses	3,123,576	3,236,521	3,322,024	3,223,741	3,156,381

Program 1.1 deliverables

Program Component 1.1.1: Our expertise supports government priorities and encourages community participation

- Advise government on policy, forecasting and administrative matters.
- Design and build administrative solutions for new policy, law and other initiatives.
- Clarify the law and provide clear advice as to the ATO's view of the law.
- Support other agencies.
- Manage Government and stakeholder relations.

Program Component 1.1.2: We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost

- Register taxpayers.
- Process returns and check accuracy.
- Receive payments, facilitate timely payments, and follow up overdue payments.
- Provide guidance to taxpayers on how to meet obligations.
- Collect and manage debt.

Program Component 1.1.3: We support and protect people by dealing with those not willing to comply

- Communicate and market products, services and benefits to the community.
- Provide interpretative advice and practical guidance.
- Identify and respond to behaviours presenting a compliance risk.
- Undertake preventative actions to reduce the rate of occurrence of non-compliant behaviour.

Program 1.1 key performance indicators

Program Component 1.1.1: Our expertise supports government priorities and encourages community participation

- Progress new administrative solutions to support taxation and superannuation administration.
- Reduce legal risks and increase certainty through ATO views.
- Manage the ATO's commitments to governments and other agencies.

Program Component 1.1.2: We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost

- Progress new services that support service delivery.
- Maintain acceptable service standards.
- Maintain quality and practical means of assistance.
- Optimise debt collection for the current environment.

Program Component 1.1.3: We support and protect people by dealing with those not willing to comply

- Products, services and tools are available to help people meet their obligations.
- Issue advice and practical guidance that assists people to meet their obligations.
- Reduce non-compliant behaviours through deterring, detecting and dealing with taxpayers not willing to comply.
- Establish the nature and extent of non-compliant behaviour and, where appropriate, apply penalties and prosecute.

Program 1.2: Tax Practitioners Board

Program 1.2 objective

The objective of the Tax Practitioners Board is to strengthen the integrity of the taxation system and tax profession by including all tax practitioners in a single national regulatory regime and regulating them fairly, consistently and with flexibility.

The Tax Practitioners Board provides protection to clients of tax practitioner services by reducing the level of uncertainty and risks for people through a new, national, independent regulatory regime for tax agent services.

Program 1.2 expenses

Estimates for the forward years reflect the impact of government policy initiatives.

Table 2.3: Program 1.2 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items ¹	17,057	16,534	13,507	13,468	13,468
Total program expenses	17,057	16,534	13,507	13,468	13,468

1. Does not include corporate overhead costs.

Program 1.2 deliverables

- Register tax practitioners.
- Ensure that records are current and accurate.
- Cancel the registrations of tax practitioners that are no longer active or entitled to be registered.

- Administer the Code of Professional Conduct that clearly provides high standards and expectations for professionals providing tax agent services.
- Apply consistent sanctions for those who do not comply with the law, including civil penalties and injunctions and other sanctions.
- Fairly investigate referrals from the ATO and community.
- Provide the community with access to public data to assist in verifying registered tax practitioners.
- Manage and promote the role and functions of the Board.

Program 1.2 key performance indicators

- Establish and broaden the regulatory framework across tax practitioners.
- Maintain acceptable service standards.
- Work cooperatively with tax practitioners.
- Reduce risks for consumers in using tax practitioners.
- Increase awareness and engagement amongst tax practitioners.

Program 1.3: Australian Business Register

The Commissioner of Taxation is also the Registrar of the Australian Business Registration (ABR). The two roles have separate and distinct responsibilities as outlined in section 28 of the *A New Tax System (Australian Business Number) Act 1999*.

Reporting and governance arrangements have been enhanced to provide clearer delineation between the performance of the Registrar and the Commissioner of Taxation, who is a customer of the ABR.

This new program complements the ATO's fundamental role in administering aspects of Australia's taxation and superannuation systems.

Program 1.3 objective

The ABR provides an authoritative and trusted source of business identity information and issues the Australian Business Number (ABN) to uniquely identify businesses and streamline government and business interaction.

The objective of the program is to progress the ABR as a whole-of-government resource for streamlining business and government interactions. The ABN acts as the unique identifier enabling these interactions.

Program 1.3 expenses

Estimates for the forward years reflect the impact of government policy initiatives.

Table 2.4: Program 1.3 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	16,765	13,173	9,121	9,019	9,057
Total program expenses	16,765	13,173	9,121	9,019	9,057

Program 1.3 deliverables

- Issue and maintain the ABN and AUSkey registrations to support interactions between government and businesses.
- Promote the ABR, AUSkey and SBR as whole-of-government resources. Provide eligible government agencies with access to details of registered ABN holders.
- Provide the community with access to publicly available data to assist in verifying core business identity and other government registration information.

Program 1.3 key performance indicators

- Progress new services that support whole-of-government projects.
- Increase agency awareness and engagement.
- Improve integrity of the ABR data.
- Maintain acceptable service standards.

Program 1.4: Australian Valuation Office

The AVO is set up as a special account and is the only commercially-focussed business area within the ATO. As a separate program it will now be visible within the outcome and program framework.

The AVO provides a service for all Commonwealth agencies and complements the ATO's fundamental role in administering aspects of Australia's taxation system and superannuation system.

Program 1.4 objective

The AVO aims to provide independent, impartial and fee-competitive valuation services and advice on behalf of the Australian Government.

The objective of the AVO is to be recognised as the valuer of choice for government. This requires it to focus both on the needs of clients and on the capability of its people to collectively build a resilient, viable and sustainable business into the future.

Program 1.4 expenses

The estimates show moderate growth across the forward years based on revenue projections.

Table 2.5: Program 1.4 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special account expenses:					
Valuation Services Special Account	34,106	36,532	38,423	40,381	43,428
Total program expenses	34,106	36,532	38,423	40,381	43,428

Program 1.4 deliverables

- Valuation services.
- Policy and strategic advice on valuation issues.

Program 1.4 key performance indicators

- Progress new services that support delivery of valuation services and policy advice.
- Maintain acceptable service standards.
- Strengthen relationships and satisfaction with key clients.
- Maintain appropriate governance and reporting processes.
- Maintain an appropriate level of quality of valuation services.

Program 1.5: Product Stewardship for Oil

Program 1.5 objective

The Product Stewardship for Oil program is aimed at supporting and encouraging environmentally sustainable management of used oil including the recycling of used

oil and use of the recycled product. The program is intended to reinforce existing state and territory regulations and arrangements in this area.

The Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) has policy responsibility for the program, with the ATO administering the program on its behalf.

Program 1.5 expenses

The estimates show moderate growth across the forward years.

Table 2.6: Program 1.5 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - product</i>					
stewardship waste (oil) scheme	37,000	40,000	44,000	47,000	48,000
Total program expenses	37,000	40,000	44,000	47,000	48,000

Program 1.5 deliverables

The ATO is responsible for delivery of products and services, by undertaking all processes, decisions and actions required to administer the program. The ATO provides compliance assurance and support to SEWPaC. Successful delivery is demonstrated by:

- the number of claims processed;
- the number of participants registered;
- the dollar value of payments processed; and
- the dollar value of revenue collected.

Program 1.5 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.6: Cleaner Fuels Grant Scheme

Program 1.6 objective

The Cleaner Fuels Grant Scheme encourages the manufacture or importation of fuels that have a reduced impact on the environment. Manufacturers and importers of cleaner fuels that meet the relevant fuel standard under the *Fuel Quality Standards Act 2000* may be entitled to a cleaner fuel grant.

The Department of the Treasury (the Treasury) has policy responsibility for the program, with the ATO administering the program on its behalf.

Program 1.6 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information. The new tax arrangements for the alternative fuels will not involve payment of a grant from 1 December 2011

Table 2.7: Program 1.6 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	38,000	26,000	-	-	-
Total program expenses	38,000	26,000	-	-	-

Program 1.6 deliverables

The ATO is responsible for delivery of products and services by undertaking all processes, decisions and actions required to administer the program. The ATO provides compliance assurance and support to the Treasury and SEWPaC. Successful delivery is demonstrated by:

- the number of claims processed;
- the number of participants registered; and
- the dollar value of payments processed.

Program 1.6 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.7: Australian Screen Production Incentive

Program 1.7 objective

The Australian Screen Production Incentive comprises three film tax offsets: the Producer Offset, the Location Offset and the Post, Digital and Visual Effects (PDV) Offset. These offsets are designed to ensure Australia remains competitive in attracting high budget film and television productions and are aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions.

The Department of the Prime Minister and Cabinet (PM&C), along with Screen Australia and the ATO, have policy responsibility for the program. Screen Australia administers the Producer Offset while PM&C has administrative responsibility for the Location and PDV Offsets.

Program 1.7 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information.

Table 2.8: Program 1.7 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	154,000	157,500	158,500	159,500	159,500
Total program expenses	154,000	157,500	158,500	159,500	159,500

Program 1.7 deliverables

The ATO is responsible for administering the processing of claims, following certification, through the income tax return lodgment process and under co-administration arrangements with PM&C and Screen Australia. The ATO also provides a degree of compliance assurance and support for the claims process. Successful delivery is demonstrated by:

- the dollar value of tax offsets processed; and
- the number of tax offsets processed.

Program 1.7 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.8: Research and Development Tax Offset

Program 1.8 objective

The Research and Development (R&D) Tax Offset is an ongoing scheme designed to increase the level of research and development being conducted by Australian companies.

The Department of Innovation, Industry, Science and Resources (DIISR) has key policy responsibility for the program, whilst administration of the offset is split between the ATO and AusIndustry, the operating arm of DIISR.

AusIndustry is responsible for processing registrations for companies intending to claim the concession, determining eligible activities, determining whether the research and development is exploited for the benefit of the Australian economy, processing applications for overseas activities and making determinations as to whether technology constitutes core technology.

Program 1.8 expenses

The estimates show moderate growth across the forward years.

Table 2.9: Program 1.8 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,149,000	1,137,000	1,201,000	1,268,000	1,339,000
Total program expenses	1,149,000	1,137,000	1,201,000	1,268,000	1,339,000

Program 1.8 deliverables

The ATO is responsible for administering the concession through the income tax return lodgment process and providing compliance assurance and support for the process. The ATO has responsibility for the expenditure aspects of the concession and also provides marketing and education support for companies and their agents. Successful delivery is demonstrated by:

- the number and dollar value of claims processed for Australian owned R&D general concession claimants;
- the number of incremental concession claims made by general concession claimants;

- the number of claims processed for R&D tax offsets;
- the percentage of R&D tax offset claims processed in accordance with service standards;
- the number and dollar value of claims processed for foreign-owned R&D (100 per cent deduction); and
- the number and dollar value of claims processed for 175 per cent international premium concessions.

Program 1.8 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.9: Private Health Insurance Rebate

Program 1.9 objective

The Australian Government introduced the Private Health Insurance Rebate as an incentive to take up private health insurance.

The Department of Health and Ageing has policy responsibility for the program, whilst administration of the program is split between the ATO, Medicare Australia and registered health insurers, depending on the claim method.

Program 1.9 expenses

There are no significant changes to estimates across the forward years.

Table 2.10: Program 1.9 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	200,000	207,000	215,000	224,000	233,000
Total program expenses	200,000	207,000	215,000	224,000	233,000

Program 1.9 deliverables

The ATO is responsible for administering the rebate through the income tax return lodgment process and providing compliance assurance and support for the process.

The ATO also provides marketing and education support for individuals and their agents. Successful delivery is demonstrated by:

- the number of claims processed; and
- the dollar value of rebates processed.

Program 1.9 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.10: Superannuation Co-contribution Scheme

Program 1.10 objective

The Superannuation Co-contribution Scheme is an Australian Government initiative to help low to middle income earners save for their retirement. Eligible individuals that make personal superannuation contributions to a complying superannuation fund or retirement savings account receive a co-contribution from the Government up to certain limits.

The Department of the Treasury has policy responsibility for the program, while the ATO administers the program and provides information and support to individuals and superannuation funds through marketing and education services.

Program 1.10 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information.

Table 2.11: Program 1.10 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	470,000	591,000	539,000	523,000	505,000
Total program expenses	470,000	591,000	539,000	523,000	505,000

Program 1.10 deliverables

The ATO is responsible for determining eligibility, calculating the amount of entitlement to be paid and making the payment, and notifying individuals of their entitlement. Successful delivery is demonstrated by:

- the number of individuals eligible for co-contributions;
- the value of co-contributions distributed; and
- the percentage of co-contribution claims paid to superannuation funds within service standards.

Program 1.10 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.11: Superannuation Guarantee Scheme

Program 1.11 objective

Under the *Superannuation Guarantee (Administration) Act 1992*, most employers must pay superannuation contributions (in addition to gross salary and wages paid) into a complying superannuation fund or retirement savings account so that their eligible employees can enjoy the benefits of superannuation in their retirement.

Program 1.11 expenses

There are no significant changes to estimates across the forward years.

Table 2.12 Program 1.11 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Superannuation Guarantee (Administration) Act 1992</i>	258,000	271,000	282,000	293,000	305,000
Total program expenses	258,000	271,000	282,000	293,000	305,000

Program 1.11 deliverables

To ensure that employers meet their obligations, the ATO checks employer records, investigates employee complaints and referrals in relation to choice of fund and superannuation guarantee contributions. Successful delivery is demonstrated by:

- the number of superannuation guarantee complaints leading to employer record checks;
- the number of employees whose superannuation funds have not received the superannuation to which the employees are entitled;
- the number of employers whose records are checked;
- the dollar value of superannuation guarantee charge raised;
- the dollar value of superannuation guarantee charge collected;
- the dollar value of penalties and interest;
- the percentage of superannuation complaints resolved in accordance with service standards; and
- the percentage of superannuation guarantee cases completed in accordance with service standards.

Program 1.11 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.12: Fuel Tax Credits Scheme

Program 1.12 objective

The Fuel Tax Credits Scheme provides fuel tax relief in the form of fuel tax credits for fuel tax embedded in the price of the fuel, such as excise or customs duty, for fuel used in business activities, machinery, plant, equipment and heavy vehicles.

Under the Fuel Tax Credits Scheme, all fuels including petrol, acquired, manufactured or imported into Australia for business use or the generation of electricity for domestic use will become excise tax-free over time, with some exceptions.

Program 1.12 expenses

The expenses are impacted by the expansion to the Fuel Tax Credits Scheme commencing in July 2012.

Table 2.13: Program 1.12 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	4,996,000	5,142,000	5,614,000	5,715,000	5,819,000
Total program expenses	4,996,000	5,142,000	5,614,000	5,715,000	5,819,000

Program 1.12 deliverables

The ATO is responsible for administering the fuel tax credits scheme and providing compliance assurance and support. Successful delivery is demonstrated by:

- the dollar value of claims; and
- the number of registered participants.

Program 1.12 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.13: Education Tax Refund

Program 1.13 objective

The Education Tax Refund (ETR) is an initiative to help with the cost of educating primary and secondary school children. It means eligible parents, carers, legal guardians and independent students could get 50 per cent back on some education expenses such as computers, educational software, textbooks and stationery.

The Department of Education, Employment and Workplace Relations has policy responsibility for the program, while the ATO administers the program on its behalf.

Program 1.13 expenses

The estimate in 2010-11 reflects adjustments for the over estimation of the first two years of the program. The estimates are expected to increase from 2011-12 onwards as a result of the extension of ETR claimable items to include school uniforms.

Table 2.14: Program 1.13 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	659,000	888,000	915,000	934,000	956,000
Total program expenses	659,000	888,000	915,000	934,000	956,000

Program 1.13 deliverables

The ATO is responsible for administering the rebate through the income tax return lodgment process and providing compliance assurance and support for the process. Successful delivery is demonstrated by:

- the dollar value of tax offsets processed; and
- the number of tax offsets processed.

Program 1.13 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.14: National Urban Water and Desalination Plan

Program 1.14 objective

The National Urban Water and Desalination Plan aims to support desalination, water recycling and stormwater harvesting projects in Australian cities.

The private sector, water utilities and state, territory and local governments will be able to apply for funds, which will be provided through grants and refundable tax offsets.

SEWPaC has responsibility for the program, including the payment of grants.

Program 1.14 expenses

ATO expenses have been transferred to SEWPaC. Where tax offset certificates are to be issued to private sector projects in the future, the required funds will be transferred from SEWPaC to the ATO.

Table 2.15: Program 1.14 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.14 deliverables

The ATO is responsible for administering the tax offset and providing compliance assurance and support for the process. Successful delivery is demonstrated by:

- the number of certificates lodged with the ATO by SEWPaC.

Program 1.14 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.15: National Rental Affordability Scheme

Program 1.15 objective

The National Rental Affordability Scheme aims to provide affordable rental properties across Australia for low and middle income earners. An annual incentive will be paid by refundable tax offsets for complying institutional investors and by grants for not-for-profit housing organisations that are exempt from income tax.

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) has policy responsibility for the program, which aims to see the building of new affordable rental properties by managing a competitive process for allocation of the incentive and monitoring compliance and eligibility.

Program 1.15 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information

Table 2.16: Program 1.15 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	23,682	56,484	103,964	149,960	136,756
Total program expenses	23,682	56,484	103,964	149,960	136,756

Program 1.15 deliverables

The ATO is responsible for administering the tax offset through the income tax return lodgment process and providing compliance assurance and support for the process. Successful delivery is demonstrated by:

- the dollar value of tax offsets processed;
- the number of tax offsets processed; and
- the ratio of claims made through the ATO to direct claims made through FaHCSIA.

Program 1.15 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.16: First Home Saver Accounts

Program 1.16 objective

First Home Saver Accounts assist first home buyers to save a larger deposit through a combination of lower taxes and a government contribution. These accounts are offered by eligible financial institutions.

The Department of the Treasury has policy responsibility for the program which aims to increase the proportion of homes being bought by first buyers by helping them save a deposit and supporting national savings levels. Administration is split between the ATO, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission.

Program 1.16 expenses

Growth in the estimates across the forward years reflects an expected increase in entrants to the program.

Table 2.17: Program 1.16 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	23,600	39,700	49,800	67,700	89,000
Total program expenses	23,600	39,700	49,800	67,700	89,000

Program 1.16 deliverables

The ATO is responsible for the calculation and payment of the government contribution and compliance of first home saver account holders and providers. Successful delivery is demonstrated by:

- the dollar value of government contributions paid;
- the number of first home saver accounts;
- the dollar value of account balances; and
- the percentage of government contributions paid to account holders in accordance with service standards.

Program 1.16 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.17: Baby Bonus

Program 1.17 objective

The primary intent of the Baby Bonus tax offset is to provide compensation, in the form of a refundable tax offset, for the economic loss experienced in leaving the workforce to care for a new child and to provide a basic benefit for low income earners caring for a new child.

Program 1.17 expenses

This program ceased on 30 June 2009. There will be no further expenses as all expenses have been recognised in prior years. However, payments will be made to claimants who lodge late claims. Claimants have until 30 June 2014 to lodge baby bonus claims with the ATO.

Table 2.18: Program 1.17 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.17 deliverables

Successful delivery is demonstrated by:

- the dollar value of payments processed; and
- the number of eligible individuals receiving payments.

Program 1.17 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.18: Interest on Overpayments and Early Payments of Tax

Program 1.18 objective

Various laws provide for credit interest to be paid to taxpayers in certain circumstances on certain refunded amounts where the amounts are not refunded within a specified time.

There are three general categories under the *Taxation (Interest on Overpayments and Early Payments) Act 1983* which create credit interest entitlements for taxpayers in certain circumstances:

- interest on early payments of tax;
- interest on overpayments of tax; and
- delayed refund interest.

Program 1.18 expenses

There are no significant changes to estimates across the forward years.

Table 2.19: Program 1.18 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	500,000	330,000	330,000	330,000	330,000
Total program expenses	500,000	330,000	330,000	330,000	330,000

Program 1.18 deliverables

The ATO administers eligibility and payments under the *Taxation (Interest on Overpayments and Early Payments) Act 1983*. Successful delivery is demonstrated by:

- the dollar value of interest paid.

Program 1.18 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by interest entitlements being made in accordance with the law.

Program 1.19: Bad and Doubtful Debts and Remissions

Program 1.19 objective

Taxpayers are expected to pay their taxation debts as and when they fall due for payment. Where tax debts are not paid by the due date, the ATO has the responsibility of collecting the outstanding amount.

This program deals with both the tax debt and the additional charges for late payment (such as general interest charge) automatically imposed by legislation, that is unlikely to be recovered.

While the program is primarily concerned with assisting taxpayers to meet their payment and lodgment obligations, the provision for bad and doubtful debts and discretion allowed for remission of additional charges for late payment is an expense to the Australian Government.

Program 1.19 expenses

The estimates show moderate growth across the forward years.

Table 2.20: Program 1.19 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered item:					
Expenses not requiring appropriation in Budget year	6,865,000	6,392,800	6,829,300	7,252,200	7,695,000
Total program expenses	6,865,000	6,392,800	6,829,300	7,252,200	7,695,000

Program 1.19 deliverables

The ATO administers Bad and Doubtful Debts and Remissions based on legislation and ATO policy. Successful delivery is demonstrated by:

- the dollar value of provisions; and
- the dollar value of remissions.

Program 1.19 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by determining bad and doubtful debts and remissions in accordance with ATO policy and legislation.

Program 1.20: Other Administered

Program 1.20 objective

Other Administered includes the Tax Bonus, Domestic Ethanol Assistance and Low Income Earner Contribution.

The Tax Bonus is part of the Australian Government's Nation Building Economic Stimulus Plan, which provides for targeted bonus payments to assist households and support economic growth. The Tax Bonus payment commenced from April 2009 and will continue until all eligible people have been paid.

The Domestic Ethanol Assistance scheme is to introduce an energy content-based fuel excise system in order to give the Australian ethanol industry adequate time to prepare for forthcoming changes. The amended arrangement will ensure that there is no sudden loss of the tax differential between domestic and imported ethanol.

The Low Income Earner Contribution is to provide a superannuation contributions tax rebate of up to \$500 annually for low income earners, with effect from the 2012-13 income year. This rebate will improve the fairness of superannuation taxation arrangements by effectively rebating most of the tax payable on concessional superannuation contributions made by or for low-income earners.

Program 1.20 expenses

The Tax Bonus is a one-off payment. The program ceased in 2009-10 but payments will continue until all eligible people have been paid.

The estimate for Domestic Ethanol Assistance in 2011-12 has been reduced due to a transfer of budget to the Department of Resources, Energy and Tourism as the ATO will not commence administering this scheme until December 2011. After 2012-13 the estimates decrease over the forward years as the rate of the offsetting assistance payment to domestic ethanol producers is progressively reduced.

The estimates for the Low Income Earner Contribution are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information.

Table 2.20: Program 1.20 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
- Tax Bonus	5,000	-	-	-	-
- Domestic Ethanol Assistance	-	66,767	85,100	66,300	46,500
- Low Income Earner Contribution	-	-	931,200	947,200	923,300
Total program expenses	5,000	66,767	1,016,300	1,013,500	969,800

Program 1.20 deliverables

The ATO's role in delivery of the Tax Bonus involves automatically calculating eligibility and entitlement and sending payments of up to \$900 to those eligible taxpayers. Successful delivery is demonstrated by:

- the dollar value of tax bonus paid; and
- the number of claims.

The ATO will be responsible for administering the domestic ethanol assistance scheme and providing compliance assurance and support. Successful delivery will be demonstrated by:

- the dollar value of claims; and
- the number of claims.

For the Low Income Earner Contribution it is intended that the ATO will be responsible for determining eligibility, calculating the amount of entitlement to be paid and making the payment, and notifying individuals of their entitlement. Successful delivery will be demonstrated by:

- the number of individuals eligible for the contribution; and
- the value of contributions distributed.

Program 1.20 key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ATO does not have any movement of administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ATO.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits	1	59	-	-	-	59
Account (A)		49	10	-	-	59
Other Trust Moneys	1	1,040	10,000	10,000	-	1,040
Account (A)		1,040	10,000	10,000	-	1,040
Superannuation Holding	1	95,656	12,400	12,900	-	95,156
Accounts Special Account (A)		83,656	28,700	16,700	-	95,656
Valuation Services Special	1	12,809	37,423	38,360	-	11,872
Account (D)		12,202	34,970	34,363	-	12,809
Total special accounts						
2011-12 Budget estimate		109,564	59,823	61,260	-	108,127
Total special accounts						
2010-11 estimate actual		96,947	73,680	61,063	-	109,564

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

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other	Total	Program
	Bill	Bill	Special	Total			
	No. 1	No. 2	approp	approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian Taxation Office							
Outcome 1							
Total outcome 2011-12	4,302	-	-	4,302	-	4,302	1.1
<i>Total outcome 2010-11</i>	<i>3,461</i>	-	-	<i>3,461</i>	-	<i>3,461</i>	<i>1.1</i>

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 2011-12 after income tax equivalents expense from the AVO.

This excludes the impact of Operation Sunlight changes to funding whereby depreciation and amortisation expenses are not funded by appropriation from 2010-11 onward.

The budgeted departmental income statement also reflects changes arising from Budget measures as outlined in Table 2.1.

Budgeted departmental balance sheet

The ATO's assets are predominantly non-financial assets. In 2011-12, the ATO is planning a significant capital works program which will focus on:

- 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; and
- refreshing a number of the ATO's property holdings which are subject to lease expiry.

The ATO's liabilities continue to be predominantly employee entitlements.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	2,069,057	2,175,775	2,241,965	2,214,651	2,159,256
Supplier	1,014,009	996,425	998,000	917,321	902,306
Depreciation and amortisation	107,508	120,347	128,354	149,254	158,514
Income tax	912	644	977	1,036	1,157
Total expenses	3,191,486	3,293,191	3,369,296	3,282,262	3,221,233
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	65,195	64,328	66,488	68,790	74,110
Other revenue	670	550	624	674	700
Total revenue	65,865	64,878	67,112	69,464	74,810
Gains					
Other	3,640	3,786	3,937	4,095	4,095
Total gains	3,640	3,786	3,937	4,095	4,095
Total own-source income	69,505	68,664	71,049	73,559	78,905
Net cost of (contribution by) services	3,121,981	3,224,527	3,298,247	3,208,703	3,142,328
Appropriation revenue	3,016,531	3,105,681	3,172,174	3,061,866	2,986,515
Surplus (deficit) attributable to the Australian Government	(105,450)	(118,846)	(126,073)	(146,837)	(155,813)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(105,450)	(118,846)	(126,073)	(146,837)	(155,813)
Plus non-appropriated expenses depreciation and amortisation expenses	107,508	120,347	128,354	149,254	158,514
Operating result attributable to the ATO	2,058	1,501	2,281	2,417	2,701

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	27,354	32,335	33,897	34,515	28,799
Trade and other receivables	336,098	306,555	303,206	302,798	304,727
Total financial assets	363,452	338,890	337,103	337,313	333,526
Non-financial assets					
Land and buildings	169,327	190,928	202,602	204,245	199,228
Infrastructure, plant and equipment	78,554	73,270	65,729	57,137	48,806
Intangibles	427,652	471,432	526,790	528,723	529,708
Other	34,689	34,689	34,689	34,689	34,689
Total non-financial assets	710,222	770,319	829,810	824,794	812,431
Total assets	1,073,674	1,109,209	1,166,913	1,162,107	1,145,957
LIABILITIES					
Interest bearing liabilities					
Leases	32,785	32,785	32,785	32,785	32,785
Total interest bearing liabilities	32,785	32,785	32,785	32,785	32,785
Provisions					
Employees	677,260	677,242	677,242	677,242	677,242
Total provisions	677,260	677,242	677,242	677,242	677,242
Payables					
Suppliers	231,778	231,020	230,098	228,931	226,552
Dividends	1,029	751	1,140	1,209	1,350
Other	19,867	19,853	19,853	19,953	20,053
Total payables	252,674	251,624	251,091	250,093	247,955
Total liabilities	962,719	961,651	961,118	960,120	957,982
Net assets	110,955	147,558	205,795	201,987	187,975
EQUITY					
Contributed equity	483,261	639,461	824,911	969,149	1,112,300
Reserves	90,544	90,544	90,544	90,544	90,544
Retained surpluses or accumulated deficits	(462,850)	(582,447)	(709,660)	(857,706)	(1,014,869)
Total equity	110,955	147,558	205,795	201,987	187,975
Current assets	362,794	374,802	394,300	392,676	387,219
Non-current assets	710,880	734,407	772,613	769,431	758,738
Current liabilities	778,455	777,591	777,160	776,353	774,624
Non-current liabilities	184,264	184,060	183,958	183,767	183,358

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	64,147	63,598	67,696	69,301	72,185
Appropriations	2,986,269	3,111,728	3,171,924	3,061,766	2,986,515
Interest	522	473	495	521	546
Other	123,327	119,979	123,711	120,368	120,368
Total cash received	3,174,265	3,295,778	3,363,826	3,251,956	3,179,614
Cash used					
Employees	2,069,270	2,175,793	2,241,965	2,214,651	2,159,256
Suppliers	1,107,378	1,089,634	1,093,732	1,008,698	994,895
Income taxes paid	306	658	977	936	1,057
Other	26,806	23,667	24,839	25,913	25,913
Total cash used	3,203,760	3,289,752	3,361,513	3,250,198	3,181,121
Net cash from or (used by) operating activities	(29,495)	6,026	2,313	1,758	(1,507)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	151,154	180,444	187,845	144,238	146,151
Total cash used	151,154	180,444	187,845	144,238	146,151
Net cash from or (used by) investing activities	(151,154)	(180,444)	(187,845)	(144,238)	(146,151)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	171,770	180,428	187,845	144,238	143,151
Total cash received	171,770	180,428	187,845	144,238	143,151
Cash used					
Dividends paid	1,057	1,029	751	1,140	1,209
Total cash used	1,057	1,029	751	1,140	1,209
Net cash from or (used by) financing activities	170,713	179,399	187,094	143,098	141,942
Net increase or (decrease) in cash held	(9,936)	4,981	1,562	618	(5,716)
Cash at the beginning of the reporting period	37,290	27,354	32,335	33,897	34,515
Cash at the end of the reporting period	27,354	32,335	33,897	34,515	28,799

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	(462,850)	90,544	-	483,261	110,955
Adjusted opening balance	(462,850)	90,544	-	483,261	110,955
Transactions with owners					
<i>Operating result after extraordinary items</i>	(118,846)	-	-	-	(118,846)
<i>Distribution to owners</i>					
Returns on capital dividends	(751)	-	-	-	(751)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	18,380	18,380
Injection for departmental capital budget	-	-	-	137,820	137,820
Total transactions with owners	(119,597)	-	-	156,200	36,603
Estimated closing balance as at 30 June 2012	(582,447)	90,544	-	639,461	147,558

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	137,310	137,820	138,740	139,746	141,651
Equity injections - Bill 2	28,639	18,380	46,710	4,492	1,500
Total capital appropriations	165,949	156,200	185,450	144,238	143,151
Represented by:					
Purchase of non-financial assets	165,949	156,200	185,450	144,238	143,151
Total represented by	165,949	156,200	185,450	144,238	143,151
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	36,644	40,424	49,105	4,492	1,500
Funded by capital appropriation - DCB	113,310	137,820	138,740	139,746	141,651
Funded internally from departmental resources	1,200	2,200	-	-	3,000
TOTAL	151,154	180,444	187,845	144,238	146,151
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	151,154	180,444	187,845	144,238	146,151
Total cash used to acquire assets	151,154	180,444	187,845	144,238	146,151

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	208,529	122,289	858,129	1,188,947
Accumulated depreciation/amortisation and impairment	39,202	43,735	430,477	513,414
Opening net book balance	169,327	78,554	427,652	675,533
Capital asset additions				
By purchase - appropriation equity	-	10,435	29,989	40,424
By purchase - appropriation ordinary annual services	50,085	3,954	85,981	140,020
Total additions	50,085	14,389	115,970	180,444
Other movements				
Depreciation/amortisation expense	28,484	19,673	72,190	120,347
Total other movements	28,484	19,673	72,190	120,347
As at 30 June 2012				
Gross book value	258,614	136,678	974,099	1,369,391
Accumulated depreciation/amortisation and impairment	67,686	63,408	502,667	633,761
Closing net book balance	190,928	73,270	471,432	735,630

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	206,040,000	240,630,000	268,540,000	285,690,000	301,930,000
Indirect tax	75,460,000	78,230,000	82,480,000	86,580,000	90,810,000
Other taxes, fees and fines	546,000	569,000	594,000	619,000	645,000
Total taxation	282,046,000	319,429,000	351,614,000	372,889,000	393,385,000
Total revenues administered on behalf of government	282,046,000	319,429,000	351,614,000	372,889,000	393,385,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	6,397,682	6,625,751	7,206,564	7,405,760	7,548,756
Personal benefits	1,357,600	1,725,700	2,650,000	2,695,900	2,706,300
Suppliers	930	10,213	14,756	5,384	2,258
Write down and impairment of assets	6,865,000	6,392,800	6,829,300	7,252,200	7,695,000
Finance costs	500,000	330,000	330,000	330,000	330,000
Other	258,000	271,000	282,000	293,000	305,000
Total expenses administered on behalf of government	15,379,212	15,355,464	17,312,620	17,982,244	18,587,314

Prepared on Australian Accounting Standards basis. Also refer note in Section 3.2.4 on Recognition of taxation revenue and Items recognised as reductions to taxation revenue.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	425,666	425,666	425,666	425,666	425,666
Receivables	15,244,221	16,158,421	17,166,121	18,270,921	19,526,921
Accrued revenues	10,512,738	10,972,738	11,462,738	11,672,738	12,267,738
Total financial assets	26,182,625	27,556,825	29,054,525	30,369,325	32,220,325
Total assets administered on behalf of government	26,182,625	27,556,825	29,054,525	30,369,325	32,220,325
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,764,235	1,764,235	1,764,235	1,764,235	1,764,235
Other provisions	426,254	450,254	475,254	456,254	475,254
Total provisions	2,190,489	2,214,489	2,239,489	2,220,489	2,239,489
Payables					
Subsidies	1,967,560	2,211,862	2,350,442	2,486,738	2,568,229
Personal benefits payable	1,922,892	2,011,992	2,937,292	3,081,292	3,112,492
Other payables	1,098,515	1,098,015	1,092,715	1,128,215	1,127,615
Total payables	4,988,967	5,321,869	6,380,449	6,696,245	6,808,336
Total liabilities administered on behalf of government	7,179,456	7,536,358	8,619,938	8,916,734	9,047,825

Prepared on Australian Accounting Standards basis. Also refer note in Section 3.2.4 on Recognition of taxation revenue and Items recognised as reductions to taxation revenue.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	274,120,000	311,320,000	342,930,000	363,950,000	383,450,000
Other	347,700	354,400	363,600	423,500	403,500
Total cash received	274,467,700	311,674,400	343,293,600	364,373,500	383,853,500
Cash used					
Borrowing costs	500,000	330,000	330,000	330,000	330,000
Subsidies paid	5,845,587	6,381,449	7,067,984	7,269,464	7,467,265
Personal benefits	1,692,000	1,636,600	1,724,700	2,551,900	2,675,100
Payments to suppliers	930	10,213	14,756	5,384	2,258
Other	251,700	259,900	268,900	328,000	301,100
Total cash used	8,290,217	8,618,162	9,406,340	10,484,748	10,775,723
Net cash from or (used by) operating activities	266,177,483	303,056,238	333,887,260	353,888,752	373,077,777
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	8,290,217	8,618,162	9,406,340	10,484,748	10,775,723
Total cash received	8,290,217	8,618,162	9,406,340	10,484,748	10,775,723
Cash used					
Cash to Official Public Account	274,467,700	311,674,400	343,293,600	364,373,500	383,853,500
Total cash used	274,467,700	311,674,400	343,293,600	364,373,500	383,853,500
Net cash from or (used by) financing activities	(266,177,483)	(303,056,238)	(333,887,260)	(353,888,752)	(373,077,777)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	425,666	425,666	425,666	425,666	425,666
Cash at end of reporting period	425,666	425,666	425,666	425,666	425,666

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

The ATO does not have any administered capital.

Table 3.2.11: Schedule of asset movements — Administered

The ATO does not have any administered non-financial assets.

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 3.2.6, 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.

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 3.2.7 to 3.2.9 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Deregulation guidance for the preparation of financial statements.

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 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

Section 1: Agency overview and resources	233
1.1 Strategic direction	233
1.2 Agency resource statement	234
1.3 Budget measures.....	234
Section 2: Outcomes and planned performance	235
2.1 Outcomes and performance information	235
Section 3: Explanatory tables and budgeted financial statements	238
3.1 Explanatory tables	238
3.2 Budgeted financial statements	239

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. 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 Federal 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 sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	+ Proposed at Budget 2011-12 \$'000	= Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental appropriation				
Prior year departmental appropriation	7,500 ³	-	7,500	-
Departmental appropriation ²	-	7,335 ¹	7,335	5,445
Total net resourcing for the CGC	7,500	7,335	14,835	5,445

1. Appropriation Bill (No. 1) 2011-12. Note that \$1 million appropriated in 2011-12 relates to 2010-11 outputs.
2. Includes \$0.1 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).
3. Estimated adjusted balance carried from previous year for annual appropriations.

1.3 BUDGET MEASURES

Budget measures relating to the Commission are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2:-Commonwealth Grants Commission 2011-12 Budget Measures

Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures					
Commonwealth Grants Commission - additional funding	1,000	1,000	1,000	1,000	1,000
Efficiency dividend - temporary increase in the rate	-	(32)	(64)	(80)	(97)
Total expense measures	1,000	968	936	920	903
Related capital					
Efficiency dividend - temporary increase in the rate	-	-	(1)	(1)	(1)
Total related capital	-	-	(1)	(1)	(1)

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The Commission's outcome is described below specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the Commission.

Outcome 1: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants

Note: Recent terms of reference for the Commission have not required advice and recommendations on health care grants.

Outcome 1 strategy

The Commission's strategy is based on its role 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 is the major activity associated with this outcome. The last five-year review was completed in February 2010. Between these reviews the shares are updated annually using the most recent data. The last update was completed in February 2011, as part of the review.

The Commission will continue with this strategy in the current budget year and the forward years.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Commonwealth Grants Commission		
Departmental expenses		
Departmental appropriation	6,373	6,263
Expenses not requiring appropriation in the budget year	99	99
Total expenses for Outcome 1	6,472	6,362
	2010-11	2011-12
Average staffing level (number)	50	50

Contributions to Outcome 1

Program 1.1: Commonwealth Grants Commission

Program objective

The Commonwealth Grants Commission makes recommendations which are considered by government on the distribution of the GST pool.

Program expenses

There are no significant trends, changes or variances in the program expenses over the forward years.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	6,472	6,362	6,396	6,421	6,434
Total departmental expenses	6,472	6,362	6,396	6,421	6,434

Program deliverables

Completion of the *Report on State Revenue Sharing Relativities – 2012 Update* for consideration by the Ministerial Council for Federal Financial Relations.

Program key performance indicators

The major effectiveness indicators are the quality of the Commission's research, the accuracy of its calculations and the acceptance of the results it presents to government.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Commission.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance	Receipts	Payments	Adjustments	Closing balance
		2011-12	2011-12	2011-12	2011-12	2011-12
		2010-11	2010-11	2010-11	2010-11	2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys -						
Commonwealth Grants	1	-	-	-	-	-
Commission Special Account		-	-	-	-	-
Total special accounts						
2011-12 Budget estimate		-	-	-	-	-
Total special accounts						
2010-11 estimate actual		-	-	-	-	-

3.1.3 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 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 comprehensive income statement (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	5,624	5,500	5,500	5,500	5,863
Supplier	768	782	817	842	491
Depreciation and amortisation	80	80	79	79	80
Total expenses	6,472	6,362	6,396	6,421	6,434
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	8	8	8	8	-
Total revenue	8	8	8	8	-
Gains					
Other gains	19	19	19	19	-
Total gains	19	19	19	19	-
Total own-source income	27	27	27	27	-
Net cost of (contribution by) services	6,445	6,335	6,369	6,394	6,434
Appropriation revenue	6,365	6,255	6,290	6,315	6,354
Surplus (deficit) attributable to the Australian Government	(80)	(80)	(79)	(79)	(80)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(80)	(80)	(79)	(79)	(80)
Plus non-appropriated expenses depreciation and amortisation expenses	80	80	79	79	80
Operating result attributable to the CGC	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	22	22	22	22	22
Trade and other receivables	7,509	7,509	7,509	7,509	7,509
Total financial assets	7,531	7,531	7,531	7,531	7,531
Non-financial assets					
Infrastructure, plant and equipment	68	68	68	68	68
Other	69	69	69	69	69
Total non-financial assets	137	137	137	137	137
Total assets	7,668	7,668	7,668	7,668	7,668
LIABILITIES					
Provisions					
Employees	1,701	1,701	1,701	1,701	1,701
Other	164	164	164	164	164
Total provisions	1,865	1,865	1,865	1,865	1,865
Payables					
Suppliers	45	45	45	45	45
Total payables	45	45	45	45	45
Total liabilities	1,910	1,910	1,910	1,910	1,910
Net assets	5,758	5,758	5,758	5,758	5,758
EQUITY					
Contributed equity	436	516	595	674	754
Reserves	159	159	159	159	159
Retained surpluses or accumulated deficits	5,163	5,083	5,004	4,925	4,845
Total equity	5,758	5,758	5,758	5,758	5,758
Current assets	7,600	7,600	7,600	7,600	7,600
Non-current assets	68	68	68	68	68
Current liabilities	1,361	1,361	1,361	1,361	1,361
Non-current liabilities	549	549	549	549	549

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	8	8	8	8	-
Appropriations	6,365	6,255	6,290	6,315	6,354
Total cash received	6,373	6,263	6,298	6,323	6,354
Cash used					
Employees	5,358	5,621	5,684	5,500	5,863
Suppliers	1,015	642	614	823	491
Total cash used	6,373	6,263	6,298	6,323	6,354
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	80	80	79	79	80
Total cash used	80	80	80	80	81
Net cash from or (used by) investing activities	(80)	(80)	(80)	(80)	(81)
FINANCING ACTIVITIES					
Cash received					
Capital injections	80	80	79	79	80
Total cash received	80	80	79	79	80
Net cash from or (used by) financing activities	80	80	79	79	80
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 Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	5,163	159	-	436	5,758
Adjusted opening balance	5,163	159	-	436	5,758
Comprehensive income					
Surplus (deficit) for the period	(80)	-	-	-	(80)
Total comprehensive income recognised directly in equity	(80)	-	-	-	(80)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	80	80
Total transactions with owners	-	-	-	80	80
Estimated closing balance as at 30 June 2012	5,083	159	-	516	5,758

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	80	80	79	79	80
Total capital appropriations	80	80	79	79	80
Represented by:					
Purchase of non-financial assets	80	80	79	79	80
Total represented by	80	80	79	79	80
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	80	80	79	79	80
TOTAL	80	80	79	79	80
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	80	80	79	79	80
Total cash used to acquire assets	80	80	79	79	80

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	-	937	-	937
Accumulated depreciation/amortisation and impairment	-	869	-	869
Opening net book balance	-	68	-	68
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	-	80	-	80
Total additions	-	80	-	80
Other movements				
Depreciation/amortisation expense	-	80	-	80
Total other movements	-	80	-	80
As at 30 June 2012				
Gross book value	-	1,017	-	1,017
Accumulated depreciation/amortisation and impairment	-	949	-	949
Closing net book balance	-	68	-	68

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

CORPORATIONS AND MARKETS ADVISORY COMMITTEE

Section 1: Agency overview and resources	247
1.1 Strategic direction	247
1.2 Agency resource statement	248
1.3 Budget measures.....	248
Section 2: Outcomes and planned performance	249
2.1 Outcomes and performance information	249
Section 3: Explanatory tables and budgeted financial statements	252
3.1 Explanatory tables	252
3.2 Budgeted financial statements	253

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 seeks to promote 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 2011-12 financial year, CAMAC will settle its reports to the Government on the external administration of managed investment schemes and the definition of derivative and will also consider other aspects of the regulation of managed investment schemes.

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

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Corporations and Markets Advisory Committee resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	+	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	467	²	-		467	-
Departmental appropriation ³	-		1,050	¹	1,050	1,041
Total net resourcing for CAMAC	467		1,050		1,517	1,041

1. Appropriation Bill (No. 1) 2011-12.

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

3. Includes \$0.02 million in 2011-12 for the Departmental Capital Budget (also refer to Table 3.2.5 for further details).

1.3 BUDGET MEASURES

Budget measures relating to CAMAC are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Corporations and Markets Advisory Committee 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Efficiency dividend - temporary increase in the rate	1.1	-	(5)	(11)	(13)	(16)
Total expense measures		-	(5)	(11)	(13)	(16)

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

CAMAC's outcome is described below, specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of CAMAC.

Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice

Outcome 1 strategy

To achieve its outcome, CAMAC will:

- conduct thorough research on matters under review, canvassing relevant law and policy considerations, with a view to preparing discussion papers where appropriate;
- consider submissions on discussion papers; and
- develop recommendations for inclusion in reports to the Government.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Corporations and Markets Advisory Committee		
Departmental expenses		
Departmental appropriation	1,021	1,030
Expenses not requiring appropriation in the budget year	31	31
Total expenses for Outcome 1	1,052	1,061
	2010-11	2011-12
Average staffing level (number)	3	3

Contributions to Outcome 1

Program 1.1: Corporations and Markets Advisory Committee

Program objective

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

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	1,052	1,061	1,047	1,055	1,064
Total departmental expenses	1,052	1,061	1,047	1,055	1,064

Program deliverables

CAMAC's deliverables are the discussion papers and reports that it publishes on matters as they arise.

Program key performance indicators

CAMAC's key performance indicator is:

- timely advice to the Minister in the form of CAMAC reports and other papers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements, which provide a comprehensive snapshot of agency finances for the budget year 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

CAMAC does not have any administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by CAMAC.

Table 3.1.2: Estimates of special account flows and balance

	Opening balance	Receipts		Payments		Adjustments		Closing balance
		2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11	
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Services for Other Entities and Trust Moneys - Corporations and Markets Advisory Committee Special Account		-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	
Total special accounts 2011-12 budget estimate		-	-	-	-	-	-	
Total special accounts 2010-11 estimate actual		-	-	-	-	-	-	

3.1.3 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 are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

CAMAC is budgeting for a break even result for 2011-12 and the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses under the new net cash appropriation arrangements which were initiated in the 2010-11 Budget.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	635	640	650	650	650
Supplier	401	405	381	389	398
Depreciation and amortisation	15	15	15	15	15
Finance costs	1	1	1	1	1
Total expenses	1,052	1,061	1,047	1,055	1,064
LESS:					
OWN SOURCE INCOME					
Gains					
Other	16	16	16	16	16
Total gains	16	16	16	16	16
Total own-source income	16	16	16	16	16
Net cost of (contribution by)					
services	1,036	1,045	1,031	1,039	1,048
Appropriation revenue	1,021	1,030	1,016	1,024	1,033
Surplus (deficit) attributable to the Australian Government	(15)	(15)	(15)	(15)	(15)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(15)	(15)	(15)	(15)	(15)
Plus non-appropriated expenses depreciation and amortisation expenses	15	15	15	15	15
Operating result attributable to CAMAC	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	78	78	78	78	78
Trade and other receivables	514	510	497	492	497
Total financial assets	592	588	575	570	575
Non-financial assets					
Land and buildings	18	17	16	15	14
Infrastructure, plant and equipment	82	88	94	101	108
Other	5	5	5	5	5
Total non-financial assets	105	110	115	121	127
Total assets	697	698	690	691	702
LIABILITIES					
Interest bearing liabilities					
Leases	55	40	16	-	-
Total interest bearing liabilities	55	40	16	-	-
Provisions					
Employees	297	307	317	327	337
Total provisions	297	307	317	327	337
Payables					
Suppliers	9	9	9	9	3
Other	50	51	52	53	54
Total payables	59	60	61	62	57
Total liabilities	411	407	394	389	394
Net assets	286	291	296	302	308
EQUITY					
Contributed equity	20	40	60	81	102
Reserves	1	1	1	1	1
Retained surpluses or accumulated deficits	265	250	235	220	205
Total equity	286	291	296	302	308
Current assets	592	588	575	570	575
Non-current assets	105	110	115	121	127
Current liabilities	411	407	394	389	394
Non-current liabilities	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	40	41	39	39	40
Appropriations	1,021	1,030	1,026	1,024	1,033
Total cash received	1,061	1,071	1,065	1,063	1,073
Cash used					
Employees	625	630	640	650	650
Suppliers	396	400	385	374	384
Other	40	41	40	39	39
Total cash used	1,061	1,071	1,065	1,063	1,073
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	20	20	20	21	21
Total cash used	20	20	20	21	21
Net cash from or (used by) investing activities	(20)	(20)	(20)	(21)	(21)
FINANCING ACTIVITIES					
Cash received					
Capital Injections	20	20	20	21	21
Total cash received	20	20	20	21	21
Net cash from or (used by) financing activities	20	20	20	21	21
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	78	78	78	78	78
Cash at the end of the reporting period	78	78	78	78	78

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	265	1		20	286
Adjusted opening balance	265	1	-	20	286
Comprehensive income					
Surplus (deficit) for the period	(15)	-	-	-	(15)
Total comprehensive income recognised directly in equity	(15)	-	-	-	(15)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	20	20
Total transaction with owners	-	-	-	20	20
Estimated closing balance as at 30 June 2012	250	1	-	40	291

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	20	20	20	21	21
Total capital appropriations	20	20	20	21	21
Represented by:					
Purchase of non-financial assets	20	20	20	21	21
Total represented by	20	20	20	21	21
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	20	20	20	21	21
TOTAL	20	20	20	21	21
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	20	20	20	21	21
Total cash used to acquire assets	20	20	20	21	21

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	43	103	-	146
Accumulated depreciation/amortisation and impairment	25	21	-	46
Opening net book balance	18	82	-	100
Capital asset additions				
By purchase - appropriation ordinary annual services	-	20	-	20
Total asset additions	-	20	-	20
Other movements				
Depreciation/amortisation expense	1	14	-	15
Total other movements	1	14	-	15
As at 30 June 2012				
Gross book value	43	123	-	166
Accumulated depreciation/amortisation and impairment	26	35	-	61
Closing net book balance	17	88	-	105

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources	261
1.1 Strategic direction	261
1.2 Agency resource statement	262
1.3 Budget measures.....	262
Section 2: Outcomes and planned performance	263
2.1 Outcomes and performance information	263
Section 3: Explanatory tables and budgeted financial statements	267
3.1 Explanatory tables	267
3.2 Budgeted financial statements	267

INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The outcome of the Inspector-General of Taxation (IGT) is improved tax administration through community consultation, review and independent advice to government.

IGT's strategic direction for 2011-12 is to improve review processes, timeliness and outcomes by:

- expanding opportunity for community input;
- continuing to build on approaches that increase the Australian Taxation Office's (ATO) involvement and contribution to review processes and outcomes; and
- continuing the appropriate use of external expertise and overseas comparisons to enhance capabilities and objectivity.

In 2010-11, the IGT established a new work program for 2011-12 through a broad-based community consultation process which remains in effect for the 2011-12 year.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	+	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	2,253	⁴	-		2,253	-
Departmental appropriation ³	-		2,724	¹	2,724	2,172
Receipts from other sources (s31)	-		-	²	-	52
Total net resourcing for the IGT	2,253		2,724		4,977	2,224

1. Appropriation Bill (No. 1) 2011-12.

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

3. Includes \$0.04 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).

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

1.3 BUDGET MEASURES

Budget measures relating to the IGT are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Inspector-General of Taxation 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Efficiency dividend - temporary increase in the rate	1.1	-	(11)	(28)	(35)	(42)
Inspector-General of Taxation - additional funding	1.1	-	544	548	551	554
Total expense measures		-	533	520	516	512
Related capital						
Efficiency dividend - temporary increase in the rate	1.1	-	-	-	-	(1)
Total related capital		-	-	-	-	(1)

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The IGT's outcome is described below specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the IGT.

Outcome 1: Improved tax administration through community consultation, review, and independent advice to government.

Outcome 1 strategy

Key strategies to achieve Outcome 1 are:

- undertake community consultation, research and other processes to identify and prioritise areas of tax administration that can be systemically improved;
- call for submissions to review and to stimulate input by, for example, issuing terms of reference and similar materials;
- review identified areas and provide independent advice and recommendations to the Government on improvements to the administration of the tax laws;
- maintain a positive public profile for the IGT through participation in conferences and seminars;
- build on approaches that increase the ATO's involvement and contribution to review processes and outcomes; and
- selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews.

The major projects and activities expected to be commenced and/or completed during 2011-12 include:

- review of the ATO’s implementation of the Report on Aspects of Income Tax Self Assessment recommendations;
- review into the ATO’s use of benchmarking to target the cash economy;
- review into the ATO’s use of Early and Alternative Dispute Resolution;
- review into the ATO’s small and medium enterprise audit and risk review policies, procedures and practices; and
- follow-up review into the ATO implementation of IGT recommendations.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Improved tax administration through community consultation, review, and independent advice to government	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Inspector-General of Taxation		
Departmental expenses		
Departmental appropriation	2,186	2,686
Expenses not requiring appropriation in the budget year	38	38
Total expenses for Outcome 1	2,224	2,724
Average staffing level (number)	7	11

Contributions to Outcome 1

Program 1.1: Inspector-General of Taxation

Program objective

The IGT has the following objectives:

- identify areas of the tax system's administration where the community or other stakeholders believe that improvements should be made or issues reviewed;
- consult with government agencies that review tax administration, in particular the Australian National Audit Office and the Commonwealth Ombudsman to foster cooperation and make efficient use of resources;
- prioritise areas of tax administration for review according to the IGT's work program and ministerial direction as appropriate;
- provide independent advice to the Government on the tax system's administration and make recommendations on improvements; and
- follow-up on the ATO's implementation of IGT recommendations.

Program expenses

The increase in expenses in 2011-12 and forward years relates to additional funding for the IGT as detailed in Budget Paper No. 2, *Budget Measures 2011-12*.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	2,224	2,724	2,742	2,763	2,781
Total program expenses	2,224	2,724	2,742	2,763	2,781

Program deliverables

The IGT has the following deliverables:

- a program of reviews based on community input and consultation with other relevant agencies, and prioritised in line with principles of good tax administration; and
- six completed reviews incorporating independent advice to the Government on systemic issues and/or viable improvements to tax administration.

Program key performance indicators

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners and relevant government agencies; and
- recommendations for systemic improvements in tax administration agreed and implemented by the ATO and/or the Government.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The IGT has no administered funds.

3.1.2 Special accounts

The IGT has no special accounts.

3.1.3 Australian Government Indigenous Expenditure

The IGT has no 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

The IGT is budgeting for a break-even operating result in 2011-12 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	1,307	1,859	1,854	1,873	1,887
Supplier	879	827	850	852	856
Depreciation and amortisation	38	38	38	38	38
Total expenses	2,224	2,724	2,742	2,763	2,781
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	52	-	-	-	-
Total revenue	52	-	-	-	-
Total own-source income	52	-	-	-	-
Net cost of (contribution by)					
services	2,172	2,724	2,742	2,763	2,781
Appropriation revenue	2,134	2,686	2,704	2,725	2,743
Surplus (deficit) attributable to the Australian Government	(38)	(38)	(38)	(38)	(38)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(38)	(38)	(38)	(38)	(38)
Plus non-appropriated expenses depreciation and amortisation expenses	38	38	38	38	38
Operating result attributable to IGT	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	55	70	70	70	70
Trade and other receivables	2,198	2,198	2,198	2,198	2,198
Total financial assets	2,253	2,268	2,268	2,268	2,268
Non-financial assets					
Infrastructure, plant and equipment	242	242	242	242	241
Other	4	4	4	4	4
Total non-financial assets	246	246	246	246	245
Total assets	2,499	2,514	2,514	2,514	2,513
LIABILITIES					
Provisions					
Employees	226	240	240	240	240
Other	178	179	179	179	179
Total provisions	404	419	419	419	419
Payables					
Suppliers	72	72	72	72	72
Total payables	72	72	72	72	72
Total liabilities	476	491	491	491	491
Net assets	2,023	2,023	2,023	2,023	2,022
EQUITY					
Reserves	248	248	248	248	248
Contributed equity	38	76	114	152	189
Retained surpluses or accumulated deficits	1,737	1,699	1,661	1,623	1,585
Total equity	2,023	2,023	2,023	2,023	2,022
Current assets	2,257	2,272	2,272	2,272	2,272
Non-current assets	242	242	242	242	241
Current liabilities	205	211	211	211	211
Non-current liabilities	271	280	280	280	280

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,134	2,686	2,704	2,725	2,743
Other	53	-	-	-	-
Total cash received	2,187	2,686	2,704	2,725	2,743
Cash used					
Employees	1,294	1,845	1,854	1,873	1,887
Suppliers	880	826	850	852	856
Total cash used	2,174	2,671	2,704	2,725	2,743
Net cash from or (used by) operating activities	13	15	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	38	38	38	38	37
Total cash used	38	38	38	38	37
Net cash from or (used by) investing activities	(38)	(38)	(38)	(38)	(37)
FINANCING ACTIVITIES					
Cash received					
Capital injections	38	38	38	38	37
Total cash received	38	38	38	38	37
Net cash from or (used by) financing activities	38	38	38	38	37
Net increase or (decrease) in cash held	13	15	-	-	-
Cash at the beginning of the reporting period	42	55	70	70	70
Cash at the end of the reporting period	55	70	70	70	70

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	1,737	248	-	38	2,023
Adjusted opening balance	1,737	248	-	38	2,023
Comprehensive income					
Surplus (deficit) for the period	(38)	-	-	-	(38)
Total comprehensive income recognised directly in equity	(38)	-	-	-	(38)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	38	38
Total transactions with owners	-	-	-	38	38
Estimated closing balance as at 30 June 2012	1,699	248	-	76	2,023

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	38	38	38	38	37
Total capital appropriations	38	38	38	38	37
Represented by:					
Purchase of non-financial assets	38	38	38	38	37
Total represented by	38	38	38	38	37
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	38	38	38	38	37
TOTAL	38	38	38	38	37
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	38	38	38	38	37
Total cash used to acquire assets	38	38	38	38	37

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	-	362	-	362
Accumulated depreciation/amortisation and impairment	-	120	-	120
Opening net book balance	-	242	-	242
Capital asset additions				
By purchase - appropriation ordinary annual services	-	38	-	38
Total additions	-	38	-	38
Other movements				
Depreciation/amortisation expense	-	38	-	38
Total other movements	-	38	-	38
As at 30 June 2012				
Gross book value	-	400	-	400
Accumulated depreciation/amortisation and impairment	-	158	-	158
Closing net book balance	-	242	-	242

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources	275
1.1 Strategic direction	275
1.2 Agency resource statement	276
1.3 Budget measures.....	276
Section 2: Outcomes and performance information	277
2.1 Outcomes and performance information	277
Section 3: Explanatory tables and budgeted financial statements	281
3.1 Explanatory tables	281
3.2 Budgeted financial statements	282

NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The National Competition Council (NCC) makes recommendations under the National Access Regime in Part IIIA of the *Competition and Consumer Act 2010* (CCA) and recommendations and decisions under the National Gas Law (NGL).

The National Access Regime promotes competition, efficiency and productivity in markets that depend on the use of services provided by monopoly infrastructure facilities. Within this regime the NCC may recommend the declaration of a service provided by a monopoly facility but only if all of the 'declaration criteria' specified in the CCA are met. Where a service is declared, the Australian Competition and Consumer Commission (ACCC) is empowered to arbitrate access disputes if the parties seeking access and the facility owner are unable to agree on access arrangements and prices.

As an alternative to the National Access Regime, state and territory governments may implement access regimes specific to their circumstances or implement (cooperatively) parallel regulation in each jurisdiction (as has occurred for the gas and electricity industries). The NCC is responsible for recommending whether a state or territory access regime should be certified as effective, with the result that services covered by that access regime are exempt from declaration under the CCA.

Under the NGL, the NCC recommends on whether particular natural gas pipeline systems should be subject to access regulation (covered). The NCC also recommends in relation to the price regulation and greenfields exemptions available under the NGL. As well as these recommendatory roles, the NCC is responsible for determining whether covered pipelines should be subject to full regulation or light regulation and for classifying pipelines as transmission or distribution pipelines.

Access regulation is a complex and evolving area of law involving significant private and public interests. In almost all cases the NCC must balance competing claims and interests with a view to ensuring an outcome that serves Australia's national interest. The NCC will continue to develop its capabilities to ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In particular it will continue to ensure that its recommendations are provided within commercially meaningful time frames and in accordance with the CCA and the NGL and will continue to ensure its websites and other information resources remain relevant.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: National Competition Council resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	+	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	3,425	²	-		3,425	-
Departmental appropriation ³	-		2,850	¹	2,850	2,812
Total net resourcing for the NCC	3,425		2,850		6,275	2,812

1. Appropriation Bill (No. 1) 2011-12.

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

3. Includes \$0.04 million in 2011-12 for the departmental capital budget (also refer to Table 3.2.5).

Third party payments from and on behalf of other agencies

	2011-12 \$'000	2010-11 \$'000
Payments made on behalf of the NCC	2,850	2,812

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 NCC are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: National Competition Council 2011-12 Budget measures

Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	
Expense measures						
Efficiency dividend - temporary increase in the rate	1.1	-	(14)	(29)	(36)	(44)
Total expense measures		-	(14)	(29)	(36)	(44)
Related capital						
Efficiency dividend - temporary increase in the rate	1.1	-	-	-	(1)	(1)
Total related capital		-	-	-	(1)	(1)

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and performance information

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The NCC's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the NCC.

Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure

Outcome 1 strategy

To achieve Outcome 1 the NCC will provide comprehensive, objective, timely and transparent recommendations and decisions that accord with the relevant law (including time limits) and good regulatory practice.

Pursuant to the CCA, the NCC provides recommendations to Ministers on applications for the declaration of services provided by monopoly infrastructure facilities and on the certification of state and territory access regimes.

Pursuant to the NGL, the NCC provides recommendations to Ministers on the coverage of natural gas pipeline systems and on price regulation and greenfields incentives, and makes determinations on the form of regulation and on the classification of natural gas pipeline systems.

Governments through the Council of Australian Governments agreed under the Competition and Infrastructure Reform Agreement 2006 to submit applications for the certification of their existing access regimes and for the certification of energy access regimes by the end of 2010. They also undertook to achieve certification of any new access regimes as soon as practicable.

Governments submitted applications for the certification of all existing operational access regimes except one by the end of 2010. Applications for the certification of energy access regimes are yet to be submitted. In 2011-12, the NCC will liaise with

Government applicants to assist them in formulating remaining certification applications and ensuring applications are properly considered and certified as appropriate.

The NCC will continue to improve its processes and the structure of its recommendation reports and decisions. It will also continue to develop its published guidelines and other information in relation to access regulation to ensure these remain up-to-date.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: National Competition Council		
Departmental expenses		
Departmental appropriation	2,772	2,809
Expenses not requiring appropriation in the budget year	64	65
Total expenses for Outcome 1	2,836	2,874
	2010-11	2011-12
Average staffing level (number)	12	12

Contributions to Outcome 1

Program 1.1: National Competition Council

Program objective

The NCC's objective is to provide advice to governments and make decisions on infrastructure access issues that accord with statutory requirements (including time limits) and good regulatory practice, and ensuring that advice meets requirements of decision making Ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,836	2,874	2,892	2,912	2,937
Total program expenses	2,836	2,874	2,892	2,912	2,937

Program deliverables

The NCC has the following deliverables:

- makes recommendations to Ministers pursuant to Part IIIA of the CCA in relation to applications for the declaration of services provided by monopoly infrastructure and the certification of state and territory access regimes;
- makes recommendations to Ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives;
- makes decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and
- advises the Parliament on the operation of the National Access Regime in accordance with section 290(2) of the CCA.

Program key performance indicators

The NCC has the following key performance indicators:

- recommendations on declaration applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations on certification applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet advice requirements of Ministers;
- accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website;
- up-to-date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website;

National Competition Council Budget Statements

- case law developments, legislative amendments and developments in the NCC's processes or policies are reflected in the NCC's information resources within 30 days; and
- the NCC's Annual Report to the Parliament includes a comprehensive report that meets the requirements of section 29O(2) of the CCA and is provided within 60 days of the end of the financial year.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The NCC does not have any administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the NCC.

Table 3.1.2: Estimate of special account cash flows and balances

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	2011-12	2011-12	2011-12	2011-12	2011-12
	2010-11	2010-11	2010-11	2010-11	2010-11
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys	1	-	-	-	-
Account	-	-	-	-	-
Total special accounts					
2011-12 Budget estimate	-	-	-	-	-
Total special accounts					
2010-11 estimate actual	-	-	-	-	-

3.1.3 Australian Government Indigenous Expenditure

The NCC 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

Budgeted departmental income statement

The NCC is budgeting for a break even result for 2011-12 and the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses under the new net cash appropriation arrangements which were initiated in the 2010-11 Budget.

Operating revenues

Total NCC revenue in 2011-12 is estimated to be \$2.8 million.

Operating expenses

Total expenses in 2011-12 are estimated to be \$2.8 million.

Budgeted departmental balance sheet

In 2011-12 the NCC's equity position will be positive \$4.0 million.

Assets

The NCC's assets are predominantly financial assets consisting of other receivables and cash. The non-financial assets include leasehold improvements and plant and equipment assets.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2010-11.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	1,658	1,400	1,455	1,514	1,576
Supplier	1,138	1,433	1,396	1,358	1,321
Depreciation and amortisation	40	41	41	40	40
Total expenses	2,836	2,874	2,892	2,912	2,937
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	24	24	24	24	24
Net cost of (contribution by)					
services	2,812	2,850	2,868	2,888	2,913
Appropriation revenue	2,772	2,809	2,827	2,848	2,873
Surplus (deficit) attributable to the Australian Government	(40)	(41)	(41)	(40)	(40)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(40)	(41)	(41)	(40)	(40)
Plus non-appropriated expenses depreciation and amortisation expenses	40	41	41	40	40
Operating result attributable to the NCC	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	34	34	34	34	34
Trade and other receivables	4,200	4,200	4,200	4,200	4,200
Total financial assets	4,234	4,234	4,234	4,234	4,234
Non-financial assets					
Land and buildings	66	65	64	64	65
Infrastructure, plant and equipment	37	38	39	39	38
Intangibles	4	4	4	4	4
Other	8	8	8	8	8
Total non-financial assets	115	115	115	115	115
Total assets	4,349	4,349	4,349	4,349	4,349
LIABILITIES					
Provisions					
Employees	295	295	295	295	295
Other	43	43	43	43	43
Total provisions	338	338	338	338	338
Payables					
Suppliers	47	47	47	47	47
Total payables	47	47	47	47	47
Total liabilities	385	385	385	385	385
Net assets	3,964	3,964	3,964	3,964	3,964
EQUITY					
Contributed equity	40	81	122	162	202
Reserves	223	223	223	223	223
Retained surpluses or accumulated deficits	3,701	3,660	3,619	3,579	3,539
Total equity	3,964	3,964	3,964	3,964	3,964
Current assets	4,242	4,242	4,242	4,242	4,242
Non-current assets	107	107	107	107	107
Current liabilities	47	47	47	47	47
Non-current liabilities	338	338	338	338	338

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,812	2,850	2,868	2,888	2,913
Total cash received	2,812	2,850	2,868	2,888	2,913
Cash used					
Employees	1,658	1,400	1,455	1,514	1,576
Suppliers	1,114	1,409	1,372	1,334	1,297
Total cash used	2,772	2,809	2,827	2,848	2,873
Net cash from or (used by) operating activities	40	41	41	40	40
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	40	41	41	40	40
Total cash used	40	41	41	40	40
Net cash from or (used by) investing activities	(40)	(41)	(41)	(40)	(40)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	34	34	34	34	34
Cash at the end of the reporting period	34	34	34	34	34

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (budget year 2011-12)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	3,701	223	-	40	3,964
Adjusted opening balance	3,701	223	-	40	3,964
Comprehensive income					
Surplus (deficit) for the period	(41)	-	-	-	(41)
Total comprehensive income recognised directly in equity	(41)	-	-	-	(41)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	41	41
Total transactions with owners	-	-	-	41	41
Estimated closing balance as at 30 June 2012	3,660	223	-	81	3,964

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	40	41	41	40	40
Total capital appropriations	40	41	41	40	40
Represented by:					
Purchase of non-financial assets	40	41	41	40	40
Total represented by	40	41	41	40	40
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	40	41	41	40	40
TOTAL	40	41	41	40	40
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	40	41	41	40	40
Total cash used to acquire assets	40	41	41	40	40

Prepared on Australian accounting standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	91	52	7	150
Accumulated depreciation/amortisation and impairment	25	15	3	43
Opening net book balance	66	37	4	107
Capital asset additions				
By purchase - appropriation ordinary annual services	25	16	-	41
Total asset additions	25	16	-	41
Other movements				
Depreciation/amortisation expense	26	15	-	41
Total other movements	26	15	-	41
As at 30 June 2012				
Gross book value	116	68	7	191
Accumulated depreciation/amortisation and impairment	51	30	3	84
Closing net book balance	65	38	4	107

Prepared on Australian accounting standards basis.

3.2.4 Notes to the financial statements

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

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: Agency overview and resources	289
1.1 Strategic direction	289
1.2 Agency resource statement	290
1.3 Budget measures.....	291
Section 2: Outcomes and planned performance	292
2.1 Outcomes and performance information	292
Section 3: Explanatory tables and budgeted financial statements	297
3.1 Explanatory tables	297
3.2 Budgeted financial statements	298

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Office of the Auditing and Assurance Standards Board (AUASB) is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*.

The functions of the AUASB are to:

- make auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate auditing and assurance standards for other purposes;
- formulate guidance on auditing and assurance matters;
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and
- advance and promote the main objectives of part 12 of the *Australian Securities and Investments Commission Act 2001*.

The vision of the AUASB is to be recognised as a leading national auditing and assurance standards setting body that develops high quality auditing and assurance standards and guidance in the public interest.

The mission of the AUASB is to develop, in the public interest, high quality auditing and assurance standards and related guidance as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

Key strategies during 2011-12 include to:

- develop auditing and assurance standards and guidance;
- identify emerging auditing and assurance issues;

- contribute to and influence the development of international auditing standards; and
- promote awareness and understanding of the AUASB role and work program, auditor responsibilities, and the role of auditing and assurance services.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and departmental classification.

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts + available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	= Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	429 ⁴	-	429	-
Departmental appropriation ³	-	2,315 ¹	2,315	1,151
Receipts from other sources (s31)	-	31 ²	31	1,130
Total ordinary annual services	A 429	2,346	2,775	2,281
Other services				
Departmental non-operating				
Equity injections	579 ⁴	-	579	-
Total other services	B 579	-	579	-
Total net resourcing for AUASB (A+B)	1,008	2,346	3,354	2,281

1. Appropriation Bill (No. 1) 2011-12.

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

3. Includes an amount of \$0.05 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).

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

1.3 BUDGET MEASURES

Budget measures relating to the AUASB are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Office of the Auditing and Assurance Standards Board 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Australian Accounting Standards Board and Auditing and Assurance Standards Board - additional funding	1.1	-	1,110	1,121	1,132	1,142
Efficiency dividend - temporary increase in the rate	1.1	-	(6)	(23)	(29)	(35)
Total expense measures		-	1,104	1,098	1,103	1,107
Related Capital						
Efficiency dividend - temporary increase in the rate	1.1	-	-	-	(1)	(1)
Total related capital		-	-	-	(1)	(1)

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The AUASB's outcome is described below, specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of the AUASB.

Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements

Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- making auditing standards under section 336 of the *Corporations Act 2001* and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of the Corporations legislation, including facilitating and monitoring the implementation of the revised 'Clarity' Australian Auditing Standards;
- formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than the purposes of the Corporations legislation;
- providing Australian participation in, and contribution to, the development of a single set of auditing standards for world-wide use; and
- the AUASB continuing its role in the development of auditing and assurance standards guidance, identifying emerging auditing and assurance issues and contributing to and influencing the development of international auditing standards.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Auditing and Auditing Assurance Board		
Departmental expenses		
Departmental appropriation	1,642	2,301
Special accounts	594	-
Expenses not requiring appropriation in the budget year	50	96
Revenue to be carried forward	(136)	-
Total expenses for Outcome 1	2,150	2,397
	2010-11	2011-12
Average staffing level (number)	8	8

Contributions to Outcome 1

Program 1.1: Auditing and Assurance Standards Board

Program objective

Formulate and maintain Auditing Standards (ASAs) that are legally enforceable under the *Corporations Act 2001* and contribute to the development of international auditing standards.

Contribute to the successful implementation of the 'Clarity' Auditing Standards applicable to financial reporting periods that commenced on or after 1 January 2010, including:

- development of articles that will highlight key principles;
- presenting at various public forums, conferences and information sessions; and
- monitoring the implementation of the revised 'Clarity' Australian Auditing Standards and providing periodic and formal feedback to the International Auditing and Assurance Standards Board (IAASB), which has established a project monitoring task force for this purpose.

Formulate and maintain other auditing and assurance standards, ensuring quality and complete coverage of relevant auditing and assurance subjects including:

- assurance framework;

- assurance engagements other than on historical financial statements;
- engagements to perform agreed-upon procedures;
- fundraising engagements including prospective financial information;
- comfort letter engagements;
- assurance on greenhouse gas emissions reports;
- assurance on water accounting reports;
- standards on review engagements; and
- assurance on internal control.

Formulate and maintain guidance pronouncements, ensuring that guidance is high quality, timely and provides appropriate coverage through pronouncements that supplement standards and address emerging issues including:

- the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission regulated areas;
- application of auditing standards to audits and reviews of smaller entities – for example, small not-for-profit entities;
- auditing complex financial instruments;
- private letter requests; and
- auditing grant acquittals.

Influence the development of international and national standards by liaising with the IAASB and other national standard-setting organisations to contribute to improving the quality of global auditing and assurance standards, including working more closely with the New Zealand Professional Standards Board to maximise consistency in auditing standards and undertake joint projects where possible, consistent with the Outcome Proposals agreed in August 2009 by the Australian and New Zealand Prime Ministers.

Through research, communications and consultations to identify and respond to emerging issues on a timely basis, including participating in the early stages of the development of legislation and regulation to better define audit requirements, including:

- development of AUASB Bulletins on various current topics relating to the Board's areas of interest;

- preparation of a discussion paper on internal control;
- promoting thought leadership on the importance of achieving and heightening audit quality; and
- track local and international auditing and assurance research projects and consider implications for the AUASB.

Through a detailed communication and consultation plan, the AUASB strategy is to increase awareness of the AUASB’s work among its stakeholders, and to ensure that stakeholders’ views are appropriately considered in the AUASB activities and initiatives.

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2 Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,150	2,397	2,409	2,435	2,449
Total departmental expenses	2,150	2,397	2,409	2,435	2,449

Program deliverables

The AUASB has the following deliverables:

- prepare and issue auditing standards under section 336 of the *Corporations Act 2001*;
- prepare and issue new and revised assurance standards, standards on review engagements and related guidance; and
- contribute to the development of international auditing and assurance standards.

Program key performance indicators

The AUASB has the following key performance indicators:

- issued auditing standards are of the highest quality, developed on a timely basis, are consistent with those developed by the IAASB and are based on the ‘Clarity’ versions of International Standards on Auditing;
- issued assurance standards and standards on review engagements are of the highest quality and are developed on a timely basis;

- relevant guidance is issued to auditors, assurance practitioners and other users, as appropriate, on a timely basis;
- emerging auditing and assurance issues are identified and addressed on a timely basis;
- responses are made to all significant IAASB exposure drafts; and
- appropriate input is provided to the IAASB.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AUASB does not have any administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the AUASB.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Auditing and Assurance Standards Board Services for Other Entities and Trust Moneys Special Account	1	-	-	-	-	-
Office of the Auditing and Assurance Standards Board Special Account	1	-	594	594	-	-
Total special accounts						
2011-12 Budget estimate		-	-	-	-	-
Total special accounts 2010-11 estimate actual		-	594	594	-	-

3.1.3 Australian Government Indigenous Expenditure

The AUASB 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

The AUASB is budgeting for a break-even operating result for 2011-12 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	1,338	1,519	1,566	1,615	1,664
Supplier expenses	743	797	753	725	697
Depreciation and amortisation	65	77	86	91	83
Finance costs	4	4	4	4	5
Total expenses	2,150	2,397	2,409	2,435	2,449
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	30	31	32	34	35
Other revenue	1,100	-	-	-	-
Total revenue	1,130	31	32	34	35
Gains					
Other	18	19	20	20	21
Total gains	18	19	20	20	21
Total own-source income	1,148	50	52	54	56
Net cost of (contribution by) services	1,002	2,347	2,357	2,381	2,393
Appropriation revenue	1,106	2,270	2,271	2,290	2,310
Surplus (deficit) attributable to the Australian Government	104	(77)	(86)	(91)	(83)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	104	(77)	(86)	(91)	(83)
Plus non-appropriated expenses depreciation and amortisation expenses	65	77	86	91	83
Operating result attributable to the AUASB	169	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	200	200	200	200	200
Trade and other receivables	1,027	1,000	984	970	955
Total financial assets	1,227	1,200	1,184	1,170	1,155
Non-financial assets					
Infrastructure, plant and equipment	265	233	195	152	116
Intangibles	16	15	11	8	8
Other	11	11	11	11	11
Total non-financial assets	292	259	217	171	135
Total assets	1,519	1,459	1,401	1,341	1,290
LIABILITIES					
Provisions					
Employees	212	234	257	281	306
Other	122	130	132	136	140
Total provisions	334	364	389	417	446
Payables					
Suppliers	234	176	133	91	48
Other	25	25	25	25	25
Total payables	259	201	158	116	73
Total liabilities	593	565	547	533	519
Net assets	926	894	854	808	771
EQUITY					
Contributed equity	45	90	136	182	229
Retained surpluses or accumulated deficits	881	804	718	626	542
Total equity	926	894	854	808	771
Current assets	1,238	1,210	1,193	1,180	1,165
Non-current assets	281	249	208	161	125
Current liabilities	253	265	286	310	336
Non-current liabilities	340	300	261	223	183

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	1,106	2,271	2,270	2,287	2,306
Other	1,130	48	48	48	48
Total cash received	2,236	2,319	2,318	2,335	2,354
Cash used					
Employees	1,349	1,475	1,520	1,566	1,614
Suppliers	767	844	798	769	740
Other	77	-	-	-	-
Total cash used	2,193	2,319	2,318	2,335	2,354
Net cash from (used by) operating activities	43	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	45	45	46	45	46
Total cash used	45	45	46	45	46
Net cash from (used by) investing activities	(45)	(45)	(46)	(45)	(46)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	45	45	46	45	46
Total cash received	45	45	46	45	46
Net cash from (used by) financing activities	45	45	46	45	46
Net increase (decrease) in cash held	43	-	-	-	-
Cash at the beginning of the reporting period	157	200	200	200	200
Cash at the end of the reporting period	200	200	200	200	200

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	881	-	-	45	926
Adjusted opening balance	881	-	-	45	926
Comprehensive income					
Surplus (deficit) for the period	(77)	-	-	-	(77)
Total comprehensive income recognised directly in equity	(77)	-	-	-	(77)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	45	45
Total transactions with owners	-	-	-	45	45
Estimated closing balance as at 30 June 2012	804	-	-	90	894

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	45	45	46	45	46
Total capital appropriations	45	45	46	45	46
Represented by:					
Purchase of non-financial assets	45	45	46	45	46
Total represented by	45	45	46	45	46
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	45	45	46	45	46
TOTAL	45	45	46	45	46
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	45	45	46	45	46
Total cash used to acquire assets	45	45	46	45	46

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	-	546	44	590
Accumulated depreciation/amortisation and impairment	-	282	28	310
Opening net book balance	-	264	16	280
Capital asset additions				
By purchase - appropriation ordinary annual services	-	35	10	45
Total additions	-	35	10	45
Other movements				
Depreciation/amortisation expense	-	66	11	77
Total other movements	-	66	11	77
As at 30 June 2012				
Gross book value	-	581	54	635
Accumulated depreciation/amortisation and impairment	-	348	39	387
Closing net book balance	-	233	15	248

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources	307
1.1 Strategic direction	307
1.2 Agency resource statement	309
1.3 Budget measures.....	310
Section 2: Outcomes and planned performance	311
2.1 Outcomes and performance information	311
Section 3: Explanatory tables and budgeted financial statements	315
3.1 Explanatory tables	315
3.2 Budgeted financial statements	316

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Office of the Australian Accounting Standards Board (AASB) is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*.

The functions of the AASB are to:

- develop a conceptual framework for the purpose of evaluating proposed accounting standards and international standards;
- make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate accounting standards for other purposes;
- participate in and contribute to the development of a single set of accounting standards for world-wide use; and
- facilitate the Australian economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, leaving accounting standards that are clearly stated and easily to understand, and to maintain investor confidence in the Australian economy (including its capital markets).

The vision of the AASB is to build on its reputation as a leading national standard setter and be recognised as a global centre of excellence, delivering a truly distinctive contribution to the development of high quality financial reporting standards.

The mission of the AASB is to develop and maintain high quality financial reporting standards for all sectors of the Australian economy and contribute, through leadership and talent, to the development of global financial reporting standards and be recognised as facilitating the inclusion of the Australian community in the activity of global standard setting.

Key priorities during 2011-12 include:

- issue Australian consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers to encourage

Australian constituents to be involved in the process and provide the AASB with information for making its own comments to the IASB;

- ensure that changes to International Financial Reporting Standards (IFRS) are processed expeditiously and are communicated to Australian constituents;
- work closely with the New Zealand Financial Reporting Standards Board to converge reporting requirements across the Tasman, consistent with the Outcome Proposals agreed in August 2009 by the Australian and New Zealand Prime Ministers;
- implement the new differential reporting framework, (Reduced Disclosure Regime);
- actively pursue an agenda relevant to public sector and the not-for-profit private sector, whilst maintaining a transaction neutral approach;
- participate in ongoing projects of the International Public Sector Accounting Standards Board (IPSASB) with a view to promoting and improving the IPSASB's output;
- issue a revised Standard on financial reporting by superannuation plans; and
- work closely both in the Asia Oceania and global arenas to promote Australian thought leadership and influence.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts + available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	821 ⁴	-		821	-
Departmental appropriation ³	-	3,946 ¹		3,946	3,148
Receipts from other sources (s31)	-	841 ²		841	1,515
Total ordinary annual services	A 821	4,787		5,608	4,663
Departmental non-operating					
Equity injections	3,688 ⁴	-		3,688	-
Total other services	B 3,688	-		3,688	-
Total net resourcing for AASB (A+B)	4,509	4,787		9,296	4,663

1. Appropriation Bill (No. 1) 2011-12.

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

3. Includes \$0.1 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).

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

1.3 BUDGET MEASURES

Budget measures relating to AASB are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Accounting Standards Board 2011-12 Budget measures

		2010-11	2011-12	2012-13	2013-14	2014-15
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Australian Accounting Standards Board and Auditing and Assurance Standards Board - additional funding						
	1.1	-	656	662	669	675
Efficiency dividend - temporary increase in the rate						
	1.1	-	(16)	(39)	(49)	(60)
Total expense measures		-	640	623	620	615
Related capital						
Efficiency dividend - temporary increase in the rate						
	1.1	-	(1)	(1)	(1)	(2)
Total related capital		-	(1)	(1)	(1)	(2)

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The AASB's outcome is described below specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the AASB.

Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions

Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- to make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the financial reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards;
- formulating accounting standards for purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards; and
- to provide Australian participation in, and contribution to, the development of a single set of accounting standards for world-wide use.

The AASB will continue its role in the development of legally enforceable accounting standards, the development of accounting standards for non Corporation's legislation entities and the development of global accounting standards.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation	3,897	4,087
Special accounts	666	600
Expenses not requiring appropriation in the budget year	130	191
Revenue to be carried forward	(350)	-
Total expenses for Outcome 1	4,343	4,878
	2010-11	2011-12
Average staffing level (number)	22	23

Contributions to Outcome 1

Program 1: Australian Accounting Standards Board

Program objective

The objectives of the AASB are:

- ensure Australian for-profit entities complying with Australian Accounting Standards would also be complying with the IFRS;
- to the extent feasible ensure transactions are accounted for in the same way by all entities – that is, to the extent feasible, ensure Australian Accounting Standards are transaction neutral, which requires consideration by the AASB of how each IFRS might affect not-for-profit entities in the public and private sectors;
- maintain and enhance Australia's reputation as a leading national accounting standard setter in the interests of making an important contribution to setting high-quality global standards. This also involves establishing and maintaining working relationships with other national standard setters (particularly in the region), the IASB and the IPSASB;
- drive improvements in financial reporting, particularly on issues not being dealt with internationally, including those relating to not-for-profit entities in the public and private sectors when a purely transaction neutral approach does not prove feasible;

- have consistent interpretations of requirements and encourage other jurisdictions to do the same through relationships with other standard setters;
- have an up-to-date and easy-to-use website and report on AASB decisions and projects on a timely basis; and
- develop staff with expertise in standard setting through graduate and secondment programs.

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,343	4,878	4,899	4,935	4,973
Total departmental expenses	4,343	4,878	4,899	4,935	4,973

Program deliverables

The AASB has the following deliverables:

- promulgate each IFRS and IFRS amendment developed by the IASB into Australian Law;
- promulgate each standard to apply on a transaction neutral basis to the extent feasible and develop specific standards to deal with not-for-profit entity issues where necessary;
- prepare and publish accounting standards, compiled versions of standards and exposure drafts;
- participate in international standards setting and other research projects;
- maintain close relationships with equivalent organisations in other jurisdictions; and
- develop personnel with experience in standard setting.

Program key performance indicators

The AASB has the following key performance indicators:

- accounting standard and standard amendments to be developed by the IASB are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements;
- regular consultation and liaison with a broad range of Australian constituents;
- accounting standards or compilations are lodged on the Federal Register of Legislative Instruments and are published on the AASB website within three days of finalisation;
- responses are made to all significant IASB and IPSASB exposure drafts;
- host and/or attendance at National Standards-Setters Group and Asian-Oceania Standard-Setters Group meetings and participate in the work of the Trans-Tasman Accounting and Auditing Standards Advisory Group; and
- developmental opportunities for accounting professionals, including recent graduates and secondments, are provided.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AASB does not have any administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the AASB.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Australian Accounting Standards Board						
Services for Other Entities and Trust Moneys Special Account	1	-	-	-	-	-
Office of the Australian Accounting Standards Board Special account	1	-	600	600	-	-
		-	666	666	-	-
Total special accounts						
2011-12 Budget estimate		-	600	600	-	-
Total special accounts 2010-11 estimate actual		-	666	666	-	-

3.1.3 Australian Government Indigenous Expenditure

The AASB 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

The AASB is budgeting for a break-even operating result for 2011-12 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	3,140	3,430	3,544	3,654	3,779
Supplier	1,047	1,274	1,164	1,089	1,007
Depreciation and amortisation	150	168	184	185	180
Finance costs	6	6	7	7	7
Total expenses	4,343	4,878	4,899	4,935	4,973
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	265	241	248	255	263
Other revenue	1,250	600	600	600	600
Total revenue	1,515	841	848	855	863
Gains					
Other gains	21	23	22	22	22
Total gains	21	23	22	22	22
Total own-source income	1,536	864	870	877	885
Net cost of (contribution by)					
services	2,807	4,014	4,029	4,058	4,088
Appropriation revenue	3,048	3,846	3,845	3,873	3,908
Surplus (deficit) attributable to the Australian Government	241	(168)	(184)	(185)	(180)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	241	(168)	(184)	(185)	(180)
Plus non-appropriated expenses depreciation and amortisation expenses	109	168	184	185	180
Operating result attributable to the AASB	350	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	401	401	401	401	401
Trade and other receivables	4,551	4,538	4,514	4,494	4,476
Total financial assets	4,952	4,939	4,915	4,895	4,877
Non-financial assets					
Infrastructure, plant and equipment	581	526	451	370	292
Inventories	3	3	3	3	3
Intangibles	46	35	28	28	27
Other	9	9	9	9	9
Total non-financial assets	639	573	491	410	331
Total assets	5,591	5,512	5,406	5,305	5,208
LIABILITIES					
Provisions					
Employees	828	870	913	958	1,005
Other	206	226	231	238	244
Total provisions	1,034	1,096	1,144	1,196	1,249
Payables					
Suppliers	375	302	231	161	89
Other	57	57	57	57	57
Total payables	432	359	288	218	146
Total liabilities	1,466	1,455	1,432	1,414	1,395
Net assets	4,125	4,057	3,974	3,891	3,813
EQUITY					
Contributed equity	100	200	301	403	506
Retained surpluses or accumulated deficits	4,025	3,857	3,673	3,488	3,307
Total equity	4,125	4,057	3,974	3,891	3,813
Current assets	4,965	4,951	4,926	4,906	4,887
Non-current assets	626	561	480	399	321
Current liabilities	858	867	863	862	859
Non-current liabilities	608	588	569	552	536

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	266	241	248	255	263
Appropriations	3,048	3,845	3,844	3,873	3,908
Other	1,250	623	621	619	617
Total cash received	4,564	4,709	4,713	4,747	4,788
Cash used					
Employees	3,211	3,387	3,500	3,609	3,732
Suppliers	1,097	1,322	1,213	1,138	1,056
Other	88	-	-	-	-
Total cash used	4,396	4,709	4,713	4,747	4,788
Net cash from (used by) operating activities	168	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	100	100	101	102	103
Total cash used	100	100	101	102	103
Net cash from (used by) investing activities	(100)	(100)	(101)	(102)	(103)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	100	100	101	102	103
Total cash received	100	100	101	102	103
Net cash from (used by) financing activities	100	100	101	102	103
Net increase (decrease) in cash held	168	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	233	401	401	401	401
Cash and cash equivalents at the end of the reporting period	401	401	401	401	401

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	4,025	-	-	100	4,125
Adjusted opening balance	4,025	-	-	100	4,125
Comprehensive income					
Surplus (deficit) for the period	(168)	-	-	-	(168)
Total comprehensive income recognised directly in equity	(168)	-	-	-	(168)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	100	100
Total transactions with owners	-	-	-	100	100
Estimated closing balance as at 30 June 2012	3,857	-	-	200	4,057

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	100	100	101	102	102
Total capital appropriations	100	100	101	102	102
Represented by:					
Purchase of non-financial assets	100	100	101	102	102
Total represented by	100	100	101	102	102
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	100	100	101	102	102
TOTAL	100	100	101	102	102
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	100	100	101	102	102
Total cash used to acquire assets	100	100	101	102	102

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	-	1,377	98	1,475
Accumulated depreciation/amortisation and impairment	-	794	52	846
Opening net book balance	-	583	46	629
Capital asset additions				
By purchase - appropriation ordinary annual services	-	90	10	100
Total asset additions	-	90	10	100
Other movements				
Depreciation/amortisation expense	-	147	21	168
Total other movements	-	147	21	168
As at 30 June 2012				
Gross book value	-	1,467	108	1,575
Accumulated depreciation/amortisation and impairment	-	941	73	1,014
Closing net book balance	-	526	35	561

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources	325
1.1 Strategic direction	325
1.2 Agency resource statement	327
1.3 Budget measures.....	327
Section 2: Outcomes and planned performance	328
2.1 Outcomes and performance information	328
Section 3: Explanatory tables and budgeted financial statements	331
3.1 Explanatory tables	331
3.2 Budgeted financial statements	332

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 2011-12 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 2011-12 include: inquiries into *Disability Care and Support*, *Australia's Urban Water Sector*, *Economic Regulation of Airport Services*, *Economic Structure and Performance of the Australian Retail Industry*; studies of the *Education and Training Workforce – Early Childhood Development*, and *Schools*; and a continuation of the stream of work dealing with *Performance Benchmarking of Australian Business Regulation* and *Review of Regulatory Burdens on Business*.

Several of the 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; indicators of Indigenous disadvantage; and expenditure on services to Indigenous Australians. The Commission prepares and reports performance information to the COAG Reform Council in respect of the *Intergovernmental Agreement on Federal Financial Relations*. The Commission is also undertaking data development, modelling and analysis to report on the economic impacts and benefits of COAG's agreed reform agenda.

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 Assistant Treasurer 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 reports and staff working papers released in 2010-11 include *Population and Migration – Understanding the Numbers*, *Labour Force Participation of Women Over 45*, and *Childhood Obesity – An Economic Perspective*. 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 sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Productivity Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget = 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	9,336 ⁴	-	9,336	-
Departmental appropriation ³	-	34,448 ¹	34,448	41,424
Receipts from other sources (s31)	-	10 ²	10	10
Total net resourcing for the Productivity Commission	9,336	34,458	43,794	41,434

1. Appropriation Bill (No. 1) 2011-12.

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

3. Includes \$0.34 million in 2011-12 for the departmental capital budget (also refer to Table 3.2.5).

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

1.3 BUDGET MEASURES

Budget measures relating to the Commission are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Productivity Commission 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Efficiency dividend - temporary increase in the rate	1.1	-	(173)	(348)	(438)	(530)
Effective Carbon Prices in Key Economies - study ¹	1.1	-	-	-	-	-
Total expense measures		-	(173)	(348)	(438)	(530)
Related capital						
Efficiency dividend - temporary increase in the rate	1.1	-	(2)	(4)	(5)	(17)
Total related capital		-	(2)	(4)	(5)	(17)

1. The Commission received \$2.643 million in 2010-11 for this measure in the 2010-11 Additional Estimates.

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The Commission's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the Commission.

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 activities 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 activities.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses 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	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1: Productivity Commission		
Departmental expenses		
Departmental appropriation	37,289	34,107
Expenses not requiring appropriation in the budget year	968	1,065
Total expenses for Outcome 1	38,257	35,172
	2010-11	2011-12
Average staffing level (number)	194	183

Contributions to Outcome 1

Program 1.1: Productivity Commission

Program objective

The Commission's objective is to contribute 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.

Program expenses

The decrease in expenses from 2010-11 is primarily due to ceasing funding for the study into emission reduction policies in key economies received in the 2010-11 Additional Estimates.

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	38,257	35,172	35,253	35,428	35,578
Total departmental expenses	38,257	35,172	35,253	35,428	35,578

Program deliverables

The Commission will deliver:

- public inquiry reports (for example, the inquiry report on *Disability Care and Support*), and reports concerning other commissioned work (such as the continuation of the *Performance Benchmarking of Australian Business Regulation* study);
- government services performance reports including Australian Government or State or Territory service provision, key indicators of Indigenous disadvantage, and the Indigenous expenditure report;
- investigation of competitive neutrality complaints and associated activities such as research, advice and education; and
- statutory annual reporting including the *Trade and Assistance Review*; Commission research and staff working papers prepared in support of the Commission's inquiry program and to contribute to better understanding of public policy issues; and associated activities such as submissions, conference reports and speeches delivered by the Chairman, Commissioners and Commission staff.

Program key performance indicators

The Commission aims to complete projects, reports and associated activities that are:

- high quality;
- useful to stakeholders; and
- timely.

Indicators of performance include:

- the Commission’s work being widely referenced in public policy forums;
- projects and reports are completed in accordance with commissioned timelines; and
- independent and transparent processes are followed.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Commission.

Table 3.1.2: Estimates of special account cash flows and balances

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	2011-12	2011-12	2011-12	2011-12	2011-12
	2010-11	2010-11	2010-11	2010-11	2010-11
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	-	-	-	-
	-	-	-	-	-
Total special accounts					
2011-12 Budget estimate	-	-	-	-	-
Total special accounts					
2010-11 estimate actual	-	-	-	-	-

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other	Total	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
Productivity Commission Outcome 1							
Departmental 2011-12	887	-	-	887	-	887	1.1
<i>Departmental 2010-11</i>	<i>1,352</i>	-	-	<i>1,352</i>	-	<i>1,352</i>	<i>1.1</i>

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

The Commission is budgeting for a break-even result in 2011-12 and the forward estimate years. The decrease in revenue in 2011-12 is primarily due to ceasing funding for the study into emission reduction policies in key economies received in the 2010-11 Additional Estimates. There is a corresponding decrease in operating expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	26,698	25,198	25,126	25,081	25,291
Supplier	10,591	8,944	9,147	9,367	9,407
Depreciation and amortisation	935	1,030	980	980	880
Finance costs	33	-	-	-	-
Total expenses	38,257	35,172	35,253	35,428	35,578
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	10	10	10	10	10
Total revenue	10	10	10	10	10
Gains					
Other	33	35	35	35	35
Total gains	33	35	35	35	35
Total own-source income	43	45	45	45	45
Net cost of (contribution by) services	38,214	35,127	35,208	35,383	35,533
Appropriation revenue	37,279	34,097	34,228	34,403	34,653
Surplus (deficit) attributable to the Australian Government	(935)	(1,030)	(980)	(980)	(880)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(935)	(1,030)	(980)	(980)	(880)
Plus non-appropriated expenses depreciation and amortisation expenses	935	1,030	980	980	880
Operating result attributable to the Productivity Commission	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	420	420	420	420	420
Trade and other receivables	9,451	9,731	10,136	10,389	11,197
Total financial assets	9,871	10,151	10,556	10,809	11,617
Non-financial assets					
Land and buildings	6,315	5,648	4,981	4,314	3,649
Infrastructure, plant and equipment	604	468	256	49	122
Intangibles	90	84	79	73	68
Other	522	522	522	522	522
Total non-financial assets	7,531	6,722	5,838	4,958	4,361
Total assets	17,402	16,873	16,394	15,767	15,978
LIABILITIES					
Provisions					
Employees	9,609	9,759	9,909	9,909	9,909
Total provisions	9,609	9,759	9,909	9,909	9,909
Payables					
Suppliers	371	371	371	371	371
Total payables	371	371	371	371	371
Total liabilities	9,980	10,130	10,280	10,280	10,280
Net assets	7,422	6,743	6,114	5,487	5,698
EQUITY					
Contributed equity	1,804	2,155	2,506	2,859	3,950
Reserves	2,154	2,154	2,154	2,154	2,154
Retained surpluses or accumulated deficits	3,464	2,434	1,454	474	(406)
Total equity	7,422	6,743	6,114	5,487	5,698
Current assets	10,393	10,673	11,078	11,331	12,139
Non-current assets	7,009	6,200	5,316	4,436	3,839
Current liabilities	9,142	9,333	9,541	9,601	9,646
Non-current liabilities	838	797	739	679	634

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	10	10	10	10	10
Appropriations	37,729	33,817	33,823	34,150	33,845
Total cash received	37,739	33,827	33,833	34,160	33,855
Cash used					
Employees	26,545	25,048	24,976	25,081	25,291
Suppliers	11,129	8,909	9,112	9,332	9,372
Total cash used	37,674	33,957	34,088	34,413	34,663
Net cash from or (used by) operating activities	65	(130)	(255)	(253)	(808)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	4,205	221	96	100	283
Total cash used	4,205	221	96	100	283
Net cash from or (used by) investing activities	(4,205)	(221)	(96)	(100)	(283)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	4,145	351	351	353	1,091
Total cash received	4,145	351	351	353	1,091
Net cash from (used by) financing activities	4,145	351	351	353	1,091
Net increase or (decrease) in cash held	5	-	-	-	-
Cash at the beginning of the reporting period	415	420	420	420	420
Cash at the end of the reporting period	420	420	420	420	420

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	3,464	2,154	-	1,804	7,422
Adjusted opening balance	3,464	2,154	-	1,804	7,422
Comprehensive income					
Surplus (deficit) for the period	(1,030)	-	-	-	(1,030)
Total comprehensive income recognised directly in equity	(1,030)	-	-	-	(1,030)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	351	351
Total transactions with owners	-	-	-	351	351
Estimated closing balance as at 30 June 2012	2,434	2,154	-	2,155	6,743

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	4,145	351	351	353	1,091
Total capital appropriations	4,145	351	351	353	1,091
Represented by:					
Purchase of non-financial assets	4,145	221	96	100	283
Other	-	130	255	253	808
Total represented by	4,145	351	351	353	1,091
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	4,145	221	96	100	283
Funded internally from departmental resources	60	-	-	-	-
TOTAL	4,205	221	96	100	283
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,205	221	96	100	283
Total cash used to acquire assets	4,205	221	96	100	283

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	6,907	931	549	8,387
Accumulated depreciation/amortisation and impairment	592	327	459	1,378
Opening net book balance	6,315	604	90	7,009
Capital asset additions				
By purchase - appropriation ordinary annual services	-	201	20	221
Total asset additions	-	201	20	221
Other movements				
Depreciation/amortisation expense	667	337	26	1,030
Total other movements	667	337	26	1,030
As at 30 June 2012				
Gross book value	6,907	1,132	569	8,608
Accumulated depreciation/amortisation and impairment	1,259	664	485	2,408
Closing net book balance	5,648	468	84	6,200

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources	341
1.1 Strategic direction	341
1.2 Agency resource statement	342
1.3 Budget measures.....	342
Section 2: Outcomes and planned performance	343
2.1 Outcomes and performance information	343
Section 3: Explanatory tables and budgeted financial statements	346
3.1 Explanatory tables	346
3.2 Budgeted financial statements	347

ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Royal Australian Mint (the Mint) was officially opened in 1965 and is a prescribed agency operating under the *Financial Management and Accountability Act 1997*. The Mint's vision is to achieve excellence as a profitable world class mint. It strives to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of the Australia's National Coin Collection and provides educational and tourist services to local and overseas residents.

The Mint will continue to optimise productivity returns and refine its capabilities and capacities. In the year ahead, the Mint will be targeting and converting revenue growth opportunities; building on its positive brand recognition; ensuring staff and visitors have a safe and secure environment in which to work and visit; and engaging its staff to further develop their skills, motivation and commitment.

Given the nature of its operations, the Mint will maintain vigilance in securing a safe and secure environment. The Mint's priority for 2011-12 is to develop and motivate its staff so they are equipped to deal with the new challenges and opportunities facing the Mint as it embarks on its growth strategy.

The Mint will assist in the development and implementation of a new national circulating coin supply chain model. The Mint will play a central role in managing the movement of coins in circulation by centralising and managing key information that will better align coin supply and demand. This will create more timely and reliable coin forecasting data and will improve efficiencies in coin circulation and coin supply management.

In September 2010, the Mint hosted the XXVI Mint Directors Conference. A key outcome from the conference was the opportunity to identify and develop overseas markets for its expertise. Several successful sales have already been achieved and the Mint intends to build on this early success with a targeted international business development program.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts + available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	= Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Other services				
Departmental non-operating				
Equity injections	2,036 ¹	-	2,036	-
Total appropriations excluding special accounts	A 2,036	-	2,036	-
Special accounts				
Opening balance	14,359 ²	-	14,359	-
Non-appropriation receipts to special accounts	-	144,252	144,252	162,804
Total special account	B 14,359	144,252	158,611	162,804
Total net resourcing for the Mint (A+B)	16,395	144,252	160,647	162,804

1. Estimated adjusted balance carried from prior years for annual appropriation.

2. Estimated opening balance for special accounts (refer to Table 3.1.2 for further details).

1.3 BUDGET MEASURES

The Mint does not have any Budget measures for 2011-12.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The Mint's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the Mint.

Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted-like products

Outcome 1 strategy

To achieve this outcome the Mint will continue to:

- produce cost efficient circulating coins for Australia;
- produce appropriate circulating coins for foreign jurisdictions under commercial arrangements;
- maintain an Australian circulating coin buffer stock;
- provide advice to the Treasury and government on coin related issues; and
- develop and produce high quality profitable numismatic products.

As the sole producer of Australian circulating coin and custodian of the National Coin Collection, the following activities are an adjunct to the key strategies outlined above:

- delivering an education program through the Mint's visitors centre;
- promoting public understanding of the cultural and historical significance of coins; and
- maintaining Australia's National Coin Collection.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	54,066	77,798
Departmental expenses		
Special accounts	89,941	70,534
Total expenses for Outcome 1	144,007	148,332
	2010-11	2011-12
Average staffing level (number)	195	195

Contributions to Outcome 1

Program 1.1: Royal Australian Mint

Program objective

To produce and distribute circulating coins, collector coins and minted-like products to meet the demands of the Australian economy, collectors and foreign countries.

Program expenses

The costs of production, warehousing and distribution of minted circulating coins are dependent on the demand for circulating coin by the Reserve Bank of Australia and Australian commercial banks.

Table 2.2 Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered items					
Special account expenses					
Minting and Coinage Special Account	54,066	77,798	52,247	51,090	49,960
Total administered expenses	54,066	77,798	52,247	51,090	49,960
Departmental items					
Special account expenses					
Minting and Coinage Special Account	89,941	70,534	87,728	88,506	88,506
Total departmental expenses	89,941	70,534	87,728	88,506	88,506

Program deliverables

The Mint has the following deliverables:

- produce Australian circulating coins to meet the demands of the Australian community;
- maintain minted Australian circulating coin inventory within agreed buffer stock parameters;
- produce circulating coins to meet demand from foreign countries;
- produce numismatic products to meet Australian and overseas demand;
- maintain Australia's National Coin Collection;
- maintain the Mint's visitor gallery, including building and surrounds;
- provide an educational program to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

Program key performance indicators

The Mint has the following key performance indicators:

- produce and deliver Australian circulating coins in a cost effective and timely manner;
- foreign circulating coin sales meet or exceed cost of production;
- at least 95 per cent of numismatic orders placed are produced and delivered within contracted delivery time;
- all numismatic sales meet or exceed cost of production;
- rotate the display of Australia's National Coin Collection on a regular basis;
- maintenance of gallery and visitor centre to community standard;
- ensure that school student visitor programs align with relevant school curricula; and
- 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 explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Mint does not have any movement of administered funds.

3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Mint.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	14,359 14,938	144,252 162,804	144,239 163,383	- -	14,372 14,359
Total special accounts						
2011-12 Budget estimate		14,359	144,252	144,239	-	14,372
Total special accounts 2010-11 estimate actual		14,938	162,804	163,383	-	14,359

3.1.3 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 the Portfolio Budget Statements as a result of differences between whole of government level financial reporting (under Australian Accounting Standard 1049) and entity level financial reporting.

3.2.2 Analysis of budgeted financial statements

There is an increase in the operating surplus in 2011-12 compared to 2010-11 due to a greater decrease in supplier costs compared to expected revenue.

There is an increase in the estimated cash balances in the Mint's budgeted departmental statement of cash flows. This movement is due to the decrease in supplier expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	15,449	17,878	15,449	15,449	15,449
Supplier	66,983	47,444	64,300	64,519	64,519
Depreciation and amortisation	5,840	4,849	6,339	6,898	6,898
Write-down and impairment of assets	200	200	200	200	200
Finance costs	29	44	-	-	-
Other	1,440	119	1,440	1,440	1,440
Total expenses	89,941	70,534	87,728	88,506	88,506
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	89,762	70,534	87,554	88,335	88,335
Interest	522	522	522	522	522
Other revenue	161	168	161	161	161
Total own-source income	90,445	71,224	88,237	89,018	89,018
Surplus (deficit) attributable to the Australian Government	504	690	509	512	512

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	24,248	16,732	18,160	12,016	5,368
Trade and other receivables	12,007	11,847	11,847	11,847	11,847
Tax assets	757	1,087	1,087	1,087	1,087
Total financial assets	37,012	29,666	31,094	24,950	18,302
Non-financial assets					
Infrastructure, plant and equipment	47,313	48,782	48,889	54,629	53,973
Heritage and cultural	22,461	22,461	22,461	22,461	22,461
Inventories	37,082	37,082	37,082	37,082	44,492
Intangibles	3,099	3,695	3,515	3,337	3,743
Other	3,376	3,376	3,375	3,375	3,375
Total non-financial assets	113,331	115,396	115,322	120,884	128,044
Total assets	150,343	145,062	146,416	145,834	146,346
LIABILITIES					
Provisions					
Employees	5,528	5,342	6,463	7,585	7,585
Total provisions	5,528	5,342	6,463	7,585	7,585
Payables					
Suppliers	12,983	9,951	9,675	7,459	7,459
Tax liabilities	2,179	2,179	2,179	2,179	2,179
Other	4,656	2,065	2,065	2,065	2,065
Total payables	19,818	14,195	13,919	11,703	11,703
Interest bearing liabilities					
Leases	194	32	32	32	32
Total interest bearing liabilities	194	32	32	32	32
Total liabilities	25,540	19,569	20,414	19,320	19,320
Net assets	124,803	125,493	126,002	126,514	127,026
EQUITY					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	24,507	24,507	24,507	24,507	24,507
Retained surpluses or accumulated deficits	22,393	23,083	23,592	24,104	24,616
Total equity	124,803	125,493	126,002	126,514	127,026
Current assets	76,713	69,037	70,464	64,320	65,082
Non-current assets	73,630	76,025	75,952	81,514	81,264
Current liabilities	24,839	18,975	19,685	18,457	18,457
Non-current liabilities	701	594	729	863	863

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	162,804	144,252	138,339	168,857	168,857
Total cash received	162,804	144,252	138,339	168,857	168,857
Cash used					
Employees	13,551	13,314	13,325	14,327	15,449
Borrowing costs	29	44	-	-	-
Suppliers	146,572	131,432	117,320	148,214	153,408
Total cash used	160,152	144,790	130,645	162,541	168,857
Net cash from or (used by) operating activities	2,652	(538)	7,694	6,316	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,907	6,914	6,266	12,460	6,648
Total cash used	2,907	6,914	6,266	12,460	6,648
Net cash from or (used by) investing activities	(2,907)	(6,914)	(6,266)	(12,460)	(6,648)
FINANCING ACTIVITIES					
Cash used					
Repayments of debt	324	64	-	-	-
Total cash used	324	64	-	-	-
Net cash from or (used by) financing activities	(324)	(64)	-	-	-
Net increase or (decrease) in cash held	(579)	(7,516)	1,428	(6,144)	(6,648)
Cash at the beginning of the reporting period	24,827	24,248	16,732	18,160	12,016
Cash at the end of the reporting period	24,248	16,732	18,160	12,016	5,368

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	22,393	24,507	-	77,903	124,803
Adjusted opening balance	22,393	24,507	-	77,903	124,803
Comprehensive income					
Surplus (deficit) for the period	690	-	-	-	690
Total comprehensive income recognised directly in equity	690	-	-	-	690
Estimated closing balance as at 30 June 2012	23,083	24,507	-	77,903	125,493

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	2,907	6,914	6,266	12,460	6,648
TOTAL	2,907	6,914	6,266	12,460	6,648
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,907	6,914	6,266	12,460	6,648
Total cash used to acquire assets	2,907	6,914	6,266	12,460	6,648

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other infrastructure, plant and equipment \$'000	Heritage and cultural assets \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	51,944	22,461	6,025	80,430
Accumulated depreciation/amortisation and impairment	4,631	-	2,926	7,557
Opening net book balance	47,313	22,461	3,099	72,873
Capital asset additions				
By purchase - other	6,133	-	781	6,914
Total additions	6,133	-	781	2,907
Other movements				
Depreciation/amortisation expense	4,664	-	185	4,849
Total other movements	4,664	-	185	4,849
As at 30 June 2012				
Gross book value	58,077	22,461	6,806	87,344
Accumulated depreciation/amortisation and impairment	9,295	-	3,111	12,406
Closing net book balance	48,782	22,461	3,695	74,938

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Goods and services	118,085	119,580	115,335	116,114	116,954
Total income administered on behalf of government	118,085	119,580	115,335	116,114	116,954
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	52,120	76,298	50,747	49,590	49,960
Other	1,946	1,500	1,500	1,500	-
Total expenses administered on behalf of government	54,066	77,798	52,247	51,090	49,960

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	-	6,352	6,352	6,352	6,352
Total financial assets	-	6,352	6,352	6,352	6,352
Non-financial assets					
Inventories	18,819	19,369	19,352	19,345	19,345
Total non-financial assets	18,819	19,369	19,352	19,345	19,345
Total assets administered on behalf of government	18,819	25,721	25,704	25,697	25,697
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	10,614	-	-	-	-
Total payables	10,614	-	-	-	-
Total liabilities administered on behalf of government	10,614	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services (seigniorage)	77,705	77,799	58,821	59,218	59,647
Total cash received	77,705	77,799	58,821	59,218	59,647
Net cash from or (used by) operating activities	77,705	77,799	58,821	59,218	59,647
Net increase or (decrease) in cash held	77,705	77,799	58,821	59,218	59,647
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for - special accounts	77,705	77,799	58,821	59,218	59,647
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

The Mint has no administered capital budget.

Table 3.2.11: Schedule of asset movements — administered

The Mint has no administered asset movements.

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:

- the 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 coins, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependent upon the demand for such products by the Australian financial institutions 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 resale are at the lower of cost and net realisable value. Work in progress and finished goods are brought to account to include direct costs and a

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

Commonwealth 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 Commonwealth Government. Seigniorage represents the difference between the face value of the coinage sold to the Australian financial institutions and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.