



BUDGET★
PORTFOLIO BUDGET STATEMENTS 2010-11
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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President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2010-11 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', written in a cursive style.

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nfp	not for publication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 2010-11 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 2010-11. 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.

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PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

MINISTERS AND PORTFOLIO RESPONSIBILITIES

The Treasury portfolio undertakes a range of activities aimed at achieving strong sustainable economic growth and the improved wellbeing of Australians. This entails the provision of policy advice to portfolio Ministers 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 *Trade Practices Act 1974* 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 enforces and administers corporate and financial services law and has responsibilities for consumer protection in relation to investments, life and general insurance, superannuation and banking (except lending). 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 2010-11 budget year, by agency.

Table 1: Portfolio resources 2010-11

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	31,285	162,265	66,758,438	17,871,957	84,823,945
Departmental appropriations	168,506	1,395	-	9,398	179,299
Total:	199,791	163,660	66,758,438	17,881,355	85,003,244
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	398,904	623	-	39,386	438,913
Total:	398,904	623	-	39,386	438,913
Australian Competition and Consumer Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	147,304	40	-	600	147,944
Total:	147,304	40	-	600	147,944
Australian Office of Financial Management					
Administered appropriations	10	-	377,496,350	-	377,496,360
Departmental appropriations	16,146	-	-	828	16,974
Total:	16,156	-	377,496,350	828	377,513,334
Australian Prudential and Regulation Authority					
Administered appropriations	-	-	3,000	-	3,000
Departmental appropriations	12,575	1,457	-	95,668	109,700
Total:	12,575	1,457	3,000	95,668	112,700
Australian Securities and Investments Commission					
Administered appropriations	3,450	-	36,573	51,000	91,023
Departmental appropriations	338,756	34,141	-	5,934	378,831
Total:	342,206	34,141	36,573	56,934	469,854
Australian Taxation Office					
Administered appropriations	8,594	-	8,788,443	41,553	8,838,590
Departmental appropriations	3,150,907	30,579	-	26,034	3,207,520
Total:	3,159,501	30,579	8,788,443	67,587	12,046,110

Table 1: Portfolio resources 2010-11 (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	5,445	-	-	-	5,445
Total:	5,445	-	-	-	5,445
Corporations and Markets					
Advisory Committee					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,041	-	-	-	1,041
Total:	1,041	-	-	-	1,041
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,172	-	-	52	2,224
Total:	2,172	-	-	52	2,224
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,812	-	-	-	2,812
Total:	2,812	-	-	-	2,812
Office of the Auditing and Assurance Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,151	-	-	1,130	2,281
Total:	1,151	-	-	1,130	2,281
Office of the Australian Accounting Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,148	-	-	1,517	4,665
Total:	3,148	-	-	1,517	4,665
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	38,781	-	-	10	38,791
Total:	38,781	-	-	10	38,791
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	-	285,682	285,682
Total:	-	-	-	285,682	285,682
Resources available within the Treasury portfolio:					476,075,040

AGENCY RESOURCES AND PLANNED PERFORMANCE

DEPARTMENT OF THE TREASURY

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DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

The Treasury seeks to promote 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 economy has grown faster than expected during the global financial crisis, through a combination of domestic monetary and fiscal stimulatory responses, Australia's robust institutional and regulatory systems, and our economic link to the solidly performing Asian region. As the economy strengthens, the policy priority will shift towards improving the productive capacity of the economy, particularly through investment in infrastructure and skills development, and the delivery of longer term tax and health reforms.

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 on which the Treasury will continue to provide policy advice, including an ageing and growing population, environmental and social sustainability, and escalating pressures on the health system. Since the release of the Intergenerational Report, the Treasury has been given responsibility of supporting the new Minister for Population with the task of developing Australia's first comprehensive population strategy.

The Treasury will continue to provide policy advice on federal financial relations arrangements, including working with the states and territories to implement the

National Health and Hospitals Network reforms. These reforms will provide a secure funding base for health and hospitals in the future.

In 2010-11, the Treasury will have the primary role in assisting the Government to implement its tax reform agenda following the release on 2 May 2010 of the Government's response to the final report on Australia's Future Tax System. Key reforms will ensure Australia can meet both challenges and opportunities that arise over the coming decades.

The existing tax law continues to require regular maintenance to ensure that it operates in accordance with government policy and meets the challenges of a globalised Australian economy. To this end the Treasury will be actively engaging with the community in consulting on proposed law changes. The Treasury will also support Australia's role as Chair of the Global Forum on Transparency and Exchange of Information on Tax Matters. The Forum is working with the G-20 to promote enhanced global tax transparency and reducing international tax evasion.

The Treasury will continue to pursue sound regulatory and structural reforms aimed at improving Australia's productivity and international competitiveness, and to deepen the supply potential of the economy. This includes enhancing frameworks for competition and consumer policy, modernisation of credit regulation, and removing impediments to the efficient operation of the housing market.

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 contribute to and implement agreed recommendations from the Review into the Governance, Efficiency, Structure and Operation of Australia's Superannuation System (the Cooper Review), which is scheduled to report to the Government by 30 June 2010.

Standard Business Reporting (SBR), a multi-agency initiative led by the Treasury, will be implemented progressively from July 2010. SBR aims to reduce the compliance reporting burden experienced by business in reporting to government. Ongoing SBR functions include the operation, maintenance and governance of the SBR solution and achievement of the expected take-up targets. The Treasury will continue to lead the ongoing design and extension of the SBR capabilities, and administrative arrangements involving reporting to government.

As the economy recovers from the global financial crisis there is an ongoing need to further our understanding of the vulnerabilities in the global financial system and the implications for the real economy. The G-20 Framework for Strong, Sustainable and Balanced Growth will require the Treasury to develop a better understanding of the common policy challenges facing G-20 countries and evaluate whether the policy responses are collectively consistent with more sustainable and balanced growth. This

will involve building on the department's knowledge of international financial markets and analysis of structural changes occurring in the global economy.

In terms of regional architecture, the Treasury will focus on ensuring that regional forums remain strong despite ongoing global economic challenges. Key elements of the Treasury's strategy include linking the Asia-Pacific Economic Cooperation's (APEC's) structural reform agenda to the G-20 'rebalancing growth' priority and leveraging the active capacity building programs in both APEC and the East Asia Summit. The Treasury will devote more resources to the development of its relationship with China, and will also maintain its unique relationship with the Indonesian Ministry of Finance.

Australia's foreign investment policy remains consistent with the G-20 agreements to avoid protectionism in recognition of the importance of foreign investment for the development of the domestic economy. The Treasury will continue to work with the Foreign Investment Review Board to ensure that foreign investment is consistent with Australia's national interest.

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 continue to manage the economic recovery and meet the long-term policy challenges facing Australia.

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 administered and departmental classification.

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	76,438 ⁵	-	76,438	-
Departmental appropriation ³	-	168,506 ¹	168,506	162,512
Receipts from other sources (s31)	-	9,398 ⁴	9,398	14,530
Total departmental	76,438	177,904	254,342	177,042
Administered expenses				
Outcome 1	-	31,285 ¹	31,285	30,675 ⁷
Total administered expenses	-	31,285	31,285	30,675
Total ordinary annual services	A 76,438	209,189	285,627	207,717
Other services				
Departmental non-operating				
Equity injections	-	1,395 ²	1,395	4,521
Previous years' outputs	-	-	-	1,800
Total	-	1,395	1,395	6,321
Administered non-operating				
Administered assets and liabilities				
Outcome 1	-	162,265 ²	162,265	19,010
Total	-	162,265	162,265	19,010
Total other services	B -	163,660	163,660	25,331
Total available annual appropriations (A + B)	76,438	372,849	449,287	233,048

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2010-11 as at Budget May 2010 (continued)

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Special appropriations				
<i>Federal Financial Relations Act 2009</i>	-	66,424,219	66,424,219	61,917,722
<i>International Monetary Agreements Act 1947</i>	-	312,599	312,599	60,005
<i>Car Dealership Financing Guarantee Appropriation Act 2009</i>	-	4,500	4,500	-
<i>Asian Development Bank (Additional Subscription) Act 2009</i>	-	17,120	17,120	-
Total special appropriations	C	66,758,438	66,758,438	61,977,727
Total appropriations excluding special accounts (A+B+C)	76,438	67,131,287	67,207,725	62,210,775
Special accounts⁶				
Opening balance	1,858	-	1,858	-
Appropriation receipts	-	-	-	-
Non-appropriation receipts to special accounts	-	17,871,957	17,871,957	26,488,814
Total special account	D	17,871,957	17,873,815	26,488,814
Total resourcing (A+B+C+D)	78,296	85,003,244	85,081,540	88,699,589
Less receipts from other sources credited to special accounts	-	1,629	1,629	1,660
Total net resourcing for the Treasury	78,296	85,001,615	85,079,911	88,697,929

1. Appropriation Bill (No. 1) 2010-11.
2. Appropriation Bill (No. 2) 2010-11.
3. Includes \$6.5 million in 2010-11 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 for annual appropriations.
6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.
7. Does not include \$5.1 million estimated to be paid in 2009-10 for the Stronger, fairer, simpler tax reform – development and implementation measure.

1.3 BUDGET MEASURES

Budget measures relating to the Treasury are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Department of the Treasury 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
Council of Australian Governments reform agenda						
- additional funding	1.1	-	1,500	-	-	-
Population Strategy	1.1	-	1,250	-	-	-
St James Ethics Centre - additional funding						
	1.1	-	590	-	-	-
Standard Business Reporting - ongoing funding						
Departmental expenses	1.1	(3,158)	1,315	4,275	4,509	4,452
Administered expenses	1.10	-	2,572	-	-	-
Stronger, fairer, simpler tax reform - development and implementation						
Departmental expenses	1.1	2,998	10,846	10,276	5,174	-
Administered expenses	1.1	5,070	30,610	-	-	-
Overseas development assistance - World Bank - increased capital for the International Bank for Reconstruction and Development (IBRD)(a)						
	1.2	-	-	-	-	-
ATO compliance program - dealing with the cash economy(b)						
	1.4	-	5,700	24,100	48,900	68,000
GST						
- Government response to Board of Taxation report: GST cross-border transactions(b)						
	1.4	-	-	-	*	*
- Government response to Board of Taxation report: minor changes(b)						
	1.4	*	*	*	*	*
- Reform to the arrangement for exempting taxes, fees and charges from the GST(b)						
	1.4	-	*	*	*	*
- Reforms to the GST financial supply provisions(b)						
	1.4	-	-	-	1,000	7,000
- Reforms to the GST margin scheme(b)						
	1.4	-	-	-	-	-

Table 1.2: Department of the Treasury 2010-11 Budget measures (continued)

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
(continued)						
GST (continued)						
- Sale of boats for export within 12 months of delivery(b)	1.4	-	-	*	*	*
GST and cross-border transport supplies(b)	1.4	-
GST compliance program - working together to improve voluntary compliance(b)	1.4	-	216,900	391,900	478,200	474,300
Improvements to the Tax Running Balance Account Provisions(b)	1.4	-	-	*	*	*
National Health and Hospitals Network - Prevention - increasing the excise and excise-equivalent customs duty on tobacco products	1.4	25,000	115,000	115,000	120,000	130,000
Stronger, fairer, simpler tax - growth dividend(b)	1.4	-	-	-	32,000	62,000
Work and Holiday visa (Subclass 462) - addition of new participant countries(b)	1.4	-	2,000	2,800	2,900	3,700
Aged care assessment teams - continuation of funding	1.10	-	-	-	-	-
Building the Education Revolution - Implementation Taskforce	1.10	-	(9,434)	(3,784)	-	-
Commonwealth Heads of Government Meeting 2011	1.10	-	nfp	nfp	-	-
Drought assistance						
- Exceptional Circumstances assistance for primary producers	1.10	51,385	156,184	-	-	-
- Exceptional Circumstances assistance for small business	1.10	3,175	9,590	-	-	-
Drought policy reform - pilot of new measures in Western Australia	1.10	-	1,055	3,382	1,072	1,157
Health Workforce - supporting nurses back into the workforce - redirection of funding	1.10	-	(6,643)	(8,839)	(9,808)	(6,300)
Improving Access to Justice	1.10	-	21,950	23,061	23,274	23,410
Moorebank Intermodal Terminal - implementation strategy	1.10	-	(35,225)	(35,431)	-	-

Table 1.2: Department of the Treasury 2010-11 Budget measures (continued)

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
(continued)						
Nation Building Program						
- road infrastructure - Anthony's Cutting and Western Ring Road (continued)						
	1.10	150,000	(150,000)	-	-	-
- road infrastructure - Douglas Arterial Road						
	1.10	44,000	(14,000)	(15,000)	(15,000)	-
- road infrastructure - Holbrook Bypass						
	1.10	201,540	(55,000)	(55,000)	(55,000)	(36,540)
- road infrastructure - Ipswich Motorway						
	1.10	500,000	(391,800)	(108,200)	-	-
- road infrastructure - Superway and Northern Expressway						
	1.10	56,010	(56,010)	-	-	-
- road infrastructure - Tiger Brennan Drive						
	1.10	25,100	(25,100)	-	-	-
National Health and Hospitals Network						
- Aged care - supporting long stay older patients						
	1.10	-	-	-	-	-
- Hospitals - flexible funding for emergency departments, elective surgery and sub-acute care						
	1.10	125,000	25,000	25,000	25,000	-
- Hospitals - four hour national access target for emergency departments - facilitation and reward funding						
	1.10	-	150,000	100,000	100,000	150,000
- Hospitals - four hour national access target for emergency departments - capital funding						
	1.10	100,000	50,000	50,000	50,000	-
- Hospitals - improving access to elective surgery - capital funding						
	1.10	75,000	50,000	25,000	-	-
- Hospitals - improving access to elective surgery - facilitation and reward funding						
	1.10	-	300,000	118,000	116,000	116,000
- Hospitals - new sub-acute hospital beds						
	1.10	-	233,600	317,600	446,600	625,500
- Mental health - expanding the Early Psychosis Prevention and Intervention Centre model						
	1.10	-	5,885	5,885	5,885	5,885
- rebalancing financial responsibility in the federation						
	1.10	-	-	(38,110)	(61,695)	(77,023)

Table 1.2: Department of the Treasury 2010-11 Budget measures (continued)

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
(continued)						
National Quality Agenda for Early Childhood Education and Care - National Partnership transition support	1.10	-	7,747	13,093	21,328	19,080
Queensland Premier's Disaster Relief Appeal - Commonwealth contribution	1.10	500	-	-	-	-
Skills for Sustainable Growth - Productivity Places Program National Partnership - redirection of funding	1.10	-	-	-	-	(375,863)
Stronger, fairer, simpler tax reform - Infrastructure Fund	1.10	-	-	-	700,000	735,000
Capital measures						
Standard Business Reporting - ongoing funding(c)	1.1	(6,438)	500	583	500	583
Overseas development assistance - World Bank - increased capital for the International Bank for Reconstruction and Development (IBRD)(a)	1.2	-	-	-	-	-
James Hardie Asbestos Compensation Fund(d)	1.3	-	-	-	-	-
Revenue measures						
James Hardie Asbestos Compensation Fund(d)	1.3	-	9,362	9,910	10,490	11,104
GST compliance program - working together to improve voluntary compliance	1.4	-	68,900	86,783	90,740	91,084

- (a) This is a capital measure with an expense component.
 (b) This is a revenue measure with an expense component.
 (c) This is an expense measure with a capital component.
 (d) This is a capital measure with a revenue component.
 Prepared on a Government Financial 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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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 together with its related programs, specifying the objectives, 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;
- Australia's first comprehensive population strategy;
- 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 1 Budgeted Resources

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

Table 2.1: Budgeted Resources 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	2009-10 Estimated actual resources \$'000	2010-11 Estimated resources \$'000
Program 1.1: Department of the Treasury		
Departmental resources		
Ordinary annual services (Appropriation Bill No. 1)	162,512	168,506
Equity injections (Appropriation Bill No. 2)	4,521	1,395
Previous years' outputs	1,800	-
Revenues from independent sources (s31)	14,530	9,398
Special accounts	1,660	1,629
Administered expenses		
Other services (Appropriation Bill No. 1)	5,070	30,610
Total for Program 1.1	190,093	211,538
Program 1.2: Payments to International Financial Institutions		
Administered expenses		
Other services (Appropriation Bill No. 1)	30,000	-
Special appropriations	9,907	12,599
Administered capital		
Special appropriations	50,098	317,120
Total for Program 1.2	90,005	329,719
Program 1.3: Support for Markets and Business		
Administered expenses		
Other services (Appropriation Bill No. 1)	675	675
Special appropriations	-	4,500
Administered capital		
Administered assets and liabilities	19,010	162,265
Total for Program 1.3	19,685	167,440
Program 1.4: General Revenue Assistance		
Administered expenses		
Special appropriations	44,528,506	47,930,000
Special accounts	717,492	707,284
Total for Program 1.4	45,245,998	48,637,284
Program 1.5: Assistance to the States for Healthcare Services		
Administered expenses		
Special appropriations	11,224,185	12,036,472
Total for Program 1.5	11,224,185	12,036,472
Program 1.6: Assistance to the States for Government Schools		
Administered expenses		
Special appropriations	3,286,594	3,507,087
Total for Program 1.6	3,286,594	3,507,087

Table 2.1: Budgeted Resources for Outcome 1 (continued)

Outcome 1 (continued)	2009-10 Estimated actual resources \$'000	2010-11 Estimated resources \$'000
Program 1.7: Assistance to the States for Skills and Workforce Development		
Administered expenses		
Special appropriations	1,317,877	1,339,358
Total for Program 1.7	1,317,877	1,339,358
Program 1.8: Assistance to the States for Disabilities Services		
Administered expenses		
Special appropriations	903,686	1,052,025
Total for Program 1.8	903,686	1,052,025
Program 1.9: Assistance to the States for Affordable Housing		
Administered expenses		
Special appropriations	1,202,590	1,221,831
Total for Program 1.9	1,202,590	1,221,831
Program 1.10: National Partnership Payments to the States		
Administered expenses		
Special accounts	25,911,224	17,008,773
Total for Program 1.10	25,911,224	17,008,773
Outcome 1 Totals by appropriation type		
Administered expenses		
Other services (Appropriation Bill No. 1)	35,745	31,285
Special appropriations	62,463,438	67,103,872
Special accounts	26,638,623	17,716,057
Administered capital		
Administered assets and liabilities	19,010	162,265
Special appropriations	50,098	317,120
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	162,512	168,506
Equity injections (Appropriation Bill No. 2)	4,521	1,395
Previous years' outputs	1,800	-
Revenues from independent sources (s31)	14,530	9,398
Special accounts	1,660	1,629
Total resources for Outcome 1	89,391,937	85,511,527
	2009-10	2010-11
Average staffing level (number)	1,005	1,010

Note: Total resources for Outcome 1 reflects non-cash expenses of \$662.6 million for the GST administration fee offset by accrual expenses of \$147.3 million associated with the COAG Reform Fund Special Account.

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 resources

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

Table 2.2: Program 1.1 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Departmental items					
Ordinary annual services (Appropriation Bill No. 1)	162,512	168,506	152,874	149,476	145,617
Equity injections	4,521	1,395	583	500	583
Previous years' outputs	1,800	-	-	-	-
Receipts from other sources (s31)	14,530	9,398	9,398	9,398	9,398
Special accounts	1,660	1,629	1,629	1,629	1,629
Total departmental items	185,023	180,928	164,484	161,003	157,227
Administered items					
Tax Reform Communications	5,070	30,610	-	-	-
Total administered items	5,070	30,610	-	-	-
Total program resources	190,093	211,538	164,484	161,003	157,227

Program deliverables

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

Macroeconomic Group

In 2010-11, 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;
- the setting of sound macroeconomic policies in the current environment;
- Australia's involvement in the G-20 processes, particularly in regard to the G-20 Framework for Strong, Sustainable and Balanced Growth, to develop a better understanding of the common international policy challenges;
- supporting and reforming the international financial institutions, particularly the International Monetary Fund and World Bank;
- ongoing work with the Indonesian Government through the Australia-Indonesia Partnership for Reconstruction and Development;
- improving the linkages between the priorities of the G-20, APEC, Asia-Europe Meeting and East Asia Summit processes;
- ongoing deeper economic engagement strategies with China and India, reflecting the importance of these countries in the international economy; and
- the role the Treasury plays in government initiatives to develop well-functioning economic ministries in the south-west Pacific.

Fiscal Group

In 2010-11, 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;
- Australia's first comprehensive population strategy; and
- Commonwealth-State financial relations, including the progress of the COAG reform agenda.

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 2010-11, Revenue Group will provide advice on:

- implementation of the Government's taxation and retirement income reform agenda including introduction of a resource super profits tax, improving retirement incomes and simplifying the tax system;
- the costs and impacts of tax and retirement income proposals, measures and expenditures, including their distributional impact and overall efficiency; and
- Australia's role as Chair of the Global Forum on Transparency and Exchange of Information on Tax Matters, a modernised tax treaty network and revised international tax rules which enhance Australia's international attractiveness but address risks from harmful tax jurisdictions while furthering Australia's interests in the Pacific and Asia.

Markets Group

In 2010-11, 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 Review into the Governance, Efficiency, Structure and Operation of Australia's Superannuation System (the Cooper Review) which is scheduled to report to the Government by 30 June 2010;
- Australia's participation in international forums, including the G-20, the Financial Stability Board and the International Organization of Securities Commissions, in relation to financial system regulation, corporate governance, financial reporting and corporate insolvency;
- financial services and corporate reform matters which address emerging issues in investor 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;

- a range of initiatives that will improve the responsiveness of the supply side of the housing market;
- implementing a package of amendments to the national access regime, and building the nation's infrastructure, including a national broadband network;
- implementing the Australian Consumer Law and the National Consumer Credit Law, and continuing to develop the Phase 2 reforms of national consumer credit law;
- implementing measures to support and enhance compliance with Australia's foreign investment policy framework and responding to major foreign investment proposals by ensuring that proposed investment is not contrary to Australia's national interest;
- representing Australia's interests on investment and financial service issues in negotiating free trade agreements and the Doha Round, and, in relation to investment, in multilateral forums such as the Organisation for Economic Co-operation and Development and APEC;
- Standard Business Reporting (SBR), and lead the design and ongoing governance of SBR, including strategic directions and stakeholder take-up, international leadership, architectural and technical leadership and support, the future evolution of SBR services to support future policies and administrative arrangements, support and priority being maintained for SBR within participating agencies, and program monitoring and reporting to COAG and the Business Regulation and Competition Working Group; 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 formal and informal feedback mechanisms.
- Aimely, high-quality, accurate and transparent Budget, Mid-Year Economic and Fiscal Outlook, Pre-election 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 resources

In 2009-10, Australia provided \$30 million to the IMF Poverty Reduction and Growth Trust interest subsidy account to support increased IMF concessional lending to low-income countries.

Australia will provide a total of US\$51.6 million as a paid-in contribution to a general capital increase of the International Bank from Reconstruction and Development.

Table 2.3: Program 1.2 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Contributions to the IMF Poverty Reduction and Growth Trust	30,000	-	-	-	-
Special appropriations					
<i>International Monetary agreements Act 1947</i>	9,907	12,599	12,506	12,506	12,506
Administered capital					
Special appropriations					
<i>Asian Development Bank (Additional Subscription) Act 2009</i>	-	17,120	17,120	17,120	17,120
<i>International Monetary agreements Act 1947</i>	50,098	300,000	150,000	-	-
International Bank for Reconstruction and Development - Capital increase ¹	-	-	14,110	10,440	10,440
Total program resources	90,005	329,719	193,736	40,066	40,066

1. Legislation is expected to be introduced into parliament during the Spring sittings.

Program deliverables

Payments of subscriptions 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

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 made to eligible HIIH insurance policy holders under the HIIH Claims Support Scheme. The HIIH Claims Support Scheme is now focused on finalising remaining claims so assistance can be paid, and the claims portfolio wound-up.

Loan payments will be made to New South Wales to assist it to provide funding to the Asbestos Injuries Compensation Fund if required, to address an expected funding shortfall. This will assist the Asbestos Injuries Compensation Fund to continue to make upfront compensation payments to victims of asbestos related diseases.

Program resources

There are no changes to estimates across the forward years for the Housing Loans Insurance Company Limited.

The HIIH Claims Support Scheme is finalising remaining claims so estimates are mainly reducing into the forward years.

The Government has agreed to provide up to \$160 million to New South Wales to support a New South Wales Government loan facility to the Asbestos Injuries Compensation Fund.

It is expected that when the car dealership financing special purpose vehicle (SPV) is wound-up, a call on the Government guarantee of all non AAA-rated securities issued by the SPV will be required, in the order of \$4.5 million.

Table 2.4: Program 1.3 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Housing Loan Insurance Company Limited - payments in respect of insurance claims	675	675	675	675	675
Special appropriations					
<i>Car Dealership Financing</i> <i>Guarantee Appropriation Act 2009</i>	-	4,500	-	-	-
Administered capital					
Annual appropriations					
Loan to NSW for the James Hardie Asbestos Compensation Fund payment of assistance	-	160,000	-	-	-
HIH Claims Support Scheme - payment of assistance	19,010	2,265	12,708	4,244	-
Total program resources	19,685	167,440	13,383	4,919	675

Program deliverables

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.

Payments to New South Wales under the loan arrangements are expected to be made according to agreed schedules.

Program key performance indicators

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.

The loan facility to New South Wales is a temporary contingency measure for the provision of financing to the Asbestos Injuries Compensation Fund, where the Fund is not able to obtain financing in the short term from James Hardie under the Amended and Restated Final Funding Agreement. The facility will assist the Fund in the short-term to avoid entering into the rationing of payments to claimants.

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, the Commonwealth administers on behalf of the States, which for 2010-11 are provided without conditions for each State and Territory to spend according to their own budget priorities,
 - COAG, with the exception of Western Australia, on 20 April 2010 agreed upon significant reforms to the funding arrangements for health and hospital services through the *National Health and Hospitals Network* agreement. Under that agreement, from 1 July 2011 an agreed portion of GST payments to each State will be dedicated to health and hospital services in that State. The balance of GST payments to each State will continue to be general revenue assistance. The GST dedicated to health and hospital services is reported under program 1.5: *Assistance to the States for Healthcare Services* from 2011-12 onwards as part of *National Health and Hospitals Network* funding.
- 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 compensate for the deferral of GST revenue collected from small businesses and non-profit organisations which registered to pay and report on an annual rather than monthly or quarterly basis;
- payments for residual adjustment amounts are associated with the budget balancing assistance payments for the 2008-09 financial year (2008-09 was the final year of budget balancing assistance payments);
- 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 2010-11*.

Program resources

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Table 2.5: Program 1.4 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
GST Revenue Payments - <i>Federal Financial Relations Act 2009</i>	44,528,506	47,930,000	37,497,026	39,439,028	41,258,731
Special accounts					
COAG Reform Fund					
ACT Municipal Services	35,016	35,576	36,181	36,832	37,532
GST Compensation for Small Business Concession	(241,913)	-	-	-	-
Residual Adjustment Amounts	67,828	-	-	-	-
Reduced Royalties	50,548	44,030	43,677	58,109	49,295
Royalties	775,412	580,993	520,906	508,637	470,280
Taxation Compensation in Respect of Snowy Hydro Limited	30,601	46,685	46,685	46,685	46,685
Total program expenses	45,245,998	48,637,284	38,144,475	40,089,291	41,862,523

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.

Program resources

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Table 2.6: Program 1.5 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
National Healthcare SPP - <i>Federal Financial Relations Act 2009</i>	11,224,185	12,036,472	1,314,800	1,416,053	1,529,328
National Health and Hospitals Network funding - <i>Federal Financial Relations Act 2009 (a)</i>	-	-	25,260,660	27,279,306	29,429,387
Total program expenses	11,224,185	12,036,472	26,575,460	28,695,359	30,958,715

(a) Sourced from the National Healthcare SPP and GST dedicated to health and hospital services, other than for Western Australia.

Note: *The Federal Financial Relations Act 2009* will be amended to implement the *National Health and Hospitals Network*.

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

For 2010-11, the Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Healthcare Specific Purpose Payment (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 2011, the National Healthcare SPP and an agreed portion of GST revenue will be dedicated to health and hospital services and will be paid into the *National Health and Hospital Network* fund. 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.

This program was previously titled Assistance to the States for Government Schools. 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 resources

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Table 2.7: Program 1.6 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
National Schools SPP - Government schools <i>Federal Financial Relations Act 2009</i>	3,286,594	3,507,087	3,739,709	3,995,333	4,284,979
Total program expenses	3,286,594	3,507,087	3,739,709	3,995,333	4,284,979

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 2010-11*.

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 resources

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Table 2.8: Program 1.7 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
National Skills and Workforce Development SPP - <i>Federal Financial Relations Act 2009</i>	1,317,877	1,339,358	1,363,132	1,388,691	1,416,326
Total program expenses	1,317,877	1,339,358	1,363,132	1,388,691	1,416,326

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.

Program resources

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Table 2.9: Program 1.8 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations Act 2009</i>	903,686	1,052,025	1,208,021	1,279,656	1,353,620
Total program expenses	903,686	1,052,025	1,208,021	1,279,656	1,353,620

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 resources

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Table 2.10: Program 1.9 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations</i> <i>Act 2009</i>	1,202,590	1,221,831	1,242,603	1,264,969	1,289,004
Total program expenses	1,202,590	1,221,831	1,242,603	1,264,969	1,289,004

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 Veteran's Affairs), Education, Employment and Workplace Relations portfolio, Environment, Water, Heritage and the Arts portfolio, Families, Housing, Community Services and Indigenous Affairs portfolio, Health and Ageing portfolio, Infrastructure, Transport, Regional Development and Local Government portfolio, Prime Minister and Cabinet portfolio and the Resources, Energy and Tourism portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Program resources

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

Table 2.11: Program 1.10 resources

	Agency	2009-10	2010-11	2011-12	2012-13	2013-14
	PBS	Revised	Budget	Forward	Forward	Forward
	Program	budget		year 1	year 2	year 3
		\$'000	\$'000	\$'000	\$'000	\$'000
Special accounts						
COAG Reform Fund						
Agriculture, Fisheries and Forestry portfolio						
Exceptional Circumstances						
Assistance	1.11	349,375	168,235	-	-	-
Pilot of Drought Reform						
Measures in Western						
Australia	1.11	-	1,055	3,382	1,072	1,157
Exotic Disease Preparedness	2.2	373	392	400	414	422
Plant Disease and Eradication	2.2	4,464	-	-	-	-
Total		354,212	169,682	3,782	1,486	1,579

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Attorney-General's portfolio						
Queensland Premier's Distaster Relief Appeal - Commonwealth Contribution						
	1.2	500	-	-	-	-
Film and Literature Classifications						
	1.3	5,262	-	-	-	-
Legal Aid						
	1.3	172,619	190,797	194,784	198,083	201,540
National Disaster Resilience Program						
	1.6	47,316	25,256	25,671	26,120	26,611
National Emergency Warning System						
	1.6	15,650	-	-	-	-
Natural Disaster Relief Secure Schools Program (Government Schools)						
	1.6	371,395	576,912	80,041	80,041	80,041
Restoration of Albert Hall - Canberra						
	2.2	500	-	-	-	-
Total		614,267	792,965	300,496	304,244	308,192
Broadband, Communications and the Digital Economy portfolio						
Digital Regions Initiative Remote Indigenous Public Internet Access						
	1.2	1,612	14,531	8,707	5,575	-
Digital Regions Initiative - Local Government						
	1.2	630	2,277	2,013	2,066	2,118
	1.2	1,244	12,234	5,098	4,366	-
Total		3,486	29,042	15,818	12,007	2,118
Department of Climate Change and Energy Efficiency portfolio						
National Solar Schools Plan (Government Schools)						
	1.1	44,514	27,970	27,339	45,950	46,550
Renewable Remote Power Generation						
	1.1	54,142	14,055	-	-	-
Total		98,656	42,025	27,339	45,950	46,550
Defence portfolio						
School Pathways Program						
	1.3	2,290	943	1,855	1,704	1,286
Total		2,290	943	1,855	1,704	1,286
Defence portfolio (Department of Veterans' Affairs)						
Repatriation General Hospitals Home and community care - services for veterans						
	2.1	14,258	-	-	-	-
	2.4	17,935	18,349	7,457	7,110	6,770
Total		32,193	18,349	7,457	7,110	6,770

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Education, Employment and Workplace Relations portfolio						
Early Childhood Education - Universal Access to Early Education	1.3	88,498	97,000	297,000	447,000	460,410
Indigenous early childhood development - children and family centres	1.3	67,832	43,914	71,168	45,094	47,146
National Quality Agenda for Early Childhood Education and Care	1.3	-	7,747	13,093	21,328	19,080
TAFE Fee Waivers for Childcare Qualifications	1.3	15,185	25,022	21,546	22,029	22,741
Youth Attainment and Transitions Maximising Engagement, Attainment and Successful Transitions	2.1	18,751	37,502	37,502	37,502	18,751
Youth Attainment and Transitions Year 12 Attainment and Transition	2.1	-	-	50,000	-	50,000
Closing the Gap - Northern Territory - Supporting Remote Schools - Additional Teachers (Government Schools)	2.2	17,700	29,200	32,300	12,400	-
Closing the Gap - Northern Territory - Quality Teaching, Accelerated Literacy	2.3	15,715	16,290	12,289	-	-
Closing the Gap - Northern Territory - Teacher Housing	2.3	11,000	-	-	-	-
Trade training centres in schools (Government)	2.4	371,061	100,196	158,220	164,880	171,780
Trade training centres in schools (Non-Government)	2.4	105,880	42,941	105,480	109,920	114,520
Digital Education Revolution (Government Schools)	2.5	161,342	63,000	126,000	126,000	126,000
Digital Education Revolution (Non-Government Schools)	2.5	74,970	37,000	74,000	74,000	74,000
Smarter Schools - Literacy and Numeracy	2.6	91,000	175,000	175,000	-	-
Building the Education Revolution - National school pride (Government Schools)	2.7	626,386	-	-	-	-
Building the Education Revolution - National school pride (Non-Government Schools)	2.7	276,086	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Education, Employment and Workplace Relations portfolio (continued)						
Building the Education Revolution - Primary schools for the 21st century (Government Schools)	2.7	5,077,782	3,690,576	340,592	-	-
Building the Education Revolution - Primary School for the 21st century (Non-Government Schools)	2.7	2,319,712	1,686,097	155,623	-	-
Building the Education Revolution - Science and language centres (Government Schools)	2.7	580,231	-	-	-	-
Building the Education Revolution - Science and language centres (Non-Government Schools)	2.7	241,602	-	-	-	-
Smarter Schools - Low SES School Communities	2.8	151,818	203,258	371,032	362,908	225,771
Smarter Schools - Improving Teacher Quality	2.9	13,000	34,000	216,000	175,000	-
Pre-apprentice training	3.5	4,000	16,000	-	-	-
Better TAFE Facilities	3.5	200,000	-	-	-	-
Productivity Places Program	3.5	208,214	319,424	375,863	375,863	-
Total		10,737,765	6,624,167	2,632,708	1,973,924	1,330,199
Environment, Water, Heritage and the Arts portfolio						
Caring for our Country	1.1	107,836	138,000	138,000	138,000	-
Bioremediation and Revegetation	4.1	7,465	1,931	-	-	-
Great Artesian Basin Sustainability Initiative	4.1	11,817	15,800	16,800	15,085	15,085
The Living Murray	4.1	28,126	-	-	-	-
Water for the Future	4.1	253,051	97,212	6,500	-	-
Total		408,295	252,943	161,300	153,085	15,085
Families, Housing, Community Services and Indigenous Affairs portfolio						
Homelessness	2.2	98,835	130,501	131,501	156,501	-
Nation Building and Jobs Plan - Social Housing - First Stage Construction	2.2	545,544	-	-	-	-
Nation Building and Jobs Plan - Social Housing - Repairs and Maintenance	2.2	186,658	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Families, Housing, Community Services and Indigenous Affairs portfolio (continued)						
Nation Building and Jobs Plan - Social Housing - Second Stage Construction						
	2.2	3,035,966	1,294,000	162,000	-	-
Social Housing						
	2.2	200,000	-	-	-	-
Social Housing Subsidy Program						
	2.2	11,921	-	-	-	-
Victorian Bushfire Reconstruction and Recovery Plan						
	3.4	24,170	6,930	-	-	-
Certain Concessions For Pensioners						
	4.2	230,553	244,519	252,190	260,062	269,652
National Reciprocal Transport Concessions						
	4.2	12,418	13,179	14,231	12,500	12,500
Remote Indigenous Housing						
	7.2	617,768	412,783	463,941	478,971	746,792
Closing the Gap - Northern Territory - Community Safety - Family Support						
	7.5	5,068	5,269	5,476	-	-
Closing the Gap - Northern Territory - Field Operations						
	7.5	900	2,907	4,278	-	-
Closing the Gap - Northern Territory - Food Security						
	7.5	310	370	220	-	-
Closing the Gap - Northern Territory - Property and Tenancy Management Rent Reimbursement						
	7.5	927	3,277	4,892	-	-
Closing the Gap - Northern Territory - Remote Policing and Substance Abuse						
	7.5	31,404	48,127	47,828	-	-
Improving Policing in Very Remote Areas						
	7.5	3,010	1,000	-	-	-
Total		5,005,452	2,162,862	1,086,557	908,034	1,028,944
Health and Ageing portfolio						
National Bowel Cancer Screening Program						
	1.1	2,000	2,000	-	-	-
Essential Vaccines						
	1.5	326,158	336,592	342,473	350,466	348,602
Preventive Health - Enabling Infrastructure						
	1.6	-	5,000	2,500	2,500	2,500
Preventive Health - Healthy Children						
	1.6	-	-	32,455	64,912	97,367
Preventive Health - Healthy Workers						
	1.6	-	-	33,552	62,556	88,161
Preventive Health - Social Marketing						
	1.6	-	6,001	6,001	6,001	6,001
Victorian Cytology Service						
	1.6	6,985	7,334	7,700	8,085	8,214

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
PET Scanner at the Westmead Hospital, Sydney	3.3	1,300	1,300	1,300	1,300	1,300
PET Scanner for Calvary Mater Hospital, Newcastle	3.3	1,115	-	-	-	-
Tasmanian Health Package - PET Scanner for the Royal Hobart Hospital	3.3	3,500	-	-	-	-
Cairns base hospital chemotherapy cancer initiative	3.5	500	-	-	-	-
Cairns Integrated Cancer Centre	3.5	3,300	2,000	2,000	-	-
Lismore Integrated Cancer Centre	3.5	3,500	-	-	-	-
Tasmanian Package - Radiation Oncology Services in North / North West Tasmania	3.5	3,236	2,664	430	400	-
Upgrading Patient Accommodation for Launceston	3.5	500	500	-	-	-
Aged Care Assessment	4.1	75,567	80,809	86,861	-	-
Home and Community Care	4.4	1,199,129	1,283,410	325,171	351,089	385,263
Healthy Kids Health Checks	5.2	1,725	1,804	1,887	1,972	1,972
Tasmanian Package - Launceston Integrated Cancer Care Centre	5.2	5,000	-	-	-	-
Closing the Gap in Indigenous Health Outcomes	8.1	8,948	4,858	4,949	-	-
Indigenous Early Childhood Development Program						
Maternal and Teenage	8.1	13,946	20,287	23,014	24,046	25,707
Reducing Rheumatic Heart Fever for Indigenous Children	8.1	2,334	2,370	2,415	2,523	2,565
Satellite Renal Dialysis Facilities in Remote NT Communities	8.1	976	272	131	-	-
Sexual Assault Counselling in Remote NT Areas	8.1	1,386	1,386	1,536	-	-
Children's Cancer Centre, Adelaide	10.1	2,500	8,000	1,500	-	-
Olivia Newton-John Cancer Centre	10.1	10,000	-	-	-	-
Project funded under the Health and Hospitals Fund - national cancer system	10.1	29,175	246,397	350,236	292,281	21,726

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
Project funded under the Health and Hospitals Fund - translational research and workforce training	10.6	6,100	16,900	38,000	10,000	-
Project funded under the Health and Hospitals Fund - hospital infrastructure and other projects of significance	10.7	220,700	280,700	320,400	141,400	77,600
National Health and Hospitals Network - Mental Health - Expanding the Early Psychosis Prevention and Intervention Centre model	11.1	-	5,885	5,885	5,885	5,885
National Perinatal Depression Initiative	11.1	3,600	6,400	9,500	8,700	8,700
Northern Territory Medical School Funding contribution	12.2	-	532	1,628	2,212	2,250
Supporting Nurses Back into the Workforce - Incentive Payments	12.2	5,100	707	-	-	-
Supporting Nurses Back into the Workforce - Training Payments	12.2	1,081	-	-	-	-
Hepatitis C Settlement Fund	13.1	1,400	1,400	1,400	-	-
Organ Transplantation Services	13.1	16,197	-	-	-	-
Organ Transplantation Services - Capital	13.1	2,030	-	-	-	-
Helping public patients in public hospitals waiting for nursing homes	13.3	37,500	37,500	37,500	37,500	37,500
Commonwealth Dental Health Program	13.3	-	94,300	96,700	99,000	-
Health Care Grants for the Torres Strait	13.3	3,791	3,969	4,166	4,365	4,365
Hospital and Health Workforce Reform - Activity Based Funding	13.3	-	-	41,400	55,520	-
National Health and Hospitals Network - improving access to elective surgery - capital funding	13.3	75,000	50,000	25,000	-	-
National Health and Hospitals Network - improving access to elective surgery - facilitation and reward funding	13.3	-	300,000	118,000	116,000	116,000
National Health and Hospitals Network - elective surgery waiting list reduction plan	13.3	102,000	268,000	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
National Health and Hospitals Network - new sub-acute hospital beds	13.3	-	233,600	317,600	446,600	625,500
National Health and Hospitals Network - Flexible Funding for Emergency Departments, Elective Surgery and Sub-Acute Care	13.3	125,000	25,000	25,000	25,000	-
National Health and Hospitals Network - four hour national access target for Emergency Departments - capital funding	13.3	100,000	50,000	50,000	50,000	-
National Health and Hospitals Network - four hour national access target for Emergency Departments - facilitation and reward funding	13.3	-	150,000	100,000	100,000	150,000
Tasmanian Health Package - Patient Transport and Accommodation Services	13.3	2,300	2,300	1,150	-	-
Upgrading Chemotherapy and cancer facilities in North West Tasmania	13.3	400	400	600	-	-
Royal Darwin Hospital - Equipped, Prepared, and Ready	14.1	13,974	14,212	14,481	14,756	14,992
Human Quarantine Services	14.2	104	106	108	110	112
OzFoodNet	14.2	1,563	1,598	1,628	1,644	1,671
Pneumococcal Disease Surveillance	14.2	158	160	164	166	169
Torres Strait Islander Health Protection Strategy	14.2	878	895	913	929	944
Vaccine-Preventable Diseases Surveillance	14.2	569	586	602	619	629
World Sailing Championships	15.1	3,000	2,000	3,600	-	-
Total		2,425,225	3,560,134	2,441,536	2,288,537	2,035,695
Infrastructure, Transport, Regional Development and Local Government portfolio						
Building Australia fund - Rail Projects	1.1	411,000	500,100	918,200	1,175,400	938,000
Building Australia Fund - Road Projects	1.1	-	312,000	615,000	1,055,000	229,000
Federation Fund Projects	1.1	1,000	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Infrastructure, Transport, Regional Development and Local Government portfolio (continued)						
Nation Building Plan for the Future - Major Cities - Rail	1.1	27,000	30,200	60,600	101,200	37,000
Nation Building Plan for the Future - Major Cities - Road	1.1	5,000	27,100	28,900	-	-
Nation Building Program - Black Spot Projects	1.1	119,500	59,500	59,500	59,500	59,500
Nation Building Program - Boom Gates for Rail Crossings	1.1	66,865	-	-	-	-
Nation Building Program - Heavy Vehicle Safety	1.1	20,000	20,000	20,000	-	-
Nation Building Program - Improving the National Network	1.1	247,148	-	-	-	-
Nation Building Program - Off-Network Projects	1.1	250,548	135,494	126,388	135,624	108,308
Nation Building Program - Off-Network Supplementary	1.1	6,457	-	-	-	-
Nation Building Program Investment - Rail	1.1	52,452	100,863	62,185	58,159	57,992
Nation Building Program Investment - Road	1.1	3,727,494	1,896,478	2,803,804	2,966,173	2,798,704
Interstate Road Transport Fort Street High School - Noise Insulation	2.2 2.4	60,015 4,000	68,835 6,000	71,588 4,500	74,451 -	77,428 -
Jobs Fund - Infrastructure Employment Projects	3.1	14,500	27,000	-	-	-
East Kimberley Development - Education Related payments	3.2	26,700	27,490	4,210	-	-
East Kimberley Development - Health Related payments	3.2	19,940	20,330	3,330	-	-
East Kimberley Development - Indigenous Housing	3.2	25,000	20,640	4,360	-	-
East Kimberley Development - Package - Infrastructure Related payments	3.2	2,250	5,800	1,450	-	-
Local Government Reform Fund	3.2	12,000	12,000	-	-	-
Total		5,098,869	3,269,830	4,784,015	5,625,507	4,305,932
Prime Minister and Cabinet portfolio						
Commonwealth Heads of Government Meeting 2011 Perth	1.5	-	nfp	nfp	-	-
Total		-	nfp	nfp	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Resources, Energy and Tourism portfolio						
Environment Management of the Former Rum Jungle mine site	2.0	1,974	1,200	3,528	346	-
Total		1,974	1,200	3,528	346	-
Treasury portfolio						
First Home Owners Boost	1.10	1,120,717	78,724	9,700	-	-
Infrastructure Fund	1.10	-	-	-	700,000	735,000
Seamless National Economy	1.10	-	-	200,000	250,000	-
Standard Business Reporting	1.10	7,823	5,907	-	-	-
Total		1,128,540	84,631	209,700	950,000	735,000
Total program expenses		25,911,224	17,008,773	11,676,091	12,271,934	9,817,350

Note: These items can also be found in Budget Paper No. 3, *Australia's Federal Relations 2010-11*.

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 any authorisations 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 2010-11. 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 Treasury does not have any movement of annual administered appropriations 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 Treasury.

Table 3.1.2: Estimates of special account cash flows and balances

	Opening balance	Receipts non- appropriated	Receipts appropriated	Payments	Closing balance
	2010-11	2010-11	2010-11	2010-11	2010-11
	2009-10	2009-10	2009-10	2009-10	2009-10
	Outcome	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account(D)	1	1,858	1,629	-	1,629
		1,858	1,660	-	1,858
COAG Reform Fund Special Account(A)	1	-	17,870,328	-	17,870,328
		-	26,487,154	-	26,487,154
Financial System Stability Special Account(A)	1	-	-	-	-
Other Trust Moneys Account(D)	1	-	-	-	-
Services for other Governments and Non-agency Bodies Account(DI)	1	-	-	-	-
Total special accounts					
2010-11 Budget estimate		1,858	17,871,957	-	17,871,957
Total special accounts 2009-10 estimate actual		1,858	26,488,814	-	26,488,814

(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 2010-11.

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	119,471	116,716	108,530	106,039	103,170
Supplier	42,769	40,965	37,908	37,012	35,984
Grants	2,330	2,420	1,080	1,080	1,080
Depreciation and amortisation	8,154	9,075	9,036	9,035	9,031
Finance costs	45	-	-	-	-
Other	8,873	8,873	8,822	8,811	8,811
Total expenses	181,642	178,049	165,376	161,977	158,076
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	14,240	9,108	9,108	9,108	9,108
Other revenue	290	290	290	290	290
Total revenue	14,530	9,398	9,398	9,398	9,398
Gains					
Other gains	530	530	530	530	530
Total gains	530	530	530	530	530
Total own-source income	15,060	9,928	9,928	9,928	9,928
Net cost of (contribution by) services	166,582	168,121	155,448	152,049	148,148
Appropriation revenue	165,939	159,046	146,412	143,014	139,117
Surplus (deficit) attributable to the Australian Government	(643)	(9,075)	(9,036)	(9,035)	(9,031)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	(643)	(9,075)	(9,036)	(9,035)	(9,031)
Plus non-appropriated expenses depreciation and amortisation expenses	643	9,075	9,036	9,035	9,031
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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	724	724	724	724	724
Trade and other receivables	79,460	81,460	83,460	85,460	87,460
Total financial assets	80,184	82,184	84,184	86,184	88,184
Non-financial assets					
Land and buildings	9,408	8,384	7,360	6,336	5,312
Infrastructure, plant and equipment	9,809	12,019	12,268	14,518	16,772
Intangibles	22,610	20,206	18,990	15,691	12,513
Other	1,042	1,042	1,042	1,042	1,042
Total non-financial assets	42,869	41,651	39,660	37,587	35,639
Total assets	123,053	123,835	123,844	123,771	123,823
LIABILITIES					
Interest bearing liabilities					
Leases	233	233	233	233	233
Total interest bearing liabilities	233	233	233	233	233
Provisions					
Employees	39,687	41,687	43,687	45,687	47,687
Total provisions	39,687	41,687	43,687	45,687	47,687
Payables					
Suppliers	3,853	3,853	3,853	3,853	3,853
Other	4,991	4,991	4,991	4,991	4,991
Total payables	8,844	8,844	8,844	8,844	8,844
Total liabilities	48,764	50,764	52,764	54,764	56,764
Net assets	74,289	73,071	71,080	69,007	67,059
EQUITY					
Parent entity interest					
Contributed equity	38,764	46,621	53,666	60,628	67,711
Reserves	5,246	5,246	5,246	5,246	5,246
Retained surpluses or accumulated deficits	30,279	21,204	12,168	3,133	(5,898)
Total equity	74,289	73,071	71,080	69,007	67,059
Current assets	81,226	83,226	85,226	87,226	89,226
Non-current assets	41,827	40,609	38,618	36,545	34,597
Current liabilities	44,863	46,703	48,543	50,383	52,223
Non-current liabilities	3,901	4,061	4,221	4,381	4,541

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	14,240	9,108	9,108	9,108	9,108
Appropriations	163,272	157,046	144,412	141,014	137,117
Other	290	290	290	290	290
Total cash received	177,802	166,444	153,810	150,412	146,515
Cash used					
Employees	117,471	114,716	106,530	104,039	101,170
Suppliers	51,112	49,308	46,200	45,293	44,265
Grants	2,330	2,420	1,080	1,080	1,080
Borrowing costs	45	-	-	-	-
Total cash used	170,958	166,444	153,810	150,412	146,515
Net cash from or (used by) operating activities	6,844	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	12,008	7,857	7,045	6,962	7,083
Total cash used	12,008	7,857	7,045	6,962	7,083
Net cash from or (used by) investing activities	(12,008)	(7,857)	(7,045)	(6,962)	(7,083)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,521	7,857	7,045	6,962	7,083
Total cash received	4,521	7,857	7,045	6,962	7,083
Net cash from or (used by) financing activities	4,521	7,857	7,045	6,962	7,083
Net increase or (decrease) in cash held	(643)	-	-	-	-
Cash at the beginning of the reporting period	1,367	724	724	724	724
Cash at the end of the reporting period	724	724	724	724	724

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	30,279	5,246	-	38,764	74,289
Adjusted opening balance	30,279	5,246	-	38,764	74,289
Comprehensive income					
Surplus (deficit) for the period	(9,075)	-	-	-	(9,075)
Total comprehensive income recognised directly in equity	(9,075)	-	-	-	(9,075)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,395	1,395
Appropriation (departmental capital budget)	-	-	-	6,462	6,462
Total transactions with owners	-	-	-	7,857	7,857
Estimated closing balance as at 30 June 2011	21,204	5,246	-	46,621	73,071

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	6,462	6,462	6,462	6,500
Total equity injections	4,521	1,395	583	500	583
Previous years' outputs	1,800	-	-	-	-
Total capital appropriations	6,321	7,857	7,045	6,962	7,083
Represented by:					
Purchase of non-financial assets	4,521	7,857	7,045	6,962	7,083
Other	1,800	-	-	-	-
Total represented by	6,321	7,857	7,045	6,962	7,083
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	4,521	1,395	583	500	583
Funded by capital appropriation - DCB	-	6,462	6,462	6,462	6,500
Funded internally from departmental resources	7,487	-	-	-	-
TOTAL	12,008	7,857	7,045	6,962	7,083

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	19,067	16,408	29,800	65,275
less Accumulated depreciation/amortisation	9,659	6,599	7,190	-
Opening net book balance	9,408	9,809	22,610	65,275
Asset movements				
Additions	500	4,000	3,357	7,857
less Depreciation/amortisation expense	1,524	1,790	5,761	9,075
Total asset movements	(1,024)	2,210	(2,404)	(1,218)
As at 30 June 2011				
Gross book value	19,567	20,408	33,157	73,132
less Accumulated depreciation/amortisation	11,183	8,389	12,951	32,523
Closing net book balance	8,384	12,019	20,206	40,609

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Goods and services	1,963,067	2,143,106	1,865,997	1,536,492	1,295,367
Interest	2,474	12,875	13,959	14,704	15,264
Dividends	5,977,000	-	-	-	771,000
Nation Building and COAG transfers	3,745,240	3,190,970	2,648,527	2,932,452	1,532,274
Other sources of non-taxation revenues	242,666	18,100	18,100	2,500	2,500
Total non-taxation	11,930,447	5,365,051	4,546,583	4,486,148	3,616,405
Total revenue administered on behalf of government	11,930,447	5,365,051	4,546,583	4,486,148	3,616,405
Gains					
Foreign exchange	481,955	-	-	-	-
Total gains administered on behalf of government	481,955	-	-	-	-
Total income administered on behalf of government	12,412,402	5,365,051	4,546,583	4,486,148	3,616,405
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	89,172,154	84,859,830	84,057,491	89,085,233	91,082,517
Interest	9,851	14,146	12,444	12,506	12,506
Other	10,245	31,285	675	675	675
Losses					
Foreign exchange losses	-	9,768	-	-	-
Total expenses administered on behalf of government	89,192,250	84,915,029	84,070,610	89,098,414	91,095,698

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	8,230	8,230	8,230	8,230	8,230
Advances and loans	-	169,362	179,272	189,762	200,866
Receivables	5,286,948	2,510,693	1,482,969	797,946	310,362
Investments	25,422,988	25,225,140	25,282,051	25,335,292	25,388,533
Total financial assets	30,718,166	27,913,425	26,952,522	26,331,230	25,907,991
Total assets administered on behalf of government	30,718,166	27,913,425	26,952,522	26,331,230	25,907,991
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	4,830,521	3,906,415	3,782,096	3,807,777	3,833,458
Other	5,391,102	5,161,847	5,161,847	5,161,847	5,161,847
Total interest bearing liabilities	10,221,623	9,068,262	8,943,943	8,969,624	8,995,305
Provisions					
Other provisions	79	79	79	79	79
Total provisions	79	79	79	79	79
Payables					
Grants and subsidies	515,446	413,618	422,371	420,739	373,640
Other payables	3,766,708	2,402,992	1,403,365	734,453	282,276
Total payables	4,282,154	2,816,610	1,825,736	1,155,192	655,916
Total liabilities administered on behalf of government	14,503,856	11,884,951	10,769,758	10,124,895	9,651,300

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	1,355,899	1,497,942	1,209,776	859,554	632,617
Interest	2,516	3,454	3,957	4,160	4,160
Dividends	5,227,000	750,000	-	-	771,000
Nation Building and COAG transfers	10,218,847	10,132,032	10,128,344	11,004,222	10,247,908
Other	242,695	18,100	18,100	2,500	2,500
Total cash received	17,046,957	12,401,528	11,360,177	11,870,436	11,658,185
Cash used					
Grant payments	94,890,622	91,237,901	90,831,375	96,461,288	99,147,093
Interest paid	9,907	12,599	12,506	12,506	12,506
Other	24,755	33,550	13,383	4,919	675
Total cash used	94,925,284	91,284,050	90,857,264	96,478,713	99,160,274
Net cash from or (used by) operating activities	(77,878,327)	(78,882,522)	(79,497,087)	(84,608,277)	(87,502,089)
INVESTING ACTIVITIES					
Cash used					
Purchase of equity instruments	50,098	317,120	181,230	27,560	27,560
Advances and loans	-	160,000	-	-	-
Other	-	4,500	-	-	-
Total cash used	50,098	481,620	181,230	27,560	27,560
Net cash from or (used by) investing activities	(50,098)	(481,620)	(181,230)	(27,560)	(27,560)
FINANCING ACTIVITIES					
Cash received					
Other	4,845,258	-	-	-	-
Total cash received	4,845,258	-	-	-	-
Net cash from or (used by) financing activities	4,845,258	-	-	-	-
Net increase or (decrease) in cash held	(73,083,167)	(79,364,142)	(79,678,317)	(84,635,837)	(87,529,649)
Cash at beginning of reporting period	8,230	8,230	8,230	8,230	8,230
Cash from Official Public Account - appropriations	88,501,760	84,824,593	83,558,662	88,434,488	90,472,185
Cash to Official Public Account	15,418,593	5,460,451	3,880,345	3,798,651	2,942,536
Cash at end of reporting period	8,230	8,230	8,230	8,230	8,230

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Administered assets and liabilities	19,010	162,265	12,708	4,244	-
Special appropriations	50,098	317,120	181,230	27,560	27,560
Total capital appropriations	69,108	479,385	193,938	31,804	27,560
Represented by:					
International Financial Institutions	50,098	477,120	181,230	27,560	27,560
Other	19,010	2,265	12,708	4,244	-
Total represented by	69,108	479,385	193,938	31,804	27,560

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.

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AUSTRALIAN BUREAU OF STATISTICS

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Bureau of Statistics (ABS) is Australia's 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 Statistical 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 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;
- a wider range of sources of statistical data driving a need to ensure that the overall national statistical service is coordinated and the ABS's role is clearly defined;

- 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 (within a climate of 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 origins. The table summarises how resources will be applied by outcome and departmental classification.

Table 1.1: Australian Bureau of Statistics resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental appropriations				
Prior year departmental carried forward	43,479 ⁵	-	43,479	-
Departmental appropriation ⁴	-	398,904 ¹	398,904	327,928
Receipts from other sources (s31)	-	39,386 ³	39,386	29,625
Total ordinary annual services A	43,479	438,290	481,769	357,553
Other services				
Departmental non-operating				
Equity injections	-	623 ²	623	1,303
Total other services B	-	623	623	1,303
Total available annual appropriations (A+B)	43,479	438,913	482,392	358,856
Special accounts				
Opening balance	-	-	-	-
Non-appropriation receipts to special accounts	-	-	-	3
Total special account C	-	-	-	3
Total net resourcing for the ABS (A+B+C)	43,479	438,913	482,392	358,859

1. Appropriation Bill (No. 1) 2010-11.

2. Appropriation Bill (No. 2) 2010-11.

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

4. Includes \$44.1 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

1.3 BUDGET MEASURES

The ABS does not have any Budget measures for 2010-11.

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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 2010-11 to 2012-13 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 our region through the implementation of 'ABS's leadership role in International Statistics' strategy.

Outcome 1 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for the ABS.

Table 2.1: Budgeted expenses and resources 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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Australian Bureau of Statistics		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	327,928	354,851
Revenues from independent sources (s31)	29,774	39,391
Expenses not requiring appropriation in Budget year	220	33,164
less Revenue carried forward	18,800	-
Total expenses for Outcome 1	339,122	427,406
	2009-10	2010-11
Average staffing level (number)	2,600	2,830

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 2010-11 and 2011-12 are predominately due to the 2011 Census cyclical funding, existing budget measures and rendering of services.

Table 2.2 Program expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	339,122	427,406	615,916	369,142	346,653
Total departmental expenses	339,122	427,406	615,916	369,142	346,653

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;
- prepare for the 2011 Census of Population and Housing;
- 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; and

- 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; and
- 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 budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

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* 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 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	-	-	-	-
	138	3	141	-	-
Total special accounts 2010-11 Budget estimate	-	-	-	-	-
Total special accounts 2009-10 estimate actual	138	3	141	-	-

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 2010-11 Budget year, 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

Budgeted departmental income statement

There are no significant changes to the 2010-11 budgeted departmental income statement (Table 3.2.1) since the 2009-10 Portfolio Additional Estimates Statements.

The increase in appropriation in 2010-11 reflects changes in activity relating to the Census program. The increase in the forward estimates is due to the build-up of 2011 Census activities.

Goods and services revenue in 2010-11 and the forward years reflects the expected services to be rendered, with the increase being primarily due to new work funded by the Department of Health and Ageing.

Budgeted departmental balance sheet

The main change in the 2010-11 budgeted departmental balance sheet (Table 3.2.2) relates to contributed equity and retained surpluses due to the recent changes in capital funding for asset acquisitions and depreciation expenses funding as a result of Operation Sunlight.

Loan

The ABS received a loan to partially fund the fitout of the ABS's new national office accommodation. This will be fully repaid during 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	222,673	269,056	432,781	243,115	226,732
Supplier	86,974	125,061	145,026	88,332	82,226
Depreciation and amortisation	29,044	32,944	37,633	37,195	37,195
Finance costs	167	65	-	-	-
Other	264	280	476	500	500
Total expenses	339,122	427,406	615,916	369,142	346,653
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	29,774	39,391	48,388	35,203	29,939
Total revenue	29,774	39,391	48,388	35,203	29,939
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	29,994	39,611	48,608	35,423	30,159
Net cost of (contribution by) services	309,128	387,795	567,308	333,719	316,494
Appropriation revenue	327,928	354,851	529,675	296,524	279,299
Surplus (deficit) attributable to the Australian Government	18,800	(32,944)	(37,633)	(37,195)	(37,195)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2012-13 \$'000
Operating result attributable to the Australian Government	18,800	(32,944)	(37,633)	(37,195)	(37,195)
Plus non-appropriated expenses depreciation and amortisation expenses	-	32,944	37,633	37,195	37,195
Operating result attributable to the ABS	18,800	-	-	-	-

Note: Changes in appropriation funding for deprecation and amortisation expenses will commence on 1 July 2010.

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,797	2,792	2,792	2,792	2,792
Trade and other receivables	46,911	49,031	58,102	49,385	48,174
Accrued revenues	156	141	141	141	141
Total financial assets	49,864	51,964	61,035	52,318	51,107
Non-financial assets					
Infrastructure, plant and equipment	41,355	45,503	43,561	35,775	34,555
Inventories	39	64	64	64	64
Intangibles	94,428	102,012	104,577	103,220	99,219
Other non-financial assets	8,671	8,994	6,014	7,997	7,997
Total non-financial assets	144,493	156,573	154,216	147,056	141,835
Total assets	194,357	208,537	215,251	199,374	192,942
LIABILITIES					
Interest bearing liabilities					
Loans	1,699	-	-	-	-
Leases	6,582	4,249	1,258	1,258	1,258
Total interest bearing liabilities	8,281	4,249	1,258	1,258	1,258
Provisions					
Employees	79,816	84,172	91,062	88,810	90,844
Total provisions	79,816	84,172	91,062	88,810	90,844
Payables					
Suppliers	18,865	18,644	18,692	19,331	16,086
Other	17,590	19,935	22,081	16,959	16,959
Total payables	36,455	38,579	40,773	36,290	33,045
Total liabilities	124,552	127,000	133,093	126,358	125,147
Net assets	69,805	81,537	82,158	73,016	67,795
EQUITY					
Contributed equity	19,596	64,272	102,528	130,580	162,554
Reserves	17,188	17,188	17,188	17,188	17,188
Retained surpluses or accumulated deficits	33,021	77	(37,558)	(74,752)	(111,947)
Total equity	69,805	81,537	82,158	73,016	67,795
Current assets	44,089	47,305	48,829	45,227	43,768
Non-current assets	150,268	161,232	166,422	154,147	149,174
Current liabilities	91,022	92,811	97,264	92,342	91,457
Non-current liabilities	33,530	34,189	35,829	34,016	33,690

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	29,511	39,363	48,388	36,088	29,939
Appropriations	319,616	355,469	524,558	309,990	283,210
Net GST received	7,779	11,798	12,585	6,949	6,686
Other cash received	114	23	-	-	-
Total cash received	357,020	406,653	585,531	353,027	319,835
Cash used					
Employees	225,063	268,452	431,500	245,365	224,697
Suppliers	84,620	121,587	138,091	97,613	85,352
Borrowing costs	167	65	-	-	-
Net GST paid	10,298	14,675	15,564	9,649	9,386
Other cash used	263	280	476	500	500
Total cash used	320,411	405,059	585,631	353,127	319,935
Net cash from or (used by) operating activities	36,609	1,594	(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	34,891	44,676	38,256	28,052	31,974
Total cash used	34,891	44,676	38,256	28,052	31,974
Net cash from or (used by) investing activities	(34,791)	(44,576)	(38,156)	(27,952)	(31,874)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,303	44,676	38,256	28,052	31,974
Total cash received	1,303	44,676	38,256	28,052	31,974
Cash used					
Repayments of debt	1,609	1,699	-	-	-
Total cash used	1,609	1,699	-	-	-
Net cash from or (used by) financing activities	(306)	42,977	38,256	28,052	31,974
Net increase or (decrease) in cash held	1,512	(5)	-	-	-
Cash at the beginning of the reporting period	1,285	2,797	2,792	2,792	2,792
Cash at the end of the reporting period	2,797	2,792	2,792	2,792	2,792

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	33,021	17,188	-	19,596	69,805
Adjusted opening balance	33,021	17,188	-	19,596	69,805
Comprehensive income					
Surplus (deficit) for the period	(32,944)	-	-	-	(32,944)
Total comprehensive income recognised directly in equity	(32,944)	-	-	-	(32,944)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	623	623
Appropriation (departmental capital budget)	-	-	-	44,053	44,053
Total transactions with owners	-	-	-	44,676	44,676
Estimated closing balance as at 30 June 2011	77	17,188	-	64,272	81,537

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	44,053	37,773	27,937	31,859
Total equity injections	1,303	623	483	115	115
Total capital appropriations	1,303	44,676	38,256	28,052	31,974
Represented by:					
Purchase of non-financial assets	1,303	44,676	38,256	28,052	31,974
Total represented by	1,303	44,676	38,256	28,052	31,974
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,303	623	483	115	115
Funded by capital appropriation - DCB	-	44,053	37,773	27,937	31,859
Funded internally from departmental resources	33,588	-	-	-	-
TOTAL	34,891	44,676	38,256	28,052	31,974

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	54,174	198,778	252,952
less Accumulated depreciation/amortisation	-	12,819	104,350	117,169
Opening net book balance	-	41,355	94,428	135,783
Asset movements				
Additions	-	18,776	25,900	44,676
less Depreciation/amortisation expense	-	14,628	18,316	32,944
Total asset movements	-	4,148	7,584	11,732
As at 30 June 2011				
Gross book value	-	72,950	224,678	297,628
less Accumulated depreciation/amortisation	-	27,447	122,666	150,113
Closing net book balance	-	45,503	102,012	147,515

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.

Goods and services

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

Other

This category includes resources received free of charge.

Expenses

Employees

This includes wages and salaries, superannuation, provision for annual leave and long service leave, and workers compensation. Employee entitlements are based on leave patterns of ABS employees. Accrued salaries and employer superannuation contributions are based on daily salary 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).

Other

This category includes prepayments.

Interest bearing liabilities

Loans

The ABS received a loan of \$13.2 million in 2001-02. This loan was used to partially fund the fitout of the ABS'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 will be fully repaid during 2010-11.

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

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

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 regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

Further to the approval and establishment of the new National Broadband Network Company (NBN Co.), the ACCC has been given an oversight role with respect to both the NBN Co.'s operation and access to the NBN itself. The ACCC will play an integral part in the consultative processes associated with the regulatory regime for the NBN as well as the necessary changes to the existing telecommunications regulatory regime through the provision of advice on competition and pricing issues.

A further significant measure for the ACCC is the implementation of the unfair contract terms provisions of the Australian Consumer Law. Under this measure, the ACCC is required to generate compliance with the new unfair contract terms provisions and undertake consultation with industry and consumer stakeholders on the structure and content of the unfair contract terms guidance. To aid consistency, the ACCC's compliance campaign will involve considerable liaison, coordination and cooperation with the Australian Securities and Investments Commission as well as State and Territory agencies.

Laws recently passed by the Australian Parliament introduce new civil cartel prohibitions and, for the first time, a criminal cartel offence. The ACCC will continue to be responsible for the investigation of alleged cartel conduct and will work closely with the Commonwealth Director of Public Prosecutions in relation to matters that may be subject to a referral.

Reforms to gas and electricity market regulation continue. 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.

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 and creeping acquisitions, 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 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	26,389 ⁴	-	26,389	-
Departmental appropriation ⁶	-	147,304 ¹	147,304	138,930
Receipts from other sources (s31)	-	500 ³	500	500
Total ordinary annual services	A 26,389	147,804	174,193	139,430
Other services				
Departmental non-operating				
Equity injections	26,856	40 ²	26,896	61
Previous years' outputs	-	-	-	2,324
Total other services	B 26,856	40	26,896	2,385
Total available annual appropriations (A+B)	53,245	147,844	201,089	141,815
Special accounts				
Opening balance ⁵	760	-	760	-
Non-appropriation receipts to special accounts	-	100	100	708
Total special account	C 760	100	860	708
Total net resourcing for ACCC (A+B+C)	54,005	147,944	201,949	142,523

1. Appropriation Bill (No. 1) 2010-11.

2. Appropriation Bill (No. 2) 2010-11.

3. Receipts received under s31 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. For further detail on special accounts see Table 3.1.2.

6. Includes \$2.5 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

Third Party Payments from and on behalf of other agencies

	2010-11 \$'000	2009-10 \$'000
Payments made on behalf of the National Competition Council (NCC)	2,772	2,806

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 2010-11* and are summarised below.

Table 1.2: Australian Competition and Consumer Commission 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
Implementation of Unfair Contract Terms Provisions of the Australian Consumer Law						
	1.1	596	1,170	1,163	1,171	1,179
NBN Co Limited - regulatory framework						
	1.1	3,367	5,832	5,851	4,483	4,513
Petrol Commissioner and formal monitoring of petrol prices - continuation						
	1.1	-	2,070	2,082	-	-
Total expense measures		3,367	7,902	7,933	4,483	4,513

Prepared on a Government Financial 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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources for Outcome 1

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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Australian Competition and Consumer Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	138,930	140,842
Revenues from independent sources (s31)	500	500
Expenses not requiring appropriation in the Budget year	2,112	3,540
Previous years' outputs	3,962	-
Total expenses for Outcome 1	145,504	144,882
	2009-10	2010-11
Average staffing level (number)	756	778

Contributions to Outcome 1

Program 1.1: Australian Competition and Consumer Commission

Program objectives

The ACCC program objective is to administer the TPA, 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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	145,504	144,882	141,042	139,147	140,317
Total departmental expenses	145,504	144,882	141,042	139,147	140,317

Program deliverables

From promoting vigorous, lawful competition and informed markets (TPA Parts IV, VII, XIA) and encouraging fair trading, protection of consumers and product safety (TPA Parts IVA, IVB, V, VA, VC, *Trade Marks Act 1995* and *Copyright Act 1968*), the ACCC has the following deliverables:

- 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 TPA);
- assessment of mergers within statutory and organisational timelines and in accordance with published guidelines;
- publication on accc.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;
- complaints and inquiries (telephone calls, correspondence and emails) responded to within organisational guidelines (7-28 days, depending on the nature of the complaint or inquiry); 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 (TPA 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 deliverables:

- 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.

Program key performance indicators

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

- 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; and
- 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 TPA 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 key performance indicators:

- 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.

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 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

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 2010-11	Receipts 2010-11	Payments 2010-11	Adjustments 2010-11	Closing balance 2010-11
		<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	760 52	100 708	808 -	- -	52 760
Services for other Governments and Non-agency Bodies Account	1	- -	- -	- -	- -	- -
Total special accounts 2010-11 Budget estimate		760	100	808	-	52
Total special accounts 2009-10 estimate actual		52	708	-	-	760

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 2010-11 budget year and estimated actual for 2009-10 for comparative purposes.

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

An analysis of the ACCC's budgeted financial statements as reflected in the budgeted departmental financial statements and administered schedules for 2010-11 is provided below.

Departmental

Comprehensive Income Statement

The ACCC is budgeting for a break even result for 2010-11 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 beginning in the 2010-11 Budget.

Operating revenues

Total appropriation revenue for 2010-11 is estimated to be \$140.8 million, a decrease of \$2.1 million from the 2009-10 estimated actual. This is primarily due to the movement to net cash arrangements from 2010-11 onwards whereby funding will no longer be provided for depreciation.

Operating expenses

Total expenses in 2010-11 are estimated to be \$144.9 million. This is a decrease of \$0.6 million from the 2009-10 estimated actual.

Balance Sheet

The ACCC's budgeted net asset position of \$42.7 million represents a decrease of \$0.9 million from the 2009-10 estimated actual.

The total assets are expected to be \$74.0 million, a decrease of \$1.6 million from 2009-10 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 \$19.6 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	79,056	82,617	80,892	79,971	80,622
Supplier	63,005	58,800	56,682	55,707	56,226
Depreciation and amortisation	3,443	3,465	3,468	3,469	3,469
Total expenses	145,504	144,882	141,042	139,147	140,317
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
Write-down of debt liabilities	2,037	-	-	-	-
Total gains	2,112	75	75	75	75
Total own-source income	2,612	575	575	575	575
Net cost of (contribution by) services	142,892	144,307	140,467	138,572	139,742
Appropriation revenue	142,892	140,842	136,999	135,103	136,273
Surplus (deficit) attributable to the Australian Government	-	(3,465)	(3,468)	(3,469)	(3,469)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	-	(3,465)	(3,468)	(3,469)	(3,469)
Plus non-appropriated expenses depreciation and amortisation expenses	-	3,465	3,468	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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,896	1,783	1,783	1,783	1,783
Trade and other receivables	50,121	49,526	49,526	49,526	49,526
Total financial assets	52,017	51,309	51,309	51,309	51,309
Non-financial assets					
Land and buildings	14,123	13,311	11,874	10,437	9,000
Infrastructure, plant and equipment	6,096	6,143	6,571	6,972	7,373
Inventories	28	28	28	28	28
Intangibles	2,088	1,928	2,023	2,130	2,237
Other	1,304	1,304	1,304	1,304	1,304
Total non-financial assets	23,639	22,714	21,800	20,871	19,942
Total assets	75,656	74,023	73,109	72,180	71,251
LIABILITIES					
Provisions					
Employees	19,604	19,604	19,604	19,604	19,604
Other	3,044	3,044	3,044	3,044	3,044
Total provisions	22,648	22,648	22,648	22,648	22,648
Payables					
Suppliers	5,472	5,472	5,472	5,472	5,472
Other	3,913	3,205	3,205	3,205	3,205
Total payables	9,385	8,677	8,677	8,677	8,677
Total liabilities	32,033	31,325	31,325	31,325	31,325
Net assets	43,623	42,698	41,784	40,855	39,926
EQUITY					
Contributed equity	40,102	42,642	45,196	47,756	50,316
Reserves	3,538	3,538	3,538	3,538	3,538
Retained surpluses or accumulated deficits	(17)	(3,482)	(6,950)	(10,439)	(13,928)
Total equity	43,623	42,698	41,784	40,855	39,926
Current assets	52,669	51,961	51,961	51,961	51,961
Non-current assets	22,987	22,062	21,148	20,219	19,290
Current liabilities	9,385	8,677	8,677	8,677	8,677
Non-current liabilities	22,648	22,648	22,648	22,648	22,648

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	500	500	500	500	500
Appropriations	149,800	141,437	136,999	135,103	136,273
Other	708	100	-	-	-
Total cash received	151,008	142,037	137,499	135,603	136,773
Cash used					
Employees	79,056	82,617	80,892	79,971	80,622
Suppliers	62,930	58,725	56,607	55,632	56,151
Other	-	808	-	-	-
Total cash used	141,986	142,150	137,499	135,603	136,773
Net cash from or (used by) operating activities	9,022	(113)	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	8,970	2,540	2,554	2,560	2,560
Total cash used	8,970	2,540	2,554	2,560	2,560
Net cash from or (used by) investing activities	(8,970)	(2,540)	(2,554)	(2,560)	(2,560)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	61	2,540	2,554	2,560	2,560
Total cash received	61	2,540	2,554	2,560	2,560
Net cash from or (used by) financing activities	61	2,540	2,554	2,560	2,560
Net increase or (decrease) in cash held	113	(113)	-	-	-
Cash at the beginning of the reporting period	1,783	1,896	1,783	1,783	1,783
Cash at the end of the reporting period	1,896	1,783	1,783	1,783	1,783

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	(17)	3,538	-	40,102	43,623
Adjusted opening balance	(17)	3,538	-	40,102	43,623
Comprehensive income					
Surplus (deficit) for the period	(3,465)	-	-	-	(3,465)
Total comprehensive income recognised directly in equity	(3,465)	-	-	-	(3,465)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	40	40
Appropriation (departmental capital budget)	-	-	-	2,500	2,500
Total transactions with owners	-	-	-	2,540	2,540
Estimated closing balance as at 30 June 2011	(3,482)	3,538	-	42,642	42,698

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2009-10	2010-11	2011-12	2012-13	2013-14
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	2,500	2,499	2,500	2,500
Equity injections - Bill 2	61	40	55	60	60
Previous years' outputs	2,324	-	-	-	-
Total capital appropriations	2,385	2,540	2,554	2,560	2,560
Represented by:					
Purchase of non-financial assets	61	2,540	2,554	2,560	2,560
Other Items	2,324	-	-	-	-
Total represented by	2,385	2,540	2,554	2,560	2,560
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	2,500	2,499	2,500	2,500
Funded by capital appropriations	61	40	55	60	60
Funded internally from departmental resources	8,909	-	-	-	-
TOTAL	8,970	2,540	2,554	2,560	2,560

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	15,027	7,091	6,008	28,126
less Accumulated depreciation/amortisation	904	995	3,920	5,819
Opening net book balance	14,123	6,096	2,088	22,307
Asset movements				
Additions	500	2,000	40	2,540
less Depreciation/amortisation expense	1,312	1,953	200	3,465
Total asset movements	(812)	47	(160)	(925)
As at 30 June 2011				
Gross book value	15,527	9,091	6,048	30,666
less Accumulated depreciation/amortisation	2,216	2,948	4,120	9,284
Closing net book balance	13,311	6,143	1,928	21,382

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	29	29	29	29	29
Receivables	4,071	4,071	4,071	4,071	4,071
Total financial assets	4,100	4,100	4,100	4,100	4,100
Total assets administered on behalf of Government	4,100	4,100	4,100	4,100	4,100

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'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	29	29	29	29	29
Cash at end of reporting period	29	29	29	29	29

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

Agency 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 agency 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.

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AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Office of Financial Management (AOFM) 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 active markets in them and in Bond futures, 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.

In October 2009 the AOFM recommenced issuance of Treasury Indexed Bonds to widen the range of debt instruments to meet the Government's funding needs. This allowed the AOFM to diversify risk and tap additional sources of investor demand.

Treasury Notes assist with the management of the Government's within-year financing task. The AOFM also uses its holdings of short-term financial assets in this task.

Subject to market conditions, in 2010-11 the AOFM will continue to acquire residential mortgage-backed securities in accordance with the terms of the extended program announced by the Government in November 2009.

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 administered and departmental classification.

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	11,383 ⁴	-	11,383	-
Departmental appropriation ³	-	16,146 ¹	16,146	12,569
Receipts from other sources (s31)	-	828 ²	828	828
Total departmental	11,383	16,974	28,357	13,397
Administered expenses				
Outcome 1	-	10 ¹	10	10
Total ordinary annual services A	11,383	16,984	28,367	13,407
Other services				
Departmental non-operating				
Equity injections	949	-	949	-
Total other services B	949	-	949	-
Total available annual appropriations (A+B)	12,332	16,984	29,316	13,407
Special appropriations expenses				
<i>Commonwealth Inscribed Stock Act 1911</i>	-	9,605,000	9,605,000	6,513,262
<i>Loans Securities Act 1919</i>	-	800	800	45,900
<i>Financial Agreement Act 1994</i>	-	50	50	-
Subtotal	-	9,605,850	9,605,850	6,559,162
Special appropriations capital				
<i>Commonwealth Inscribed Stock Act 1911</i>	-	225,138,500	225,138,500	48,201,208
<i>Financial Management and Accountability Act 1997</i>	-	142,752,000	142,752,000	315,388,600
Subtotal	-	367,890,500	367,890,500	363,589,808
Total special appropriations C	-	377,496,350	377,496,350	370,148,970
Total appropriations excluding special accounts	12,332	377,513,334	377,525,666	370,162,377
Special accounts				
Opening balance ⁵	546	-	546	-
Total special account D	546	-	546	-
Total net resourcing for the AOFM (A+B+C+D)	12,878	377,513,334	377,526,212	370,162,377

1. Appropriation Bill (No. 1) 2010-11.

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

3. Includes \$0.3 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

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

1.3 BUDGET MEASURES

AOFM does not have any Budget measures for 2010-11.

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 together with its program, the performance indicators and targets used to assess and monitor the performance of the AOFM in achieving government outcomes.

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

The AOFM's Outcome statement has changed from that presented in the 2009-10 Portfolio Budget Statements. The change was made to recognise the broad impact of government debt and financial assets on the operation of the Australian economy and financial markets, as well as in funding government activities.

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 managing investor demand, 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, 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 November 2009 the Government extended its program of investing in residential mortgage-backed securities to support competition in lending for housing. The AOFM will invest up to an additional \$8 billion (bringing the total program to \$16 billion), subject to market conditions. An additional objective of the extended program is to provide support for lending to small business, through participating lenders using some of the proceeds received for lending to small business.

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 1 Budgeted resources

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

Table 2.1: Budgeted resources for Outcome 1

	2009-10 Estimated actual resources \$'000	2010-11 Estimated resources \$'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 items		
Ordinary annual services (Appropriation Bill No. 1)	12,569	16,146
Revenues from independent sources (s31)	828	828
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	10	10
Special appropriations		
<i>Commonwealth Inscribed Stock Act 1911</i>	6,513,262	9,605,000
<i>Loans Securities Act 1919</i>	45,900	800
<i>Financial Agreement Act 1994</i>	-	50
Administered capital		
Special appropriations:		
<i>Commonwealth Inscribed Stock Act 1911</i>	48,201,208	225,138,500
<i>Financial Management and Accountability Act 1997</i>	315,388,600	142,752,000
Total resources for Outcome 1	370,162,377	377,513,334
	2009-10	2010-11
Average staffing level (number)	37	42

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 and support the efficiency of Treasury Bond, Treasury Bond futures and residential mortgage-backed securities markets.

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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	16,283	17,435	13,291	13,602	10,037
Total departmental expenses	16,283	17,435	13,291	13,602	10,037

Note: Administered expenses are shown in Table 3.2.7.

Program deliverables

The AOFM has the following deliverables:

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

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 times covered 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 Treasury Bonds, Treasury Indexed Bonds and Treasury Notes,
 - provision of information to major investors and intermediaries; 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 budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, movements in administered funds and special accounts.

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

		Opening balance 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust Account	1	546 546	- -	- -	- -	546 546
Total special accounts						
2010-11 Budget estimate		546	-	-	-	546
Total special accounts 2009-10 estimate actual		546	-	-	-	546

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 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. 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 AOFM's specialist debt management systems, both for development and replacement, represents the majority of this expenditure.

Administered

The budget and forward estimates reflect expected increases in debt issuance and debt levels 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	5,168	6,724	7,132	7,570	5,998
Suppliers	10,665	10,261	5,509	5,382	3,689
Depreciation and amortisation	450	450	650	650	350
Total expenses	16,283	17,435	13,291	13,602	10,037
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	1,018	1,089	1,089	1,089	1,089
Total own-source income	1,018	1,089	1,089	1,089	1,089
Net cost of (contribution by) services	15,265	16,346	12,202	12,513	8,948
Appropriation revenue	12,569	15,896	11,552	11,863	8,598
Surplus (deficit) attributable to the Australian Government	(2,696)	(450)	(650)	(650)	(350)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	(2,696)	(450)	(650)	(650)	(350)
Plus non-appropriated expenses depreciation and amortisation expenses	-	450	650	650	350
Operating result attributable to the AOFM	(2,696)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	88	85	76	56	63
Trade and other receivables ¹	12,410	12,660	12,910	13,210	13,361
Total financial assets	12,498	12,745	12,986	13,266	13,424
Non-financial assets					
Infrastructure, plant and equipment	555	505	255	5	205
Intangibles	177	27	2,627	2,727	2,678
Other	90	90	90	90	90
Total non-financial assets	822	622	2,972	2,822	2,973
Total assets	13,320	13,367	15,958	16,088	16,397
LIABILITIES					
Provisions					
Employees	1,466	1,713	1,954	2,234	2,392
Other	125	125	125	125	125
Total provisions	1,591	1,838	2,079	2,359	2,517
Payables					
Suppliers	230	230	230	230	230
Total payables	230	230	230	230	230
Total liabilities	1,821	2,068	2,309	2,589	2,747
Net assets	11,499	11,299	13,649	13,499	13,650
EQUITY					
Contributed equity	1,246	1,496	4,496	4,996	5,497
Retained surpluses	10,253	9,803	9,153	8,503	8,153
Total equity	11,499	11,299	13,649	13,499	13,650
Current assets	344	341	332	312	319
Non-current assets	12,976	13,026	15,626	15,776	16,078
Current liabilities	1,402	1,600	1,793	2,017	2,144
Non-current liabilities	419	468	516	572	603

1. Includes undrawn appropriations.

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,018	1,089	1,089	1,089	1,089
Appropriations	17,046	15,646	11,302	11,563	8,447
Total cash received	18,064	16,735	12,391	12,652	9,536
Cash used					
Employees	4,947	6,477	6,891	7,290	5,840
Suppliers	10,665	10,261	5,509	5,382	3,689
Total cash used	15,612	16,738	12,400	12,672	9,529
Net cash from or (used by) operating activities	2,452	(3)	(9)	(20)	7
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	250	250	3,000	500	501
Total cash used	250	250	3,000	500	501
Net cash from or (used by) investing activities	(250)	(250)	(3,000)	(500)	(501)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	250	3,000	500	501
Total cash received	-	250	3,000	500	501
Cash used					
Other ¹	2,177	-	-	-	-
Total cash used	2,177	-	-	-	-
Net cash from or (used by) financing activities	(2,177)	250	3,000	500	501
Net increase or (decrease) in cash held	25	(3)	(9)	(20)	7
Cash at the beginning of the reporting period	63	88	85	76	56
Cash at the end of the reporting period	88	85	76	56	63

1. 2009-10 reflects the return of unused depreciation funding associated with the implementation of the net cash appropriation arrangements.

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	10,253	-	-	1,246	11,499
Adjusted opening balance	10,253	-	-	1,246	11,499
Comprehensive income					
Surplus (deficit) for the period	(450)	-	-	-	(450)
Total comprehensive income recognised directly in equity	(450)	-	-	-	(450)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	250	250
Total transactions with owners	-	-	-	250	250
Estimated closing balance as at 30 June 2011	9,803	-	-	1,496	11,299

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	-	250	3,000	500	501
Total equity injections	-	-	-	-	-
Total capital appropriations	-	250	3,000	500	501
Represented by:					
Purchase of non-financial assets	-	250	3,000	500	501
Total represented by	-	250	3,000	500	501
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	250	3,000	500	501
Funded internally from departmental resources	250	-	-	-	-
TOTAL	250	250	3,000	500	501

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other	Intangibles	Total
		infrastructure, plant & equipment		
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	1,391	3,018	4,409
<i>less</i> Accumulated depreciation/amortisation	-	836	2,841	3,677
Opening net book balance	-	555	177	732
Asset movements				
Additions	-	200	50	250
<i>less</i> Depreciation/amortisation expense	-	250	200	450
Total asset movements	-	(50)	(150)	(200)
As at 30 June 2011				
Gross book value	-	1,591	3,068	4,659
<i>less</i> Accumulated depreciation/amortisation	-	1,086	3,041	4,127
Closing net book balance	-	505	27	532

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue before re-measurements					
Non-taxation					
Interest	1,406,303	1,501,518	1,612,337	1,398,023	1,316,250
Total revenues before re-measurements	1,406,303	1,501,518	1,612,337	1,398,023	1,316,250
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest costs	6,559,172	9,605,810	11,463,010	12,010,410	11,977,810
Other	54,200	50	50	50	50
Total expenses before re-measurements	6,613,372	9,605,860	11,463,060	12,010,460	11,977,860
Operating result before re-measurements	(5,207,069)	(8,104,342)	(9,850,723)	(10,612,437)	(10,661,610)
Re-measurements					
Net market valuation gains (losses)	810,886	(505,300)	(395,400)	(208,100)	(29,800)
Total re-measurements	810,886	(505,300)	(395,400)	(208,100)	(29,800)
Net income	(4,396,183)	(8,609,642)	(10,246,123)	(10,820,537)	(10,691,410)

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	622	622	622	622	622
Receivables	2,694,984	2,620,480	2,543,635	2,464,186	2,382,154
Investments (s39 FMA Act)	24,287,100	31,227,200	28,089,300	25,394,800	22,308,900
Total assets administered on behalf of government	26,982,706	33,848,302	30,633,557	27,859,608	24,691,676
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government					
Securities	154,102,100	209,455,600	221,253,600	221,591,000	215,647,400
Total liabilities administered on behalf of government	154,102,100	209,455,600	221,253,600	221,591,000	215,647,400

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,542,777	1,526,997	1,595,510	1,390,423	1,302,517
Total cash received	1,542,777	1,526,997	1,595,510	1,390,423	1,302,517
Cash used					
Interest paid	6,034,310	9,326,010	10,982,910	11,413,310	11,034,510
Grants	-	50	50	50	50
Total cash used	6,034,310	9,326,060	10,982,960	11,413,360	11,034,560
Net cash from or (used by) operating activities	(4,491,533)	(7,799,063)	(9,387,450)	(10,022,937)	(9,732,043)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	93,515	95,725	97,872	100,249	102,565
Total cash received	93,515	95,725	97,872	100,249	102,565
Net cash from or (used by) investing activities					
	93,515	95,725	97,872	100,249	102,565
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	95,153,500	279,712,900	274,979,600	279,432,600	271,028,200
Investment redemptions	326,618,600	135,759,200	162,000,600	155,252,300	172,242,200
Other	(54,200)	-	-	-	-
Total cash received	421,717,900	415,472,100	436,980,200	434,684,900	443,270,400
Cash used					
Repayments of borrowings	48,201,208	225,138,500	264,055,000	279,898,400	277,949,000
Investments	315,388,600	142,752,000	158,869,000	152,573,000	169,159,000
Total cash used	363,589,808	367,890,500	422,924,000	432,471,400	447,108,000
Net cash from or (used by) financing activities	58,128,092	47,581,600	14,056,200	2,213,500	(3,837,600)
Net increase or (decrease) in cash held	53,730,074	39,878,262	4,766,622	(7,709,188)	(13,467,078)
Cash at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for:					
- appropriations	370,996,818	378,307,860	434,545,160	444,315,360	458,536,260
Cash to Official Public Account for:					
- receipts	(424,726,892)	(418,186,122)	(439,311,782)	(436,606,172)	(445,069,182)
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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Special appropriations	363,589,808	367,890,500	422,924,000	432,471,400	447,108,000
Total capital appropriations	363,589,808	367,890,500	422,924,000	432,471,400	447,108,000
Represented by:					
Repayments of borrowings and purchase of investments	363,589,808	367,890,500	422,924,000	432,471,400	447,108,000
Total represented by	363,589,808	367,890,500	422,924,000	432,471,400	447,108,000

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 on an accrual basis and are 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. It also includes debt issuance costs, including legal expenses and syndication fees, and registry fees on Commonwealth Government Securities.

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

Administered internal transactions

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

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

Goods and services tax

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

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

For 2010-11, a new net cash framework applies, the net cash appropriation arrangements. Under these arrangements, the AOFM no longer receives funding for some non-cash expenses, such as depreciation, and receives asset replacement funding via a Departmental Capital Budget. The implementation of the new arrangements requires the return of unused depreciation funding as at 30 June 2010, being \$2.2 million for the AOFM.

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
Interest revenue					
Interest on housing agreements	162,258	158,018	153,637	149,123	144,450
Interest on swaps	85,847	-	-	-	-
Interest from investments	1,158,198	1,343,500	1,458,700	1,248,900	1,171,800
Total interest revenue	1,406,303	1,501,518	1,612,337	1,398,023	1,316,250

Expenses — interest costs

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
Interest costs					
Interest on Commonwealth Government Securities	6,514,072	9,605,810	11,463,010	12,010,410	11,977,810
Interest on swaps	45,100	-	-	-	-
Total interest costs	6,559,172	9,605,810	11,463,010	12,010,410	11,977,810

Net market valuation gains (losses)

Net market valuation gains (losses) represent the estimated unrealised fair value gains or losses on the 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.

Interest bearing liabilities — Commonwealth Government Securities

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
Commonwealth Government Securities					
Treasury Bonds	127,607,000	165,022,000	173,978,000	170,013,000	161,230,000
Treasury Indexed Bonds	15,703,000	19,459,000	22,308,000	26,609,000	29,443,000
Treasury Notes	10,773,000	24,955,000	24,949,000	24,949,000	24,955,000
Other	19,100	19,600	18,600	20,000	19,400
Total Commonwealth Government Securities	154,102,100	209,455,600	221,253,600	221,591,000	215,647,400

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The role of the Australian Prudential Regulation Authority (APRA) is developing and enforcing a robust prudential framework of legislation, prudential standards and prudential guidance that promotes prudent behaviour by authorised deposit-taking institutions (ADIs), insurance companies, superannuation funds and other financial institutions it supervises, with the key aim of protecting the interests of their depositors, 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 a supervisory approach and to be focussed on outcomes.

In 2010-11, 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 tools, greater analytical support for its risk-rating systems, and workflow and document management;
- enhance APRA's effectiveness by continuing to ensure it recruits and retains the right people for the job, develops the skills and knowledge of its staff and deploys them where they are most needed in APRA; and
- remain well prepared for a crisis affecting APRA's own operations, a financial crisis in a regulated institution or a systemic crisis.

APRA's supervisory activities in 2009-10 have been conducted against the background of a gradual recovery in global credit and equity markets and the global economy after the severe disruptions to market confidence and economic activity in late 2008 and early 2009. However, significant uncertainties remain about the global outlook. Though affected by these and earlier disruptions, the Australian financial system has shown its resilience throughout the global financial crisis. Since the crisis began, APRA has stepped up its supervisory intensity, particularly in its dealings with ADIs. APRA has been closely monitoring the liquidity position of the larger ADIs and reviewing their funding plans; it has also been monitoring trends in ADI asset quality and capital adequacy. In addition, APRA has been analysing the impact of equity market developments on the insurance and superannuation industries.

In view of global uncertainties, APRA will maintain its heightened oversight of its regulated institutions in 2010-11, with a particular focus on asset quality as the Australian economy regains momentum. In addition, APRA's resources will be committed to enhancing its prudential requirements as part of a coordinated international regulatory response to the crisis, as agreed by the G-20 in their April 2009 Declaration, *Strengthening the Financial System*.

1.2 AGENCY RESOURCE STATEMENT

The total appropriation and other resources for APRA in the 2010-11 Budget is \$108.3 million.

Table 1.1 shows the total resources from all origins. 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 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	+	Proposed at Budget 2010-11 \$'000	=	Total estimate 2010-11 \$'000	Estimated available appropriation 2009-10 \$'000
Ordinary annual services						
Departmental appropriation						
Departmental appropriation	-		12,575	¹	12,575	23,545
Receipts from other sources (s31)	-		5,940	³	5,940	6,557
Total ordinary annual services	A		18,515		18,515	30,102
Other services						
Departmental non-operating						
Equity injections	-		1,457	²	1,457	1,957
Previous years' outputs	-		-		-	773
Total departmental non-operating			1,457		1,457	2,730
Administered non-operating						
Administered assets and liabilities	-		3,000		3,000	3,000
Total other services	B		4,457		4,457	5,730
Total available annual appropriations (A+B)			22,972		22,972	35,832
Special accounts						
Opening balance ⁴	43,758		-		43,758	-
Appropriation receipts	-		12,575		12,575	23,545
Non-appropriation receipts to special accounts	-		89,728		89,728	99,591
Total special accounts	C		102,303		146,061	123,136
Total resourcing (A+B+C)			125,275		169,033	158,968
Less appropriations drawn from annual appropriations above and credited to special accounts	-		12,575		12,575	23,545
Total net resourcing for APRA			112,700		156,458	135,423

1. Appropriation Bill (No. 1) 2010-11.

2. Appropriation Bill (No. 2) 2010-11.

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

4. 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 Australian Prudential Regulation Authority are detailed in Budget Paper No. 2, *Budget Measures 2010-11* and are summarised below.

Table 1.2: Australian Prudential Regulation Authority 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measure						
Standard Business Reporting - ongoing funding	1.1	-	-	575	783	556
Total expense measures		-	-	575	783	556
Related capital						
Standard Business Reporting - ongoing funding	1.1	-	1,457	-	200	-
Total related capital		-	1,457	-	200	-
Related revenue						
Sustaining the Superannuation Complaints Tribunal's capabilities	1.1	-	1,464	1,472	1,482	1,492
Total related revenue		-	1,464	1,472	1,482	1,492

Prepared on a Government Financial 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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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, deliverables and 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources for Outcome 1

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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Australian Prudential Regulation Authority		
Departmental expenses		
Special accounts	96,239	89,728
Ordinary annual services (Appropriation Bill No. 1)	23,545	12,575
Revenues from independent sources (s31)	6,557	5,940
less Revenue to be carried forward	11,527	-
Expenses not requiring appropriation in the Budget year	-	11,500
Administered expenses		
Special appropriations - waivers and write off	3,000	3,000
Total expenses for Outcome 1	117,814	122,743
	2009-10	2010-11
Average staffing level (number)	652	648

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 2010-11 as APRA maintains its more intensive supervisory and policy development activities arising from the global financial crisis.

The forward estimates are reducing due to the end of funding associated with the global financial crisis after 2011-12. APRA's baseline activities will continue to be funded by industry levies (via the special account).

Administered expenses in 2010-11 anticipate continued levy waiver and write-off requests, reflecting further financial sector consolidation, particularly in the superannuation industry.

Table 2.2: Program expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	114,814	119,743	110,525	103,268	103,595
Administered expenses					
Special appropriations					
<i>Financial Management & Accountability Act 1997</i>	3,000	3,000	3,000	3,000	3,000
Total expenses	117,814	122,743	113,525	106,268	106,595

Program deliverables

APRA has the following program deliverables:

- the issuance of prudential standards and guidelines to assist regulated industries manage risk;
- active surveillance of regulated industries aimed at mitigating financial loss by depositors, policyholders and superannuation fund members which may result from the failure of regulated institutions 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 of the Government on matters emerging in 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 guidelines 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 fora.

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 2010-11. 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, and Special Accounts.

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
		2010-11	2010-11	2010-11	2010-11	2010-11
		<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Prudential Regulation Authority Special Account	1	40,234	89,728	12,575	112,917	29,620
		<i>31,300</i>	<i>99,591</i>	<i>26,275</i>	<i>116,932</i>	<i>40,234</i>
Lloyd's Deposit Trust Special Account	1	2,000	-	-	-	2,000
		<i>2,000</i>	-	-	-	<i>2,000</i>
Financial Claims Scheme Special account	1	1,524	-	-	-	1,524
		-	-	<i>1,524</i>	-	<i>1,524</i>
Total special accounts						-
2010-11 Budget estimate		43,758	89,728	12,575	112,917	33,144
Total special accounts						-
2009-10 estimate actual		<i>33,300</i>	<i>99,591</i>	<i>27,799</i>	<i>116,932</i>	<i>43,758</i>

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 decrease in appropriation revenue from \$119.8 million forecast for 2009-10 to \$102.3 million in 2010-11. The \$17.5 million decrease mainly reflects:

- a \$9.5 million reduction in the year-on-year funding provided in the 2008-09 Portfolio Additional Estimates Statement to strengthen APRA's capacity to manage issues associated with the global financial crisis;
- the return of \$2.0 million in over-collected 2009-10 levies; and
- a \$6.0 million reduction in funding due to other appropriation adjustments and in funding for the National Claims and Policies Database and Standard Business Reporting (SBR).

Employee expenses of \$82.6 million reflect a largely unchanged average staffing level (ASL) of 648 (redefined to include casual and fixed-term employees) to enable APRA to maintain its more intensive supervisory and policy development activities.

Supplier costs will increase from \$30.3 million forecast in 2009-10 to \$32.8 million in 2010-11; the increase includes the non employee-related costs associated with APRA's management of issues arising from the global financial crisis.

APRA is budgeting for an operating loss of \$11.5 million in 2010-11, to be funded out of the operating surplus of \$11.5 million in 2009-10.

The budgeted departmental balance sheet (Table 3.2.2) shows that, after funding the budgeted operating loss of \$11.5 million in 2010-11, 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 increase to \$18.6 million in 2010-11 and are reducing in the forward estimates as APRA completes investments in core supervisory and corporate infrastructure.

Contributed equity will increase over 2010-11, reflecting a further equity injection of \$1.5 million for SBR.

Retained surpluses, after funding the budgeted operating loss of \$11.5 million in 2010-11, 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 2009-10 to 2010-11. The main items of change across this period will be the use of the 2009-10 operating surplus to partially meet 2010-11 expenditures, and the equity injection related to SBR.

The departmental capital budget statement (Table 3.2.5) indicates APRA's capital needs will be principally met by internally generated resources. The expected movements in non-financial asset values between 2009-10 and 2010-11 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*. In addition to 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.

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.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	80,183	82,596	79,161	70,363	70,167
Supplier expenses	30,277	32,761	27,220	28,508	28,919
Depreciation and amortisation	4,354	4,386	4,144	4,397	4,509
Total expenses	114,814	119,743	110,525	103,268	103,595
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	4,747	4,130	4,123	4,115	4,115
Other revenue	1,810	1,810	1,810	1,810	1,810
Total revenue	6,557	5,940	5,933	5,925	5,925
Total own-source income	6,557	5,940	5,933	5,925	5,925
Net cost of (contribution by) services	108,257	113,803	104,592	97,343	97,670
Appropriation revenue	119,784	102,303	104,592	97,343	97,670
Surplus (deficit) attributable to the Australian Government	11,527	(11,500)	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash	41,384	30,770	31,509	32,402	32,907
Receivables	7,633	6,864	6,959	4,779	4,779
Accrued revenues	450	450	450	450	450
Total financial assets	49,467	38,084	38,918	37,631	38,136
Non-financial assets					
Infrastructure, plant and equipment	6,511	5,425	3,879	1,996	501
Intangibles	9,515	11,176	11,983	13,173	14,163
Other	1,990	2,024	2,056	2,090	2,090
Total non-financial assets	18,016	18,625	17,918	17,259	16,754
Total assets	67,483	56,709	56,836	54,890	54,890
LIABILITIES					
Provisions					
Employees	22,750	21,870	21,850	19,555	19,555
Other	2,001	2,043	2,085	2,127	2,127
Total provisions	24,751	23,913	23,935	21,682	21,682
Payables					
Suppliers	3,801	3,908	4,013	4,120	4,120
Total payables	3,801	3,908	4,013	4,120	4,120
Total liabilities	28,552	27,821	27,948	25,802	25,802
Net assets	38,931	28,888	28,888	29,088	29,088
EQUITY					
Contributed equity	6,012	7,469	7,469	7,669	7,669
Reserves	9,809	9,809	9,809	9,809	9,809
Retained surpluses or accumulated deficits	23,110	11,610	11,610	11,610	11,610
Total equity	38,931	28,888	28,888	29,088	29,088
Current assets	51,457	40,108	40,974	39,721	40,226
Non-current assets	16,026	16,601	15,862	15,169	14,664
Current liabilities	22,364	21,843	21,964	20,382	20,382
Non-current liabilities	6,188	5,978	5,984	5,421	5,421

Prepared on Australian Accounting Standards basis.

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

	Actuals estimate 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	4,747	4,130	4,123	4,115	4,115
Appropriations	119,784	102,303	104,592	97,343	97,670
Other	1,810	1,810	1,810	1,810	1,810
Total cash received	126,341	108,243	110,525	103,268	103,595
Cash used					
Employees	80,183	82,596	79,161	70,363	70,167
Suppliers	30,277	32,761	27,225	28,512	28,923
Total cash used	110,460	115,357	106,386	98,875	99,090
Net cash from or (used by) operating activities	15,881	(7,114)	4,139	4,393	4,505
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	7,757	4,957	3,400	3,700	4,000
Total cash used	7,757	4,957	3,400	3,700	4,000
Net cash from or (used by) investing activities	(7,757)	(4,957)	(3,400)	(3,700)	(4,000)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,957	1,457	-	200	-
Total cash received	1,957	1,457	-	200	-
Net cash from or (used by) financing activities	1,957	1,457	-	200	-
Net increase (or decrease) in cash held	10,081	(10,614)	739	893	505
Cash at the beginning of the reporting period	31,303	41,384	30,770	31,509	32,402
Cash at the end of the reporting period	41,384	30,770	31,509	32,402	32,907

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	23,110	3,809	6,000	6,012	38,931
Adjusted opening balance	23,110	3,809	6,000	6,012	38,931
Comprehensive income					
Surplus (deficit) for the period	(11,500)	-	-	-	(11,500)
Total comprehensive income recognised directly in equity	(11,500)	-	-	-	(11,500)
Transactions with owners					
Contribution by owners					
Appropriation (equity injection)	-	-	-	1,457	1,457
Total transactions with owners	-	-	-	1,457	1,457
Estimated closing balance as at 30 June 2011	11,610	3,809	6,000	7,469	28,888

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	1,957	1,457	-	200	-
Total capital appropriations	1,957	1,457	-	200	-
Represented by:					
Purchase of non-financial assets	1,957	1,457	-	200	-
Total represented by:	1,957	1,457	-	200	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,957	1,457	-	200	-
Funded internally from departmental resources	5,800	3,500	3,400	3,500	4,000
TOTAL	7,757	4,957	3,400	3,700	4,000

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other, infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	12,454	22,065	34,519
less Accumulated depreciation/amortisation	-	5,943	12,546	18,489
Opening net book balance	-	6,511	9,519	16,030
Asset movements				
Additions	-	1,555	3,402	4,957
less Depreciation/amortisation expense	-	2,641	1,745	4,386
Total asset movements	-	(1,086)	1,657	571
As at 30 June 2011				
Gross book value	-	14,009	25,467	39,476
less Accumulated depreciation/amortisation	-	8,584	14,291	22,875
Closing net book balance	-	5,425	11,176	16,601

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	140,845	124,899	126,658	119,514	120,465
Total non-taxation	140,845	124,899	126,658	119,514	120,465
Total income administered on behalf of government	140,845	124,899	126,658	119,514	120,465
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Waivers and write-offs	3,000	3,000	3,000	3,000	3,000
Total expenses administered on behalf of government	3,000	3,000	3,000	3,000	3,000

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)

	Actual estimate 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash - Financial Claims Scheme Special Account	1,524	1,524	1,524	1,524	1,524
Receivables	150	150	150	150	150
Total financial assets	1,674	1,674	1,674	1,674	1,674
Total assets administered on behalf of government	1,674	1,674	1,674	1,674	1,674

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash or equivalents received					
Transfer from Official Public Account	3,000	3,000	3,000	3,000	3,000
Administered revenue	140,845	124,899	126,658	119,514	120,465
Total cash or equivalents received	143,845	127,899	129,658	122,514	123,465
Cash or equivalents used					
Cash to Official Public Account	140,845	124,899	126,658	119,514	120,465
Administered expenses	3,000	3,000	3,000	3,000	3,000
Total cash or equivalents used	143,845	127,899	129,658	122,514	123,465
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 a special appropriation for levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported by APRA is net of the levies retained in the Official Public Account to fund 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 represents the net value of assets and liabilities transferred from the Reserve Bank of Australia and the Insurance and Superannuation Commission on the formation of APRA on 1 July 1998, less an amount of \$2.1 million returned to the Consolidated Revenue Fund as a return of unused appropriation in 2004-05.

Budgeted departmental statement of cash flows

Cash received from operating activities includes the appropriation for levies collected from industry less amounts collected on behalf of the ATO and ASIC and cash from fees and charges.

Schedule of budgeted revenues and expenses administered on behalf of Government

Revenues

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

Write down and impairment of assets

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

Schedule of budgeted assets and liabilities administered on behalf of Government

Financial assets

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

Schedule of budgeted administered cash flows

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

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

Australian Securities and Investments Commission — primary functions and responsibilities

The Australian Securities and Investments Commission (ASIC) is an independent government body established under the *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), and corporations and their auditors and liquidators.

ASIC also operates a major public register function that provides information about Australia's 1.6 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 2010-11 ASIC will take over the responsibility for regulating consumer credit from the State governments. ASIC will also take over responsibility for market supervision from the Australian Securities Exchange. In addition, under a Council of Australian Governments' initiative, ASIC will implement a National Business Names registry from 31 March 2011.

ASIC expects to have an average staffing level of 1,954 in 2010-11, with offices in all States and Territories.

ASIC's priorities for 2010-11

ASIC will continue to focus on the following priorities:

- Financial economy priorities,
 - 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 origins. 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 2010-11 as at Budget May 2010

	Estimate of prior + year amounts available in 2010-11 \$'000	Proposed at Budget = 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	58,330 ⁵	-	58,330	-
Departmental appropriation ³	-	338,756 ¹	338,756	344,529
Receipts from other sources (s31)	-	5,934 ⁴	5,934	5,788
Total departmental	58,330	344,690	403,020	350,317
Administered expenses				
Outcome 1 - Assetless Administration fund	-	3,450 ¹	3,450	3,424
Total administered	-	3,450	3,450	3,424
Total ordinary annual services	A 58,330	348,140	406,470	353,741
Other services				
Departmental non-operating				
Equity injections	8,200	34,141 ²	42,341	8,412
Total other services	B 8,200	34,141	42,341	8,412
Total available annual appropriations (A+B)	66,530	382,281	448,811	362,153
Special appropriations				
<i>Banking Act 1959</i>		31,102	31,102	28,882
<i>Life Insurance Act 1995</i>	-	5,471	5,471	4,974
Total special appropriations	C -	36,573	36,573	33,856
Total appropriations excluding special accounts (A+B+C)	66,530	418,854	485,384	396,009
Special accounts				
Opening balance ⁶	46,955	-	46,955	-
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to special accounts	-	51,000	51,000	59,562
Total special account	D 46,955	81,000	127,955	89,562
Total resourcing (A+B+C+D)	113,485	499,854	613,339	485,571
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
Total net resourcing for ASIC	113,485	469,854	583,339	455,571

1. Appropriation Bill (No. 1) 2010-11.

2. Appropriation Bill (No. 2) 2010-11.

3. Includes \$22.8 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

Budget measures relating to ASIC are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Australian Securities and Investments Commission 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
Australian Business Number and Business Names Registration System - expansion	1.1, 1.2, 2.1, 2.2	-	6,983	7,684	7,279	7,078
Standard Business Reporting - ongoing funding	1.1, 1.2	(109)	-	739	757	775
Sustaining the Superannuation Complaints Tribunal's capabilities	1.1, 1.2	-	1,464	1,472	1,482	1,492
Total expense measures		(109)	8,447	9,895	9,518	9,345
Related capital measures						
Australian Business Number and Business Names Registration System - expansion	1.1, 1.2, 2.1, 2.2	-	24,033	-	-	-
Standard Business Reporting - ongoing funding	1.1, 1.2	(1,653)	-	-	-	-
Total related capital		(1,653)	24,033	-	-	-
Related Revenue						
Australian Business Number and Business Names Registration System - expansion	2.1	-	9,500	38,700	39,514	40,242
Total related revenue		-	9,500	38,700	39,514	40,242

Prepared on a Government Financial 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 Australian Government on the Australian community. Agencies deliver programs which are the government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to government outcomes over the budget and forward years.

ASIC's outcomes are described below together with their related programs, specifying the strategy, 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 1 Budgeted resources

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

Table 2.1: Budgeted resources for Outcome 1

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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Research, policy, compliance, education and information initiatives		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	103,245	102,258
Receipts from other sources (s31)	2,373	2,433
Equity injections	2,713	8,124
Total for Program 1.1	108,331	112,815
Program 1.2: Enforcement / deterrence		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	148,571	147,151
Receipts from other sources (s31)	3,415	3,501
Equity injections	3,904	11,690
Administered items		
Ordinary annual services (Appropriation Bill No. 1)	3,424	3,450
Total for Program 1.2	159,314	165,792
Outcome 1 totals by appropriation type		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	251,816	249,409
Receipts from other sources (s31)	5,788	5,934
Equity injections	6,617	19,814
Administered items		
Ordinary annual services (Appropriation Bill No. 1)	3,424	3,450
Total resources for Outcome 1	267,645	278,607
	2009-10	2010-11
Average staffing level (number)	1,428	1,426

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 resources

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

Table 2.2: Program 1.1 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental items					
Ordinary annual services (Appropriation Bill No. 1)	103,245	102,258	100,238	104,707	104,507
Receipts from other sources (s31)	2,373	2,433	3,135	3,213	1,722
Equity injections	2,713	8,124	-	-	-
Total program resources	108,331	112,815	103,373	107,920	106,229

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 resources

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

Table 2.3: Program 1.2 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental items:					
Ordinary annual services (Appropriation Bill No. 1)	148,571	147,151	144,245	150,677	150,388
Receipts from other sources (s31)	3,415	3,501	4,511	4,623	2,478
Equity injections	3,904	11,690	-	-	-
Annual administered items:					
Ordinary annual services (Appropriation Bill No. 1)	3,424	3,450	3,489	3,585	3,596
Total program resources	159,314	165,792	152,245	158,885	156,462

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 resources

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

Table 2.4: Budgeted resources for Outcome 2

	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services		
Program 2.1: Legal infrastructure for companies and financial services providers		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	92,713	89,347
Equity injections	1,795	14,327
Total for Program 2.1	94,508	103,674
Program 2.2: Banking Act and Life Insurance Act, Unclaimed Moneys and Special Accounts		
Administered items		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	28,882	31,102
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	4,974	5,471
Special accounts		
Enforcement special account	30,000	30,000
ASIC Deregistered Companies Special Account	1,000	1,000
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account	8,532	-
Companies and Unclaimed Moneys Special Account	50,000	50,000
Other Trust Moneys Account	30	-
Total for Program 2.2	123,418	117,573
Outcome 2 totals by appropriation type		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	92,713	89,347
Equity injections	1,795	14,327
Administered items		
Special appropriations	33,856	36,573
Special accounts	89,562	81,000
Total resources for Outcome 2	217,926	221,247
	2009-10	2010-11
Average staffing level (number)	532	528

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 resources

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

Table 2.5: Program 2.1 resources

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Annual departmental items:					
Ordinary annual services (Appropriation Bill No. 1)	92,713	89,347	84,941	79,238	82,273
Equity injections	1,795	14,327	-	-	-
Total program resources	94,508	103,674	84,941	79,238	82,273

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

Special appropriations

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.

Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts have been created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation.

Program 2.2 resources

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

Table 2.6: Program 2.2 resources

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual administered items:					
Special appropriations					
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	28,882	31,102	33,493	36,067	38,840
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	4,974	5,471	6,018	6,620	7,282
Special accounts					
Enforcement Special Account	30,000	30,000	30,000	30,000	30,000
ASIC Deregistered Companies Special Account	1,000	1,000	1,000	1,000	1,000
ASIC Investigations, Legal Proceedings, Settlements, and Court Orders Special Account	8,532	-	-	-	-
Companies and Unclaimed Moneys Special Account	50,000	50,000	50,000	50,000	50,000
Other Trust Moneys Account	30	-	-	-	-
Total program resources	123,418	117,573	120,511	123,687	127,122

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 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, special accounts and Australian 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

		Opening balance	Receipts non- appropriated	Receipts appropriated	Payments	Closing balance
		2010-11	2010-11	2010-11	2010-11	2010-11
		<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>	<i>2009-10</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
ASIC Deregistered Companies						
Trust Moneys Special Account (D)	1	-	1,000	-	1,000	-
		698	1,000	-	1,698	-
Enforcement Special Account (D)	1	37,670	-	30,000	60,805	6,865
		32,912	-	30,000	25,242	37,670
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (D)	1	-	-	-	-	-
		87	8,532	-	8,619	-
Other Trust Moneys Account (D)	1	-	-	-	-	-
		1	30	-	31	-
ASIC Security Deposits Special Account (D)	1	383	-	-	-	383
		383	-	-	-	383
Services for other Governments and Non-agency Bodies Account (D)	1	-	-	-	-	-
		-	-	-	-	-
Companies and Unclaimed Moneys Special Account (A)	2	8,902	50,000	-	50,000	8,902
		8,902	50,000	-	50,000	8,902
Total special accounts						
2010-11 Budget estimate		46,955	51,000	30,000	111,805	16,150
Total special accounts						
2009-10 estimate actual		42,983	59,562	30,000	85,590	46,955

(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 Securities and Investments Commission							
Departmental 2010-11	863	-	-	863	-	863	1.1
<i>Departmental 2009-10</i>	853	-	-	853	-	853	1.1

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

Table 1.1 shows ASIC was appropriated \$344.5 million for 2009-10. Table 3.2.1 shows ASIC's appropriation revenue for 2009-10 is \$370.6 million. The additional

\$26.1 million relates to additional expenses for deterrence activities that will be funded from the brought forward balance in ASIC's Enforcement Special Account.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

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

Revenues from the Australian Government for 2010-11 are \$316 million, which is a decrease of \$29 million from the 2009-10 Portfolio Additional Estimates Statements. Of this amount, \$34 million results from the new net cash appropriation arrangements which is partly offset by the Budget measures shown in Table 1.2.

Total revenue and expenses are estimated to be \$366.3 million for 2010-11. 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 2010-11 is \$133.3 million.

The 2010-11 equity position reflects the cumulative effect of capital injections of \$56.9 million received during 2010-11.

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 2010-11 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 2010-11 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	211,977	200,296	202,556	204,712	206,763
Supplier expenses	130,760	120,886	102,994	106,036	106,531
Financial Costs	500	500	500	500	500
Depreciation and amortisation	34,364	44,657	45,646	45,646	37,694
Total expenses	377,601	366,339	351,696	356,894	351,488
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	4,080	3,362	3,394	3,429	3,365
Other revenue	2,820	2,238	806	771	835
Total revenue	6,900	5,600	4,200	4,200	4,200
Gains					
Other	126	126	126	126	126
Total gains	126	126	126	126	126
Total own-source income	7,026	5,726	4,326	4,326	4,326
Net cost of (contribution by) services	370,575	360,613	347,370	352,568	347,162
Appropriation revenue	370,575	315,956	301,724	306,922	309,468
Surplus (deficit) attributable to the Australian Government	-	(44,657)	(45,646)	(45,646)	(37,694)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	-	(44,657)	(45,646)	(45,646)	(37,694)
Plus non-appropriated expenses depreciation and amortisation expenses	-	44,657	45,646	45,646	37,694
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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	3,124	2,212	3,471	4,411	5,565
Trade and other receivables	71,371	67,367	65,869	64,929	60,256
Total financial assets	74,495	69,579	69,340	69,340	65,821
Non-financial assets					
Land and buildings	50,088	54,004	53,061	52,365	51,669
Infrastructure, plant and equipment	15,540	16,448	26,082	25,727	25,372
Intangibles	77,983	86,443	59,806	42,911	33,968
Other	4,338	4,200	4,234	4,234	4,234
Total non-financial assets	147,949	161,095	143,183	125,237	115,243
Total assets	222,444	230,674	212,523	194,577	181,064
LIABILITIES					
Provisions					
Employees	53,338	52,320	52,824	52,824	52,824
Other	6,924	7,165	7,428	7,428	7,428
Total provisions	60,262	59,485	60,252	60,252	60,252
Payables					
Suppliers	21,400	20,433	20,672	20,672	17,153
Other	19,785	17,475	16,264	16,264	16,264
Total payables	41,185	37,908	36,936	36,936	33,417
Total liabilities	101,447	97,393	97,188	97,188	93,669
Net assets	120,997	133,281	115,335	97,389	87,395
EQUITY					
Contributed equity	84,626	141,567	169,267	196,967	224,667
Reserves	8,900	8,900	8,900	8,900	8,900
Retained surpluses or accumulated deficits	27,471	(17,186)	(62,832)	(108,478)	(146,172)
Total equity	120,997	133,281	115,335	97,389	87,395
Current assets	78,833	73,779	73,574	73,574	70,055
Non-current assets	143,611	156,895	138,949	121,003	111,009
Current liabilities	82,877	79,586	80,168	80,168	76,649
Non-current liabilities	18,570	17,807	17,020	17,020	17,020

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	4,698	3,059	3,091	3,429	3,365
Appropriations	406,952	320,263	303,525	307,862	314,141
GST received	14,667	13,403	13,373	12,555	12,924
Other	4,220	838	806	771	835
Total cash received	430,537	337,563	320,795	324,617	331,265
Cash used					
Employees	210,291	201,314	202,052	204,712	206,763
Suppliers	132,003	122,499	103,874	105,910	109,924
GST Paid	14,667	13,403	13,373	12,555	12,924
Borrowing costs	272	259	237	500	500
Total cash used	357,233	337,475	319,536	323,677	330,111
Net cash from or (used by) operating activities	73,304	88	1,259	940	1,154
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	81,542	57,941	27,700	27,700	27,700
Total cash used	81,542	57,941	27,700	27,700	27,700
Net cash from or (used by) investing activities	(81,542)	(57,941)	(27,700)	(27,700)	(27,700)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	8,412	56,941	27,700	27,700	27,700
Total cash received	8,412	56,941	27,700	27,700	27,700
Net cash from or (used by) financing activities	8,412	56,941	27,700	27,700	27,700
Net increase or (decrease) in cash held	174	(912)	1,259	940	1,154
Cash at the beginning of the reporting period	2,950	3,124	2,212	3,471	4,411
Cash at the end of the reporting period	3,124	2,212	3,471	4,411	5,565

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	27,471	8,900	-	84,626	120,997
Adjusted opening balance	27,471	8,900	-	84,626	120,997
Comprehensive income					
Surplus (deficit) for the period	(44,657)	-	-	-	(44,657)
Total comprehensive income recognised directly in equity	(44,657)	-	-	-	(44,657)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	34,141	34,141
Appropriation (departmental capital budget)	-	-	-	22,800	22,800
Total transactions with owners	-	-	-	56,941	56,941
Estimated closing balance as at 30 June 2011	(17,186)	8,900	-	141,567	133,281

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	22,800	27,700	27,700	27,700
Equity injections - Bill 2	8,412	34,141	-	-	-
Total capital appropriations	8,412	56,941	27,700	27,700	27,700
Represented by:					
Purchase of non-financial assets	8,412	56,941	27,700	27,700	27,700
Total represented by	8,412	56,941	27,700	27,700	27,700
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	8,412	34,141	-	-	-
Funded by capital appropriation - DCB	-	22,800	27,700	27,700	27,700
Funded internally from departmental resources	73,130	1,000	-	-	-
TOTAL	81,542	57,941	27,700	27,700	27,700

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	66,717	35,781	114,501	216,999
less Accumulated depreciation/amortisation	16,629	20,241	36,518	73,388
Opening net book balance	50,088	15,540	77,983	143,611
Asset movements				
Additions	8,138	8,100	41,703	57,941
less Depreciation/amortisation expense	4,222	7,192	33,243	44,657
Total asset movements	3,916	908	8,460	13,284
As at 30 June 2011				
Gross book value	74,855	43,881	156,204	274,940
less Accumulated depreciation/amortisation	20,851	27,433	69,761	118,045
Closing net book balance	54,004	16,448	86,443	156,895

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Other sources of non-taxation revenues	630,116	690,400	743,066	771,047	785,242
Total revenues administered on behalf of government	630,116	690,400	743,066	771,047	785,242
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	3,424	3,450	3,489	3,585	3,596
Write down and impairment of assets	29,343	27,214	27,528	27,859	28,193
Other	33,881	36,598	39,536	42,712	46,147
Total expenses administered on behalf of government	66,648	67,262	70,553	74,156	77,936

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,695	4,695	4,695	4,696	4,696
Receivables	91,376	99,581	97,005	105,585	107,044
Total assets administered on behalf of government	96,071	104,276	101,700	110,281	111,740
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	930	930	930	930	930
Other payables	7,000	7,001	5,000	5,000	5,000
Total liabilities administered on behalf of government	7,930	7,931	5,930	5,930	5,930

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	314	319	549	330	330
Other	596,928	654,674	718,302	734,589	755,590
Total cash received	597,242	654,993	718,851	734,919	755,920
Cash used					
Suppliers	3,424	3,450	5,989	3,585	3,596
Other	33,550	36,265	39,200	42,668	46,122
Net GST paid	314	319	549	330	330
Total cash used	37,288	40,034	45,738	46,583	50,048
Net cash from or (used by) operating activities	559,954	614,959	673,113	688,336	705,872
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	43,280	46,023	49,000	52,272	55,718
Total cash received	43,280	46,023	49,000	52,272	55,718
Cash used					
Cash to Official Public Account	601,611	660,982	722,113	740,607	761,590
Total cash used	601,611	660,982	722,113	740,607	761,590
Net cash from or (used by) financing activities	(558,331)	(614,959)	(673,113)	(688,335)	(705,872)
Net increase or (decrease) in cash held	1,623	-	-	1	-
Cash at beginning of reporting period	3,072	4,695	4,695	4,995	4,696
Cash at end of reporting period	4,695	4,695	4,695	4,996	4,696

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

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AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Taxation Office (ATO) exists to improve the wellbeing of all Australians by undertaking important responsibilities for the care of Australia's taxation and superannuation systems and the Australian Business Register.

Revenue from Australia's tax system helps fund public goods and services that give effect to economic and social policies. Australia's superannuation system helps secure retirement income for Australians.

In undertaking these responsibilities the ATO seeks to achieve confidence in the administration of Australia's taxation and superannuation systems.

The ATO's Strategic Statement 2010–15 outlines the strategic direction, including a vision that Australia values its tax and superannuation systems as community assets, where willing participation is recognised as good citizenship.

In achieving the strategic direction, the ATO delivers government's priorities and, works with the community to:

- encourage people to support and understand the benefits of participation so that they are engaged and willingly participate;
- support people so that they are helped and assisted to understand their obligations and are able to comply easily at minimal cost;
- protect citizens by ensuring they are not disadvantaged by deterring, detecting and dealing with those who fail to comply;
- enhance and improve the ATO's capabilities to be more innovative, agile and responsive to challenges and opportunities; and
- champion the systems by advising the Government on the systems in operation and the way the law is impacting participants in the systems where the law is not achieved.

The ATO's corporate values guide this work by 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 who don't, being consultative, collaborative and willing to co-design, open and accountable, and responsive to challenges and opportunities.

As the economy emerges from the global financial crisis, the ATO will maintain its focus on nurturing an environment that is conducive to high levels of voluntary compliance. The ATO will do this by delivering a balanced program of assistance to the community, while remaining vigilant to protect against emerging risks.

The ATO will also remain responsive to challenges and opportunities arising from the outcomes of various reforms impacting the tax and superannuation systems.

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 administered and departmental classification.

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	203,054 ⁵	-	203,054	-
Departmental appropriation ³	-	3,150,907 ¹	3,150,907	3,006,102
Receipts from other sources (s31)	-	26,034 ⁴	26,034	26,157
Total departmental	203,054	3,176,941	3,379,995	3,032,259
Administered expenses				
Outcome 1	-	8,594 ¹	8,594	18,723
Total administered expenses	-	8,594	8,594	18,723
Total ordinary annual services	A 203,054	3,185,535	3,388,589	3,050,982
Other services				
Departmental non-operating				
Equity injections	-	30,579 ²	30,579	8,212
Previous years' outputs	-	-	-	16,332
Total other services	B -	30,579	30,579	24,544
Total available annual appropriations (A+B)	203,054	3,216,114	3,419,168	3,075,526

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget = 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	-	53,000	53,000	42,000
<i>Product Grants and Benefits Administration Act 2000 - product stewardship waste (oil) scheme</i>	-	30,000	30,000	30,000
<i>Superannuation Guarantee (Administration) Act 1992 Taxation Administration Act 1953 - section 16 (Non-refund items)⁷</i>	-	278,000	278,000	266,000
	-	8,427,443	8,427,443	7,881,800
Total special appropriations	C	-	8,788,443	8,219,800
Total appropriations excluding special accounts	203,054	12,004,557	12,207,611	11,295,326
Special accounts				
Opening balance ⁶	92,749	-	92,749	-
Appropriation receipts	-	30,700	30,700	25,900
Non-appropriation receipts to special accounts	-	41,553	41,553	39,355
Total special account	D	92,749	72,253	165,002
Total resourcing (A+B+C+D)	295,803	12,076,810	12,372,613	11,360,581
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	30,700	30,700	25,900
Total net resourcing for the ATO	295,803	12,046,110	12,341,913	11,334,681

1. Appropriation Bill (No. 1) 2010-11.

2. Appropriation Bill (No. 2) 2010-11.

3. Includes \$137.3 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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. For further detail on special accounts see Table 3.1.2.

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 2009-10 are \$85.5 billion (including \$70 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$89.2 billion for 2010-11 (including \$85 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 2010-11* and are summarised below.

Table 1.2: Australian Taxation Office 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
ATO compliance program - dealing with the cash economy						
Departmental expenses	1.1	-	15,551	30,557	30,789	31,051
Administered expenses	1.20	-	3,800	9,800	12,300	14,000
Australian Business Number and Business Names Registration System - expansion						
Departmental expenses	1.1	-	(1,319)	(5,835)	(5,959)	(5,955)
Film tax offsets - change in eligibility						
Administered expenses	1.6	-	700	1,100	2,200	2,900
Fraud prevention and compliance - Centrelink debts - Improvements to the tax garnishee process						
Departmental expenses	1.1	-	1,274	232	234	235
Fuel tax - amending the arrangements for fuel ethanol						
Administered expenses	1.5, 1.18	-	-	3,500	-	(2,000)
GST compliance program - working together to improve voluntary compliance						
Departmental expenses	1.1	-	62,417	86,783	90,740	91,084
Standards Business Reporting - ongoing funding						
Departmental expenses	1.1	(1,262)	15,997	18,683	14,431	13,457
Stronger, fairer, simpler tax reform - 50 per cent discount for interest income						
Departmental expenses	1.1	-	2,897	6,249	6,260	5,737
Administered expenses	1.1, 1.12	-	-	13,438	2,000	2,000
Stronger, fairer, simpler tax reform - development and implementation						
Departmental expenses	1.1	300	1,380	-	-	-
Stronger, fairer, simpler tax reform - early start to the company tax rate cut for small business companies						
Departmental expenses	1.1	-	-	4,694	559	1,245

Table 1.2: Australian Taxation Office 2010-11 Budget measures (continued)

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures (continued)						
Stronger, fairer, simpler tax reform - Government superannuation contributions tax rebate for low income earners						
Departmental expenses	1.1	-	-	664	10,419	35,235
Stronger, fairer, simpler tax reform - increasing concessional contribution caps for individuals over 50 with low superannuation balances						
Departmental expenses	1.1	-	6,760	8,641	23,218	23,375
Administered expenses	1.1	-	3,990	5,799	2,125	-
Stronger, fairer, simpler tax reform - increasing the superannuation guarantee rate to 12 per cent						
Departmental expenses	1.1	-	628	4,733	9,524	9,043
Administered expenses	1.1	-	-	2,270	4,265	2,116
Stronger, fairer, simpler tax reform - phasing down interest withholding tax on financial institutions						
Departmental expenses	1.1	-	-	118	119	120
Stronger, fairer, simpler tax reform - raising the superannuation guarantee age limit from 70 to 75						
Departmental expenses	1.1	-	-	-	-	3,210
Stronger, fairer, simpler tax reform - resource exploration refundable tax offset						
Departmental expenses	1.1	-	534	1,603	1,167	1,178
Administered expenses	1.17	-	-	520,000	600,000	680,000
Stronger, fairer, simpler tax reform - resource super profits tax						
Departmental expenses	1.1	-	7,692	23,912	32,152	27,296
Stronger, fairer, simpler tax reform - small business instant asset write-off and simplified pooling						
Departmental expenses	1.1	-	-	-	2,006	-
Stronger, fairer, simpler tax reform - standard deduction for work-related expenses and the cost of managing tax affairs						
Departmental expenses	1.1	-	-	1,927	13,241	25,873
Administered expenses	1.1, 1.12	-	-	-	6,680	10,818

Table 1.2: Australian Taxation Office 2010-11 Budget measures (continued)

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
(continued)						
Superannuation - permanent reduction to the superannuation co-contribution matching rate and maximum payable						
Administered expenses	1.9	-	-	-	(175,000)	(175,000)
Superannuation co-contribution - enhancing administration						
Departmental expenses	1.1	1,077	4,227	3,903	3,400	3,403
Administered expenses	1.9	(35,000)	(35,000)	(35,000)	(45,000)	(45,000)
Superannuation co-contribution - pause to the indexation of the income threshold for two years						
Administered expenses	1.9	-	(35,000)	(70,000)	(95,000)	(95,000)
Total expense measures						
Departmental		115	118,038	186,864	232,300	265,587
Administered		(35,000)	(61,510)	450,907	314,570	394,834
Total		(34,885)	56,528	637,771	546,870	660,421
Related Capital						
Australian Business Number and Business Names Registration System - expansion	1.1	-	3,411	-	-	-
Fraud prevention and compliance - Centrelink debts - improvements to the tax garnishee process	1.1	-	1,413	-	-	-
GST compliance program - working together to improve voluntary compliance	1.1	-	6,503	-	-	-
Standards Business Reporting - ongoing funding	1.1	(3,633)	689	-	1,500	-
Stronger, fairer, simpler tax reform - 50 per cent discount for interest income	1.1	-	1,940	2,379	-	-
Stronger, fairer, simpler tax reform - Government superannuation contributions tax rebate for low income earners	1.1	-	-	-	9,207	1,500
Stronger, fairer, simpler tax reform - increasing concessional contribution caps for individuals over 50 with low superannuation balances	1.1	-	11,651	2,000	3,081	2,000

Table 1.2: Australian Taxation Office 2010-11 Budget measures (continued)

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Related capital (continued)						
Stronger, fairer, simpler tax reform - resource super profits tax	1.1	-	-	9,775	5,630	-
Stronger, fairer, simpler tax reform - standard deduction for work-related expenses and the cost of managing tax affairs	1.1	-	-	-	11,422	-
Total related capital		(3,633)	25,607	14,154	30,840	3,500

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAM STRUCTURE

The following table outlines changes to the ATO's program structure since the 2009-10 Budget. The previous programs 1.1 to 1.5 have been combined into a new program 1.1. Three new programs have been created 1.2, 1.17 and 1.18. The remaining programs have been renumbered.

Figure 2: Transition table

2009-10 Budget year	2010-11 Budget year				
<p>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</p>	<p>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</p>				
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Program 1.5: Services to government and agencies					
Departmental items: Program Support					

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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 contributes to this outcome by:

- administering aspects of Australia's taxation and superannuation systems; and
- supporting delivery of government benefits to the community.

The ATO also manages a number of whole-of-government programs that deliver a range of services. These include:

- progressing the Australian Business Register as a whole-of-government resource for streamlining business and government interactions; and
- providing expert valuation services and advice to government agencies.

The ATO also provides services to the Tax Practitioners Board.

The ATO measures effectiveness through five broad indicators that represent the most significant contributions made to achieving the outcome above:

- deliver aspects of tax 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; and
- manage non-compliance with the law.

The Government and the community understand the ATO's commitments, which are published in the Strategic Statement, the Corporate Plan and the Compliance Program and are assessed in the ATO's Annual Report. The ATO also publishes the Taxpayers' Charter which includes commitments to service the community.

More specifically, key strategies as outlined in the Corporate Plan 2010–11 include:

- designing and building administrative services to support government, the community and other agencies;
- providing strategies that make it as easy and cheap as possible for people to meet their obligations; and
- implementing compliance strategies to provide support for those willing to participate, who may need assistance, and deals firmly with those not willing to comply.

Outcome 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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 benefits and managing non-compliance with the law	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,443	8,594
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,992,933	2,998,686
Revenues from independent sources (s31)	29,207	30,446
Special accounts	28,605	30,781
Expenses not requiring appropriation in the Budget year	-	115,086
Total for Program 1.1	3,056,188	3,183,593
Program 1.2: Tax Practitioners Board		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	14,546	13,534
Total for Program 1.2	14,546	13,534

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

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 benefits and managing non-compliance with the law	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.3: Tax Bonus		
Administered expenses		
Special appropriations	141,500	-
Total for Program 1.3	141,500	-
Program 1.4: Product Stewardship Waste (Oil) Scheme		
Administered expenses		
Special appropriations	30,000	30,000
Total for Program 1.4	30,000	30,000
Program 1.5: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	42,000	53,000
Total for Program 1.5	42,000	53,000
Program 1.6: Refundable Film and Television Tax Offset		
Administered expenses		
Special appropriations	143,000	146,700
Total for Program 1.6	143,000	146,700
Program 1.7: Research and Development Tax Offset		
Administered expenses		
Special appropriations	632,000	1,007,000
Total for Program 1.7	632,000	1,007,000
Program 1.8: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	201,000	200,000
Total for Program 1.8	201,000	200,000
Program 1.9: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	784,000	785,000
Total for Program 1.9	784,000	785,000
Program 1.10: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	266,000	278,000
Total for Program 1.10	266,000	278,000
Program 1.11: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	5,118,300	5,162,400
Total for Program 1.11	5,118,300	5,162,400
Program 1.12: Education Tax Refund		
Administered expenses		
Special appropriations	515,000	742,000
Total for Program 1.12	515,000	742,000
Program 1.13: National Urban Water and Desalination Plan		
Administered expenses		
Special appropriations	-	-
Total for Program 1.13	-	-

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

	2009-10	2010-11
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 benefits and managing non-compliance with the law	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.14: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	5,000	30,743
Subtotal for Program 1.14	5,000	30,743
Program 1.15: First Home Saver Accounts		
Administered expenses		
Special appropriations	12,000	23,600
Total for Program 1.15	12,000	23,600
Program 1.16: Baby Bonus		
Administered expenses		
Special appropriations	-	-
Total for Program 1.16	-	-
Program 1.17: Resource Exploration Rebate		
Administered expenses		
Special appropriations	-	-
Total for Program 1.17	-	-
Program 1.18: Domestic Ethanol Assistance		
Administered expenses		
Special appropriations	-	-
Total for Program 1.18	-	-
Program 1.19: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	330,000	330,000
Total for Program 1.19	330,000	330,000
Program 1.20: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in the Budget year	5,555,000	4,823,400
Total for Program 1.20	5,555,000	4,823,400
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,443	8,594
Special appropriations	8,219,800	8,788,443
Expenses not requiring appropriation in the Budget year	5,555,000	4,823,400
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,007,479	3,012,220
Revenues from independent sources (s31)	29,207	30,446
Special accounts	28,605	30,781
Expenses not requiring appropriation in the Budget year	-	115,086
Total expenses for Outcome 1	16,845,534	16,808,970
	2009-10	2010-11
Average staffing level (number)	21,553	21,828

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.

The ATO also manages a number of whole-of-government programs that deliver a range of services. These include:

- progressing the Australian Business Register as a whole-of-government resource for streamlining business and government interactions; and
- providing expert valuation services and advice to government agencies.

Program 1.1 expenses

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

Table 2.2: Program 1.1 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Program Component 1.1.1 - Design and build administrative services to support government, the community and other agencies					
Annual departmental expenses					
Departmental items	481,591	500,240	510,138	520,915	507,376
Total component expenses	481,591	500,240	510,138	520,915	507,376
Program Component 1.1.2 - Provide strategies to make it easy and as cheap as possible for people to meet their obligations					
Annual departmental expenses					
Departmental items	1,013,468	1,052,711	1,073,541	1,096,220	1,067,730
Total component expenses	1,013,468	1,052,711	1,073,541	1,096,220	1,067,730
Program Component 1.1.3 - Implement compliance strategies to support those willing to participate, who may need assistance, and who deals firmly with those not willing to comply					
Annual departmental expenses					
Departmental items	1,519,327	1,578,158	1,609,386	1,643,384	1,600,675
Annual administered expenses					
Administered item	5,443	8,594	21,976	11,091	6,934
Total component expenses	1,524,770	1,586,752	1,631,362	1,654,475	1,607,609
Program Component 1.1.4 - Australian Business Register					
Annual departmental expenses					
Departmental items	7,754	13,109	9,068	8,958	8,978
Total component expenses	7,754	13,109	9,068	8,958	8,978
Program Component 1.1.5 - Australian Valuation Office					
Special account expenses					
Valuation Services Special Account	28,605	30,781	32,351	33,999	35,734
Total component expenses	28,605	30,781	32,351	33,999	35,734
Total program expenses	3,056,188	3,183,593	3,256,460	3,314,567	3,227,427

Program Component 1.1.1: Design and build administrative services to support government, the community and other agencies

Deliverables

- 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 governments and other agencies.

Key performance indicators

- 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: Provide strategies to make it easy and as cheap as possible for people to meet their obligations

Deliverables

- 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.

Key performance indicators

- 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: Implement compliance strategies to support those willing to participate, who may need assistance, and deals firmly with those not willing to comply

Deliverables

- 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.

Key performance indicators

- 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 Component 1.1.4: Australian Business Register (ABR)

Deliverables

- Issue, maintain and cancel Australian Business Numbers and AUSkey registrations to support interactions between government and businesses.
- Promote the ABR as a whole-of-government resource and provide eligible government agencies with access to details of registered Australian Business Number holders.
- Provide the community with access to public data to assist in verifying core business identity and other government registration information.

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 Component 1.1.5: Australian Valuation Office

Deliverables

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

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.
- Improve governance and reporting processes.
- Improve quality of valuation services.

Program 1.2: Tax Practitioners Board

Program 1.2 objective

The objective of the Tax Practitioners Board is to strengthen the integrity of the tax 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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items ¹	14,546	13,534	13,534	13,534	13,534
Total program expenses	14,546	13,534	13,534	13,534	13,534

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; and
- 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; and
- Increase awareness and engagement amongst tax practitioners.

Program 1.3: Tax Bonus

Program 1.3 objective

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.

Program 1.3 expenses

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

Table 2.4: Program 1.3 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	141,500	-	-	-	-
Total program expenses	141,500	-	-	-	-

Program 1.3 deliverables

The ATO's role 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 bonuses paid; and
- the number of eligible recipients.

Program 1.3 key performance indicators

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

Program 1.4: Product Stewardship Waste (Oil) Scheme

Program 1.4 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 Environment, Water, Heritage and the Arts has policy responsibility for the program, whilst the ATO administers the program on its behalf.

Program 1.4 expenses

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

Table 2.5: Program 1.4 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship waste (oil) scheme	30,000	30,000	30,000	31,000	31,000
Total program expenses	30,000	30,000	30,000	31,000	31,000

Program 1.4 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 Department of Environment, Water, Heritage and the Arts. 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 1.4 key performance indicators

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

Program 1.5: Cleaner Fuels Grant Scheme

Program 1.5 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 has policy responsibility for the program, whilst the ATO administers the program on its behalf.

Program 1.5 expenses

There is an increase in expenses from 2011-12 due to the commencement of payments for gaseous fuels, particularly LPG, made as part of the phase-in of effective fuel taxation. The expenses then decrease as the assistance is phased out in the period to 1 July 2015.

Table 2.6: Program 1.5 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	42,000	53,000	452,800	337,500	220,900
Total program expenses	42,000	53,000	452,800	337,500	220,900

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 the Department of Environment, Water, Heritage and the Arts. Successful delivery is demonstrated by:

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

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: Refundable Film and Television Tax Offset

Program 1.6 objective

This program comprises three film tax offsets: the Producer Offset, the Location Offset and the Post, Digital and Visual Effects (PDV) Offset. The 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 Environment, Water, Heritage and the Arts (DEWHA) along with Screen Australia and the ATO have policy responsibility for the program. Screen Australia administers the Producer Offset while DEWHA has administrative responsibility for the Location and PDV Offsets.

Program 1.6 expenses

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

Table 2.7: Program 1.6 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	143,000	146,700	126,100	127,200	127,900
Total program expenses	143,000	146,700	126,100	127,200	127,900

Program 1.6 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 DEWHA 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 1.6 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: Research and Development Tax Offset

Program 1.7 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 1.7 expenses

The increases in expenses from 2010-11 reflect the impact of the 2009-10 Budget measure 'An Innovation and Higher Education System for the 21st Century – Research and Development Tax Credit'.

Table 2.8: Program 1.7 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	632,000	1,007,000	1,063,000	1,122,000	1,185,000
Total program expenses	632,000	1,007,000	1,063,000	1,122,000	1,185,000

Program 1.7 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 1.7 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: Private Health Insurance Rebate

Program 1.8 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 1.8 expenses

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

Table 2.9: Program 1.8 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	201,000	200,000	207,000	215,000	224,000
Total program expenses	201,000	200,000	207,000	215,000	224,000

Program 1.8 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 1.8 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: Superannuation Co-contribution Scheme

Program 1.9 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, whilst the ATO administers the program on its behalf, including providing information and support for individuals and superannuation funds through marketing and education services.

Program 1.9 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2010-11* for further information.

Table 2.10: Program 1.9 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	784,000	785,000	742,000	725,000	696,000
Total program expenses	784,000	785,000	742,000	725,000	696,000

Program 1.9 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 1.9 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 Guarantee Scheme

Program 1.10 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 1.10 expenses

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

Table 2.11: Program 1.10 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Superannuation Guarantee (Administration) Act 1992</i>	266,000	278,000	292,000	305,000	318,000
Total program expenses	266,000	278,000	292,000	305,000	318,000

Program 1.10 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 1.10 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: Fuel Tax Credits Scheme

Program 1.11 objective

The Fuel Tax Credit 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 1.11 expenses

The expenses are impacted by the expansion to the Fuel Tax Credits Scheme commencing in 1 July 2012.

Table 2.12: Program 1.11 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,118,300	5,162,400	5,289,300	5,680,400	5,799,300
Total program expenses	5,118,300	5,162,400	5,289,300	5,680,400	5,799,300

Program 1.11 deliverables

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

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

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: Education Tax Refund

Program 1.12 objective

The Education Tax Refund 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, whilst the ATO administers the program on its behalf.

Program 1.12 expenses

The estimates are expected to increase over future years as a result of CPI indexation. The estimates in 2009-10 reflect adjustments for the over estimation of the first year of the program.

Table 2.13: Program 1.12 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	515,000	742,000	748,000	778,000	813,000
Total program expenses	515,000	742,000	748,000	778,000	813,000

Program 1.12 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 1.12 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: National Urban Water and Desalination Plan

Program 1.13 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.

The Department of Environment, Water, Heritage and the Arts (DEWHA) has responsibility for the program, including the payment of grants.

Program 1.13 expenses

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

Table 2.14: Program 1.13 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.13 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 DEWHA.

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 Rental Affordability Scheme

Program 1.14 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 50,000 new affordable rental properties by managing a competitive process for allocation of the incentive and monitoring compliance and eligibility.

Program 1.14 expenses

The projected expenses across the forward years have been updated in the 2010-11 Budget following an update to the implementation phasing of the existing scheme and the revision of the original budget assumptions.

Table 2.15: Program 1.14 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,000	30,743	122,716	228,376	268,141
Total program expenses	5,000	30,743	122,716	228,376	268,141

Program 1.14 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 1.14 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: First Home Saver Accounts

Program 1.15 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 Australian Securities and Investments Commission.

Program 1.15 expenses

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

Table 2.16: Program 1.15 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	12,000	23,600	39,700	49,800	67,700
Total program expenses	12,000	23,600	39,700	49,800	67,700

Program 1.15 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 1.15 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: Baby Bonus

Program 1.16 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 1.16 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.

Table 2.17: Program 1.16 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.16 deliverables

Successful delivery is demonstrated by:

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

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: Resource Exploration Rebate

Program 1.17 objective

The Resource Exploration Rebate program aims to attract new resource development, grow investment and jobs in the resources sector and to provide better support to resource exploration companies. The definition of exploration expenditure will be expanded to include expenditure incurred in exploring for geothermal energy.

The Department of the Treasury has policy responsibility for the program, whilst the ATO will administer the program on its behalf.

The Resource Exploration Rebate will provide a refundable tax offset at the company tax rate for eligible exploration expenses from 1 July 2011.

Program 1.17 expenses

The estimates have a steady growth from 2011-12 across the forward years.

Table 2.18: Program 1.17 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	520,000	600,000	680,000
Total program expenses	-	-	520,000	600,000	680,000

Program 1.17 deliverables

The ATO will be responsible for administering the Resource Exploration Rebate and providing compliance assurance and support for the process.

Successful delivery will be demonstrated by:

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

Program 1.17 key performance indicators

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

Program 1.18: Domestic Ethanol Assistance

Program 1.18 objective

The program 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.

Program 1.18 expenses

The estimates decrease over the forward years as the rate of the offsetting assistance payment to domestic ethanol producers is progressively reduced.

Table 2.19: Program 1.18 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	99,000	74,000	49,500
Total program expenses	-	-	99,000	74,000	49,500

Program 1.18 deliverables

Details of the assistance for domestic ethanol, including deliverables, will be finalised after consultation with industry.

Program 1.18 key performance indicators

The ATO's role in successfully delivering this program will be demonstrated by assistance being delivered in accordance with the law.

Program 1.19: Interest on Overpayments and Early Payments of Tax

Program 1.19 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 Act 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 1.19 expenses

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

Table 2.20: Program 1.19 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	330,000	330,000	330,000	330,000	330,000
Total program expenses	330,000	330,000	330,000	330,000	330,000

Program 1.19 deliverables

The ATO administers this 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 1.19 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 1.20: Bad and Doubtful Debts and Remissions

Program 1.20 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 cannot 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 1.20 expenses

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

Table 2.21: Program 1.20 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Administered item					
Expenses not requiring appropriation in the Budget year	5,555,000	4,823,400	5,184,200	5,520,400	5,805,500
Total program expenses	5,555,000	4,823,400	5,184,200	5,520,400	5,805,500

Program 1.20 deliverables

The ATO administers the 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 1.20 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.

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 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, 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 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits Account (A)	1	49 49	- -	- -	- -	49 49
Other Trust Moneys Account (A)	1	1,035 1,035	10,000 10,000	10,000 10,000	- -	1,035 1,035
Superannuation Holding Accounts Special Account (A)	1	84,885 131,485	30,700 25,900	12,200 72,500	- -	103,385 84,885
Valuation Services Special Account (D)	1	6,780 9,370	31,553 29,355	31,016 31,945	- -	7,317 6,780
Services for other Governments and Non- agency Bodies Account (D)	1	- -	- -	- -	- -	- -
Total special accounts 2010-11 Budget estimate		92,749	72,253	53,216	-	111,786
Total special accounts 2009-10 estimate actual		141,939	65,255	114,445	-	92,749

(A) = Administered.

(D) = Departmental.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other	Total	Program
	Bill No. 1	Bill No. 2	Special approp	Total approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian Taxation Office Outcome 1							
Total outcome 2010-11	4,258	-	-	4,258	-	4,258	1.1
<i>Total outcome 2009-10</i>	<i>3,768</i>	-	-	<i>3,768</i>	-	<i>3,768</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 2010-11 after income tax equivalents expense from the Australian Valuation Office (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 2010-11, a significant proportion of the ATO's capital investment is again directed toward the development or improvement of internally developed systems and software in support of the ATO's intention of making people's experience with the revenue systems easier, cheaper and more personalised, and improving the integrity and flexibility of the superannuation business systems.

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	1,958,245	2,059,720	2,134,409	2,200,366	2,178,233
Supplier expenses	998,513	1,013,241	985,775	980,829	908,741
Depreciation and amortisation	108,347	115,263	127,479	135,314	146,483
Income tax	186	309	355	501	570
Total expenses	3,065,291	3,188,533	3,248,018	3,317,010	3,234,027
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	53,932	57,182	55,577	58,361	61,126
Other revenue	380	405	442	478	521
Total revenue	54,312	57,587	56,019	58,839	61,647
Gains					
Other	3,500	3,640	3,786	3,937	4,095
Total gains	3,500	3,640	3,786	3,937	4,095
Total own-source income	57,812	61,227	59,805	62,776	65,742
Net cost of (contribution by) services	3,007,479	3,127,306	3,188,213	3,254,234	3,168,285
Appropriation revenue	3,007,479	3,012,220	3,060,886	3,119,020	3,021,902
Surplus (deficit) attributable to the Australian Government	-	(115,086)	(127,327)	(135,214)	(146,383)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	-	(115,086)	(127,327)	(135,214)	(146,383)
Plus non-appropriated expenses depreciation and amortisation expenses		115,086	127,327	135,214	146,383
Operating result attributable to the ATO	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	26,838	27,028	26,638	26,162	25,364
Trade and other receivables	210,630	210,408	210,702	210,952	211,052
Total financial assets	237,468	237,436	237,340	237,114	236,416
Non-financial assets					
Land and buildings	149,964	152,404	174,040	185,707	187,374
Infrastructure, plant and equipment	51,922	44,964	38,006	30,998	22,990
Intangibles	415,314	472,458	484,062	512,239	512,907
Other	30,703	30,703	30,703	30,703	30,703
Total non-financial assets	647,903	700,529	726,811	759,647	753,974
Total assets	885,371	937,965	964,151	996,761	990,390
LIABILITIES					
Interest bearing liabilities					
Leases	28,564	28,564	28,564	28,564	28,564
Total interest bearing liabilities	28,564	28,564	28,564	28,564	28,564
Provisions					
Employees	653,456	653,243	653,225	653,225	653,225
Other	-	-	-	-	-
Total provisions	653,456	653,243	653,225	653,225	653,225
Payables					
Suppliers	196,182	196,280	196,364	196,306	196,024
Dividends	217	361	414	585	665
Other	17,495	17,617	17,664	17,810	17,879
Total payables	213,894	214,258	214,442	214,701	214,568
Total liabilities	895,914	896,065	896,231	896,490	896,357
Net assets	(10,543)	41,900	67,920	100,271	94,033
EQUITY					
Contributed equity	320,041	487,930	641,691	809,841	950,651
Reserves	66,266	66,266	66,266	66,266	66,266
Retained surpluses or accumulated deficits	(396,850)	(512,296)	(640,037)	(775,836)	(922,884)
Total equity	(10,543)	41,900	67,920	100,271	94,033
Current assets	299,167	316,938	325,787	336,806	334,653
Non-current assets	586,204	621,027	638,364	659,955	655,737
Current liabilities	724,436	724,558	724,692	724,902	724,794
Non-current liabilities	171,478	171,507	171,539	171,588	171,563

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	55,132	57,182	55,577	58,361	61,126
Appropriations	3,053,897	3,012,442	3,060,592	3,118,770	3,021,802
Interest	305	320	337	353	371
Other	95,896	96,461	96,342	98,872	94,455
Total cash received	3,205,230	3,166,405	3,212,848	3,276,356	3,177,754
Cash used					
Employees	1,967,747	2,059,933	2,134,427	2,200,366	2,178,233
Suppliers	1,096,056	1,105,879	1,078,142	1,075,697	999,233
Income taxes paid	-	187	308	355	501
Total cash used	3,063,803	3,165,999	3,212,877	3,276,418	3,177,967
Net cash from or (used by) operating activities	141,427	406	(29)	(62)	(213)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	145,389	167,889	153,761	168,150	140,810
Total cash used	145,389	167,889	153,761	168,150	140,810
Net cash from or (used by) investing activities	(145,389)	(167,889)	(153,761)	(168,150)	(140,810)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,579	167,889	153,761	168,150	140,810
Total cash received	4,579	167,889	153,761	168,150	140,810
Cash used					
Dividends paid	918	216	361	414	585
Total cash used	918	216	361	414	585
Net cash from or (used by) financing activities	3,661	167,673	153,400	167,736	140,225
Net increase or (decrease) in cash held	(301)	190	(390)	(476)	(798)
Cash at the beginning of the reporting period	27,139	26,838	27,028	26,638	26,162
Cash at the end of the reporting period	26,838	27,028	26,638	26,162	25,364

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	(396,850)	66,266	-	320,041	(10,543)
Adjusted opening balance	(396,850)	66,266	-	320,041	(10,543)
Transactions with owners					
<i>Operating result after extraordinary items</i>	(115,086)	-	-	-	(115,086)
<i>Distribution to owners</i>					
Returns on capital dividends	(360)	-	-	-	(360)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	30,579	30,579
Injection for departmental capital budget	-	-	-	137,310	137,310
Total transactions with owners	(115,446)	-	-	167,889	52,443
Estimated closing balance as at 30 June 2011	(512,296)	66,266	-	487,930	41,900

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	137,310	137,310	137,310	137,310
Equity injections - Bill 2	8,212	30,579	16,451	30,840	3,500
Previous years' outputs - Bill 2	16,332	-	-	-	-
Total capital appropriations	24,544	167,889	153,761	168,150	140,810
Represented by:					
Purchase of non-financial assets	8,212	167,889	153,761	168,150	140,810
Other	16,332	-	-	-	-
Total represented by	24,544	167,889	153,761	168,150	140,810
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	8,212	30,579	16,451	30,840	3,500
Funded by capital appropriation - DCB	-	137,310	137,310	137,310	137,310
Funded internally from departmental resources	137,177	-	-	-	-
TOTAL	145,389	167,889	153,761	168,150	140,810

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	190,125	119,351	817,754	1,127,230
less Accumulated depreciation/amortisation	40,161	67,429	402,440	510,030
Opening net book balance	149,964	51,922	415,314	617,200
Asset movements				
Additions	30,000	12,150	125,739	167,889
less Depreciation/amortisation expense	27,560	19,108	68,595	115,263
Total asset movements	2,440	(6,958)	57,144	52,626
As at 30 June 2011				
Gross book value	220,125	131,501	943,493	1,295,119
less Accumulated depreciation/amortisation	67,721	86,537	471,035	625,293
Closing net book balance	152,404	44,964	472,458	669,826

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	188,140,000	216,630,000	245,100,000	267,000,000	286,710,000
Indirect tax	72,940,000	76,550,000	81,560,000	84,710,000	88,940,000
Other taxes, fees and fines	515,000	539,000	564,000	587,000	610,000
Total taxation	261,595,000	293,719,000	327,224,000	352,297,000	376,260,000
Non-taxation					
Other sources of non-taxation revenues	26,000	26,000	26,000	26,000	26,000
Total non-taxation	26,000	26,000	26,000	26,000	26,000
Total revenues administered on behalf of government	261,621,000	293,745,000	327,250,000	352,323,000	376,286,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	5,970,300	6,429,843	7,702,916	8,200,476	8,361,741
Personal benefits	1,653,500	1,750,600	1,736,700	1,767,800	1,800,700
Suppliers	5,443	8,594	21,976	11,091	6,934
Write down and impairment of assets	5,555,000	4,823,400	5,184,200	5,520,400	5,805,500
Finance costs	330,000	330,000	330,000	330,000	330,000
Other	266,000	278,000	292,000	305,000	318,000
Total expenses administered on behalf of government	13,780,243	13,620,437	15,267,792	16,134,767	16,622,875

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	210,752	210,752	210,752	210,752	210,752
Receivables	18,526,237	20,910,837	22,967,637	24,870,237	26,775,737
Accrued revenues	9,419,034	10,029,034	10,524,034	10,959,034	11,374,034
Total financial assets	28,156,023	31,150,623	33,702,423	36,040,023	38,360,523
Total assets administered on behalf of government	28,156,023	31,150,623	33,702,423	36,040,023	38,360,523
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,832,529	1,877,529	1,902,529	1,932,529	1,932,529
Other provisions	422,509	422,509	423,509	404,509	400,509
Total provisions	2,255,038	2,300,038	2,326,038	2,337,038	2,333,038
Payables					
Subsidies	1,516,024	2,008,467	2,843,840	3,127,600	3,342,465
Personal benefits payable	2,114,779	2,068,379	2,039,479	2,057,579	2,081,479
Other payables	151,241	151,241	151,241	151,241	151,241
Total payables	3,782,044	4,228,087	5,034,560	5,336,420	5,575,185
Total liabilities administered on behalf of government	6,037,082	6,528,125	7,360,598	7,673,458	7,908,223

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	253,310,000	285,670,000	319,110,000	344,090,000	367,630,000
Other	147,000	302,000	429,000	405,000	530,000
Total cash received	253,457,000	285,972,000	319,539,000	344,495,000	368,160,000
Cash used					
Borrowing costs	330,000	330,000	330,000	330,000	330,000
Subsidies paid	5,793,300	5,937,400	6,867,543	7,916,716	8,146,876
Personal benefits	2,725,500	1,797,000	1,765,600	1,749,700	1,776,800
Payments to suppliers	7,368	8,594	21,976	11,091	6,934
Other	266,000	278,000	291,000	324,000	322,000
Total cash used	9,122,168	8,350,994	9,276,119	10,331,507	10,582,610
Net cash from or (used by) operating activities	244,334,832	277,621,006	310,262,881	334,163,493	357,577,390
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	9,122,168	8,350,994	9,276,119	10,331,507	10,582,610
Total cash received	9,122,168	8,350,994	9,276,119	10,331,507	10,582,610
Cash used					
Cash to Official Public Account	253,457,000	285,972,000	319,539,000	344,495,000	368,160,000
Total cash used	253,457,000	285,972,000	319,539,000	344,495,000	368,160,000
Net cash from or (used by) financing activities	(244,334,832)	(277,621,006)	(310,262,881)	(334,163,493)	(357,577,390)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	210,751	210,751	210,751	210,751	210,751
Cash at end of reporting period	210,751	210,751	210,751	210,751	210,751

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.

Australian Valuation Office

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

Cost of administering goods and services tax

Departmental statements include the estimated costs of administering the goods and services tax (GST) pursuant to the 'intergovernmental agreement on the reform of Commonwealth-State Financial Relations'. The GST revenue is collected on behalf of the States and Territories which agree to compensate the Australian Government for the agreed GST administration costs.

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

Notes to the administered statements

The administered financial statements included in Tables 3.2.7 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.

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COMMONWEALTH GRANTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

The main subject on which the advice is sought is the allocation among the states of the goods and services tax (GST) revenue. 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 Ministerial Council for Commonwealth-State Financial Relations.

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

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior + year amounts available in 2010-11 \$'000	Proposed at Budget = 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary Annual Services				
Departmental appropriation				
Prior year departmental carried forward	7,000 ³	-	7,000	-
Departmental appropriation ²	-	5,445 ¹	5,445	7,302
Receipts from other sources (s31)	-	-	-	8
Total net resourcing for the CGC	7,000	5,445	12,445	7,310

1. Appropriation Bill (No. 1) 2010-11.

2. Includes \$0.1 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

1.3 BUDGET MEASURES

The Commission does not have any Budget measures for 2010-11.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government agencies are required to measure their intended and actual performance in terms of outcomes. Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. 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 2010, as part of the review.

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

Outcome 1 Budgeted expenses and resources

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 Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Commonwealth Grants Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	7,302	5,445
Revenues from independent sources (s31)	8	-
Expenses not requiring appropriation in the Budget year	19	19
Total expenses for Outcome 1	7,329	5,464
	2009-10	2010-11
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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	7,329	5,464	5,381	5,431	5,462
Total departmental expenses	7,329	5,464	5,381	5,431	5,462

Program deliverables

The Commonwealth Grants Commission makes recommendations which are considered by government, on the distribution of the GST pool.

Completion of the Report on State Revenue Sharing Relativities 2011 update for consideration by the Ministerial Council for Commonwealth-State 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 budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

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 2010-11 <i>2009-10</i>	Receipts 2010-11 <i>2009-10</i>	Payments 2010-11 <i>2009-10</i>	Adjustments 2010-11 <i>2009-10</i>	Closing balance 2010-11 <i>2009-10</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Monies-					
Commonwealth Grants	1	-	-	-	-
Commission Special Account		-	-	-	-
Total special accounts					
2010-11 Budget estimate		-	-	-	-
Total special accounts					
2009-10 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	6,223	4,624	4,500	4,500	4,500
Supplier	1,026	760	801	851	882
Depreciation and amortisation	80	80	80	80	80
Total expenses	7,329	5,464	5,381	5,431	5,462
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	8	-	-	-	-
Total revenue	8	-	-	-	-
Gains					
Other gains	19	19	19	19	19
Total gains	19	19	19	19	19
Total own-source income	27	19	19	19	19
Net cost of (contribution by) services	7,300	5,445	5,362	5,412	5,443
Appropriation revenue	7,302	5,365	5,282	5,332	5,363
Surplus (deficit) attributable to the Australian Government	2	(80)	(80)	(80)	(80)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	2	(80)	(80)	(80)	(80)
Plus non-appropriated expenses depreciation and amortisation expenses	-	80	80	80	80
Operating result attributable to the CGC	2	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	138	138	138	138	138
Trade and other receivables	7,009	7,011	7,010	7,010	7,011
Total financial assets	7,147	7,149	7,148	7,148	7,149
Non-financial assets					
Infrastructure, plant and equipment	217	217	217	217	217
Other	55	55	55	55	55
Total non-financial assets	272	272	272	272	272
Total assets	7,419	7,421	7,420	7,420	7,421
LIABILITIES					
Provisions					
Employees	1,573	1,535	1,548	1,548	1,540
Other	78	78	78	78	78
Total provisions	1,651	1,613	1,626	1,626	1,618
Payables					
Suppliers	75	115	101	101	110
Total payables	75	115	101	101	110
Total liabilities	1,726	1,728	1,727	1,727	1,728
Net assets	5,693	5,693	5,693	5,693	5,693
EQUITY					
Contributed equity	917	997	1,077	1,157	1,237
Reserves	159	159	159	159	159
Retained surpluses or accumulated deficits	4,617	4,537	4,457	4,377	4,297
Total equity	5,693	5,693	5,693	5,693	5,693
Current assets	7,202	7,204	7,203	7,203	7,204
Non-current assets	217	217	217	217	217
Current liabilities	1,333	1,343	1,339	1,339	1,342
Non-current liabilities	393	385	388	388	386

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	8	-	-	-	-
Appropriations	7,302	5,445	5,362	5,412	5,443
Total cash received	7,310	5,445	5,362	5,412	5,443
Cash used					
Employees	6,242	4,663	4,486	4,500	4,509
Suppliers	988	702	796	832	854
Total cash used	7,230	5,365	5,282	5,332	5,363
Net cash from or (used by) operating activities	80	80	80	80	80
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	80	80	80	80	80
Total cash used	80	80	80	80	80
Net cash from or (used by) investing activities	(80)	(80)	(80)	(80)	(80)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	138	138	138	138	138
Cash at the end of the reporting period	138	138	138	138	138

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	4,617	159	-	917	5,693
Adjusted opening balance	4,617	159	-	917	5,693
Comprehensive income					
Surplus (deficit) for the period	(80)	-	-	-	-
Total comprehensive income recognised directly in equity	(80)	-	-	-	-
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	80	-
Total transactions with owners	-	-	-	80	-
Estimated closing balance as at 30 June 2011	4,537	159	-	997	5,693

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	80	80	80	80
Total capital appropriations	-	80	80	80	80
Represented by:					
Purchase of non-financial assets	-	80	80	80	80
Total represented by	-	80	80	80	80
AQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	80	80	80	80
Funded internally from departmental resources	80	-	-	-	-
TOTAL	80	80	80	80	80

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	857	-	857
<i>less</i> Accumulated depreciation/amortisation	-	640	-	640
Opening net book balance	-	217	-	217
Asset movemets				
Additions	-	80	-	80
<i>less</i> Depreciation/amortisation expense	-	80	-	80
Total asset movements	-	-	-	-
As at 30 June 2011				
Gross book value	-	937	-	937
<i>less</i> Accumulated depreciation/amortisation	-	720	-	720
Closing net book balance	-	217	-	217

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.

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CORPORATIONS AND MARKETS ADVISORY COMMITTEE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Corporations and Markets Advisory Committee (CAMAC) is constituted under Part 9 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). Its functions, as reflected in paragraph 1(1)(c) and section 148 of the ASIC Act, are to provide informed and expert advice to the Government about corporate, financial product and financial market matters, on its own initiative or when requested by the Minister. CAMAC 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 2010-11 financial year, CAMAC will consider a reference from the Government on executive remuneration and consider new matters as they arise with a view to developing discussion papers and/or reports on these matters.

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 for CAMAC for 2010-11.

Table 1.1: Corporations and Markets Advisory Committee resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	+	Proposed at Budget 2010-11 \$'000	=	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services						
Departmental						
Prior year departmental carried forward	353	²	-		353	-
Departmental appropriation ³	-		1,041	¹	1,041	1,040
Total net resourcing for CAMAC	353		1,041		1,394	1,040

1. Appropriation Bill (No. 1) 2010-11.

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

3. Includes \$0.02 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

1.3 BUDGET MEASURES

CAMAC does not have any Budget measures for 2010-11.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

All general Government sector entities are required to measure their intended and actual performance in terms of outcomes. Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the programs that 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 1 Budgeted expenses

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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Corporations and Markets Advisory Committee		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,040	1,036
Revenues from independent sources (s31)	16	16
Total expenses for Outcome 1	1,056	1,052
	2009-10	2010-11
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 Australian 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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	1,056	1,052	1,064	1,052	1,060
Total departmental expenses	1,056	1,052	1,064	1,052	1,060

Program deliverables

CAMAC's deliverables are the publication of discussion papers and reports 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 CAMAC's finances for the budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

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 cash flows and balances

	Opening balance 2010-11 <i>2009-10</i>	Receipts 2010-11 <i>2009-10</i>	Payments 2010-11 <i>2009-10</i>	Adjustments 2010-11 <i>2009-10</i>	Closing balance 2010-11 <i>2009-10</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Corporations and Markets Advisory Committee Special Account	1	-	-	-	-
Total special accounts 2010-11 Budget estimate	-	-	-	-	-
Total special accounts 2009-10 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 operating result for 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	630	635	640	650	650
Supplier expenses	411	402	409	387	395
Depreciation and amortisation	15	15	15	15	15
Total expenses	1,056	1,052	1,064	1,052	1,060
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	1,040	1,036	1,048	1,036	1,044
Appropriation revenue	1,040	1,021	1,033	1,021	1,029
Surplus (deficit) attributable to the Australian Government	-	(15)	(15)	(15)	(15)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	-	(15)	(15)	(15)	(15)
Plus non-appropriated expenses depreciation and amortisation expenses	-	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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	64	64	64	64	64
Trade and other receivables	411	411	407	394	379
Total financial assets	475	475	471	458	443
Non-financial assets					
Land and buildings	22	21	20	19	18
Infrastructure, plant and equipment	79	85	91	97	103
Other	4	4	4	4	4
Total non-financial assets	105	110	115	120	125
Total assets	580	585	586	578	568
LIABILITIES					
Interest bearing liabilities					
Leases	65	54	39	15	-
Total interest bearing liabilities	65	54	39	15	-
Provisions					
Employees	282	292	302	312	312
Total provisions	282	292	302	312	312
Payables					
Suppliers	14	14	14	14	14
Other	48	49	50	51	51
Total payables	62	63	64	65	65
Total liabilities	409	409	405	392	377
Net assets	171	176	181	186	191
EQUITY					
Contributed equity	-	20	40	60	80
Reserves	1	1	1	1	1
Retained surpluses or accumulated deficits	170	155	140	125	110
Total equity	171	176	181	186	191
Current assets	475	475	471	458	443
Non-current assets	105	110	115	120	125
Current liabilities	409	409	405	392	377
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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	28	14	14	15	8
Appropriations	1,013	1,007	1,023	1,019	1,036
Other	39	40	41	40	40
Total cash received	1,080	1,061	1,078	1,074	1,084
Cash used					
Employees	621	625	630	640	650
Suppliers	400	396	407	394	394
Other	39	40	41	40	40
Total cash used	1,060	1,061	1,078	1,074	1,084
Net cash from or (used by) operating activities	20	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	20	20	20	20	20
Total cash used	20	20	20	20	20
Net cash from or (used by) investing activities	(20)	(20)	(20)	(20)	(20)
FINANCING ACTIVITIES					
Cash received					
Capital Injections	-	20	20	20	20
Total cash received	-	20	20	20	20
Net cash from or (used by) financing activities	-	20	20	20	20
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	64	64	64	64	64
Cash at the end of the reporting period	64	64	64	64	64

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	170	1	-	-	171
Adjusted opening balance	170	1	-	-	171
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 2011	155	1	-	20	176

Prepared on Australian Accounting Standards basis

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	20	20	20	20
Total capital appropriations	-	20	20	20	20
Represented by:					
Purchase of non-financial assets	-	20	20	20	20
Total represented by	-	20	20	20	20
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	20	20	20	20
Funded internally from departmental resources	20	-	-	-	-
TOTAL	20	20	20	20	20

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	43	96	-	139
less Accumulated depreciation/amortisation	21	17	-	38
Opening net book balance	22	79	-	101
Asset movements				
Additions	-	20	-	20
less Depreciation/amortisation expense	1	14	-	15
Total asset movements	(1)	6	-	5
As at 30 June 2011				
Gross book value	43	116	-	159
less Accumulated depreciation/amortisation	22	31	-	53
Closing net book balance	21	85	-	106

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

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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.

In 2008-09 the Inspector-General established a new work program for 2010-11 through a broad-based community consultation process which remains in effect for the 2010-11 year. The Inspector-General's strategic direction for 2010-11 will aim to improve review processes, timeliness and outcomes by:

- increasing opportunities for community input to reviews including drawing directly on contacts that contributed to the new work program;
- building on approaches that increase the Australian Taxation Office (ATO)'s involvement and contribution to review processes and outcomes; and
- continuing the selective use of external expertise and overseas comparisons to enhance capabilities and objectivity.

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: Inspector-General of Taxation resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	2,113 ⁴	-	2,113	-
Departmental appropriation ³	-	2,172 ¹	2,172	2,179
Receipts from other sources (s31)	-	52 ²	52	52
Total net resourcing for the IGT	2,113	2,224	4,337	2,231

1. Appropriation Bill (No. 1) 2010-11.

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

3. Includes \$0.04 million in 2010-11 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

The IGT does not have any Budget measures for 2010-11.

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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:

- to undertake community consultation, research and other processes to identify and prioritise areas of tax administration that can be systemically improved;
- to call for submissions to review and to stimulate input by, for example, issuing discussion papers;
- to maintain a positive public profile for the IGT through participation in conferences and seminars;
- to build on approaches that increase the ATO's involvement and contribution to review processes and outcomes;
- to selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews; and
- to review identified areas and provide independent advice and recommendations to Government on improvements to the administration of the tax laws.

The major projects and activities expected to be commenced and/or completed during 2010-11 include:

- review of the private rulings system;

- review into the ATO's administration of the Superannuation Guarantee Charge;
- review into the ATO's practices for finalising large company audits;
- review into the ATO's compliance focus on Small to Medium Enterprises;
- review into the ATO's administration of class rulings;
- review into the ATO's change program;
- follow-up review into the ATO's implementation of agreed IGT recommendations; and
- where necessary, undertake priority reserve list reviews such as ATO governance arrangements and outsourced debt collection.

Outcome 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Improved tax administration through community consultation, review, and independent advice to Government	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Inspector-General of Taxation		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,179	2,172
Revenues from independent sources (s31)	52	52
Total expenses for Outcome 1	2,231	2,224
	2009-10	2010-11
Average staffing level (number)	7	7

Contributions to Outcome 1

Program 1.1: Inspector-General of Taxation

Program objective

The IGT has the following objectives:

- identify areas of tax administration where the community or other stakeholders believe that improvements should be made or issues reviewed. Prioritise areas for review in line with principles of good tax administration such as simplicity, transparency, efficiency and fairness, and within the IGT's resources and capability;
- consult with other agencies that review tax administration, particularly the Australian National Audit Office and the Commonwealth Ombudsman to foster cooperation and to avoid unnecessary duplication in review programs;
- review the priority areas and issues including the systems established by the ATO to administer the tax laws and the systems established by tax laws in relation to administrative matters, to identify systemic issues and viable improvements;
- provide independent advice to the government on systemic issues relating to any aspect of tax administration and make recommendations on improvements; and
- follow-up on the implementation of agreed recommendations.

Program expenses

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

Table 2.2: Program expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,231	2,224	2,247	2,271	2,292
Total program expenses	2,231	2,224	2,247	2,271	2,292

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 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 budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The IGT does not have any administered funds.

3.1.2 Special accounts

The IGT does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The IGT does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

For 2010-11, the IGT is expected to consist of a statutory office holder and six staff. The IGT relies upon the support and contribution to reviews of many in the private sector, particularly professional associations and business groups. External expertise is also to be used to supplement internal capabilities.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	1,360	1,307	1,318	1,321	1,342
Supplier	798	879	891	912	912
Depreciation and amortisation	73	38	38	38	38
Total expenses	2,231	2,224	2,247	2,271	2,292
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	52	52	52	52	52
Total revenue	52	52	52	52	52
Total own-source income	52	52	52	52	52
Net cost of (contribution by)					
services					
Appropriation revenue	2,179	2,172	2,195	2,219	2,240
	2,133	2,134	2,157	2,181	2,202
Surplus (deficit) attributable to the Australian Government	(46)	(38)	(38)	(38)	(38)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	(46)	(38)	(38)	(38)	(38)
Plus non-appropriated expenses depreciation and amortisation expenses	46	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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	31	44	59	59	59
Trade and other receivables	2,082	2,082	2,082	2,082	2,082
Total financial assets	2,113	2,126	2,141	2,141	2,141
Non-financial assets					
Infrastructure, plant and equipment	309	309	309	309	309
Other	2	2	2	2	2
Total non-financial assets	311	311	311	311	311
Total assets	2,424	2,437	2,452	2,452	2,452
LIABILITIES					
Provisions					
Employees	270	284	298	298	298
Other	133	133	133	133	133
Total provisions	403	417	431	431	431
Payables					
Suppliers	85	84	85	85	85
Total payables	85	84	85	85	85
Total liabilities	488	501	516	516	516
Net assets	1,936	1,936	1,936	1,936	1,936
EQUITY					
Reserves	248	248	248	248	248
Contributed equity	-	38	76	114	152
Retained surpluses or accumulated deficits	1,688	1,650	1,612	1,574	1,536
Total equity	1,936	1,936	1,936	1,936	1,936
Current assets	63	76	91	91	91
Non-current assets	2,361	2,361	2,361	2,361	2,361
Current liabilities	209	214	222	222	222
Non-current liabilities	279	287	294	294	294

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,133	2,134	2,157	2,181	2,202
Other	52	52	52	52	52
Total cash received	2,185	2,186	2,209	2,233	2,254
Cash used					
Employees	1,256	1,293	1,304	1,321	1,342
Suppliers	867	880	890	912	912
Total cash used	2,123	2,173	2,194	2,233	2,254
Net cash from or (used by) operating activities	62	13	15	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	38	38	38	38	38
Total cash used	38	38	38	38	38
Net cash from or (used by) investing activities	(38)	(38)	(38)	(38)	(38)
FINANCING ACTIVITIES					
Cash received					
Capital injections	-	38	38	38	38
Total cash received	-	38	38	38	38
Net cash from or (used by) financing activities	-	38	38	38	38
Net increase or (decrease) in cash held	24	13	15	-	-
Cash at the beginning of the reporting period	7	31	44	59	59
Cash at the end of the reporting period	31	44	59	59	59

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	1,688	247	1	-	1,936
Adjusted opening balance	1,688	247	1	-	1,936
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 2011	1,650	247	1	38	1,936

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	38	38	38	38
Total capital appropriations	-	38	38	38	38
Represented by:					
Purchase of non-financial assets	-	38	38	38	38
Total represented by	-	38	38	38	38
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	38	38	38	38
Funded internally from departmental resources	38	-	-	-	-
TOTAL	38	38	38	38	38

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	355	-	355
less Accumulated depreciation/amortisation	-	46	-	46
Opening net book balance	-	309	-	309
Asset movements				
Additions	-	38	-	38
less Depreciation/amortisation expense	-	38	-	38
Total asset movements	-	-	-	-
As at 30 June 2011				
Gross book value	-	393	-	393
less Accumulated depreciation/amortisation	-	84	-	84
Closing net book balance	-	309	-	309

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

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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 *Trade Practices Act 1974* (TPA) 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 TPA 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 TPA. During 2010-11 the NCC expects to receive up to 10 applications for the certification of state and territory access regimes, primarily regimes within the energy sector.

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 the NCC will continue to revise its processes to ensure that its recommendations are provided within commercially

meaningful time frames and in accordance with the TPA and the NGL and will continue to ensure its websites and other information resources remain relevant.

There is currently before the Parliament a Bill to amend various provisions of Part IIIA of the TPA, primarily intended to reduce the scope for delay and gaming of various regulatory processes. The NCC will monitor the progress of this Bill and ensure that changes to regulatory processes are reflected in the NCC's arrangements and guidelines for considering applications under Part IIIA.

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: National Competition Council resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	+	Proposed at Budget 2010-11 \$'000	=	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services						
Departmental						
Prior year departmental carried forward	3,144	²	-		3,144	-
Departmental appropriation ³	-		2,812	¹	2,812	2,806
Total net resourcing for the NCC	3,144		2,812		5,956	2,806

1. Appropriation Bill (No. 1) 2010-11.

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

3. Includes \$0.04 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

Third party payments from and on behalf of other agencies

	2010-11 \$'000	2009-10 \$'000
Payments made on behalf of the NCC	2,772	2,806

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

1.3 BUDGET MEASURES

The NCC does not have any 2010-11 Budget measures.

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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 target timeframes) and good regulatory practice.

Pursuant to the TPA, 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 have set a timetable for the States and Territories to submit applications for the certification of their existing access regimes by the end of 2010. They have also undertaken to achieve certification of new access regimes as soon as practicable.

In 2010-11, the NCC will liaise with Government applicants to assist them in formulating 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: National Competition Council		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,806	2,772
Expenses not requiring appropriation in the Budget year	24	64
Expenses funded by prior year departmental carried forward	950	-
Total expenses for Outcome 1	3,780	2,836
	2009-10	2010-11
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 target 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

Program expenses are not expected to significantly vary from those in the 2010-11 Budget and the forward years.

Table 2.2: Program expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	3,780	2,836	2,882	2,903	2,925
Total program expenses	3,780	2,836	2,882	2,903	2,925

Program deliverables

The NCC has the following deliverables:

- makes recommendations to Ministers pursuant to Part IIIA of the TPA 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 29O(2) of the TPA.

Program key performance indicators

The NCC has the following key performance indicators:

- recommendations on declaration applications made within statutory time guidelines (target of four months) and meet advice requirements of Ministers;
- recommendations on certification applications made within statutory time guidelines (target of six months) 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) 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 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, 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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	-	-	-	-	-
Services for other Governments and Non-agency Bodies Account	1	-	-	-	-	-
Total special accounts						
2010-11 Budget estimate		-	-	-	-	-
Total special accounts 2009-10 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 is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

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

Budgeted departmental income statement

The NCC is budgeting for a break even result for 2010-11 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 beginning in the 2010-11 Budget.

Operating revenues

Total NCC revenue in 2010-11 is estimated to be \$2.8 million.

Operating expenses

Total expenses in 2010-11 are estimated to be \$2.8 million. This is a decrease from the 2009-10 estimated actual. In 2009-10 operating expenses increased as the NCC was required to engage legal and expert witness for its third party access work, principally in relation to reviews by the Australian Competition Tribunal of four matters relating to previous NCC declaration recommendations. The hearing of these matters was completed in 2009-10 and the NCC does not expect to incur operating expenses for them in 2010-11.

Budgeted departmental balance sheet

In 2010-11 the NCC's equity position will be positive \$4.1 million.

Assets

The NCC's assets are predominantly financial assets.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2009-10.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	1,599	1,658	1,716	1,748	1,760
Supplier expenses	2,141	1,138	1,126	1,115	1,125
Depreciation and amortisation	40	40	40	40	40
Total expenses	3,780	2,836	2,882	2,903	2,925
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	3,756	2,812	2,858	2,879	2,901
Appropriation revenue	2,806	2,772	2,818	2,839	2,861
Surplus (deficit) attributable to the Australian Government	(950)	(40)	(40)	(40)	(40)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	(950)	(40)	(40)	(40)	(40)
Plus non-appropriated expenses depreciation and amortisation expenses	-	40	40	40	40
Operating result attributable to the NCC	(950)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	92	92	92	92	92
Trade and other receivables	4,330	4,330	4,330	4,330	4,330
Total financial assets	4,422	4,422	4,422	4,422	4,422
Non-financial assets					
Land and buildings	70	70	70	70	70
Infrastructure, plant and equipment	70	70	70	70	70
Intangibles	6	6	6	6	6
Other	5	5	5	5	5
Total non-financial assets	151	151	151	151	151
Total assets	4,573	4,573	4,573	4,573	4,573
LIABILITIES					
Provisions					
Employees	244	244	244	244	244
Other	20	20	20	20	20
Total provisions	264	264	264	264	264
Payables					
Suppliers	179	179	179	179	179
Total payables	179	179	179	179	179
Total liabilities	443	443	443	443	443
Net assets	4,130	4,130	4,130	4,130	4,130
EQUITY					
Contributed equity	(134)	(94)	(54)	(14)	26
Reserves	179	179	179	179	179
Retained surpluses or accumulated deficits	4,085	4,045	4,005	3,965	3,925
Total equity	4,130	4,130	4,130	4,130	4,130
Current assets	4,427	4,427	4,427	4,427	4,427
Non-current assets	146	146	146	146	146
Current liabilities	290	290	290	290	290
Non-current liabilities	153	153	153	153	153

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,869	2,772	2,818	2,839	2,861
Total cash received	3,869	2,772	2,818	2,839	2,861
Cash used					
Employees	1,569	1,658	1,716	1,748	1,760
Suppliers	2,166	1,114	1,102	1,091	1,101
Total cash used	3,735	2,772	2,818	2,839	2,861
Net cash from or (used by) operating activities	134	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	40	40	40	40	40
Total cash used	40	40	40	40	40
Net cash from or (used by) investing activities	(40)	(40)	(40)	(40)	(40)
FINANCING ACTIVITIES					
Cash Received					
Capital injections	(94)	40	40	40	40
Total cash received	(94)	40	40	40	40
Net cash from or (used by) financing activities	(94)	40	40	40	40
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	92	92	92	92	92
Cash at the end of the reporting period	92	92	92	92	92

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	4,085	179	-	(134)	4,130
Adjusted opening balance	4,085	179	-	(134)	4,130
Comprehensive income					
Surplus (deficit) for the period	(40)	-	-	-	(40)
Total comprehensive income recognised directly in equity	(40)	-	-	-	(40)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	40	40
Total transactions with owners	-	-	-	40	40
Estimated closing balance as at 30 June 2011	4,045	179	-	(94)	4,130

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	40	40	40	40
Total capital appropriations	-	40	40	40	40
Represented by:					
Purchase of non-financial assets	-	40	40	40	40
Total represented by	-	40	40	40	40
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	40	40	40	40
Funded internally from departmental resources	40	-	-	-	-
TOTAL	-	40	40	40	40

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	120	92	7	219
less Accumulated depreciation/amortisation	50	22	1	73
Opening net book balance	70	70	6	146
Asset movements				
Additions	25	15	-	40
less Depreciation/amortisation expense	25	15	-	40
Total asset movements	-	-	-	-
As at 30 June 2011				
Gross book value	145	107	7	259
less Accumulated depreciation/amortisation	75	37	1	113
Closing net book balance	70	70	6	146

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

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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; and
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and to 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 2010-11 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 for AUASB for 2010-11.

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	340 ⁴	-	340	-
Departmental appropriation ³	-	1,151 ¹	1,151	1,115
Receipts from other sources (s31)	-	1,130 ²	1,130	1,190
Total ordinary annual services	A 340	2,281	2,621	2,305
Other services				
Departmental non-operating				
Equity injections	579	-	579	-
Total other services	B 579	-	579	-
Special accounts				
Opening balance ⁵	-	-	-	-
Non-appropriation receipts to Special Accounts	-	594	594	594
Total special account	C -	594	594	594
Total resourcing (A+B+C)	919	2,875	3,794	2,899
Less receipts from other sources credited to special accounts	-	594	594	594
Total net resourcing for AUASB	919	2,281	3,200	2,305

1. Appropriation Bill (No. 1) 2010-11.

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

3. Includes \$0.05 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

5. Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

The AUASB does not have any Budget measures for 2010-11.

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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, deliverables and 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Auditing and Auditing Assurance Board		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,115	1,106
Revenues from independent sources (s31)	596	536
Special accounts	594	594
Expenses not requiring appropriation in the Budget year	17	49
less Revenue to be carried forward	159	-
Total expenses for Outcome 1	2,163	2,285
	2009-10	2010-11
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 commencing on or after 1 January 2010, including:

- development of articles that will highlight key principles;
- presenting at various 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:

- engagements to perform specified assurance 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 (due to *Corporations Act* changes); 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:

- Australian Prudential Regulation Authority and 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;
- privacy 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 an AUASB Bulletin on the audit implications of sustainability reporting;
- development of a an AUASB Bulletin on the audit implications of Standard Business Reporting and Extensible Business Reporting Language;

- preparation of a discussion paper on internal control;
- preparation of a publication which explains and differentiates audits and reviews; and
- track local and international 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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,163	2,285	2,344	2,349	2,359
Total departmental expenses	2,163	2,285	2,344	2,349	2,359

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 the AUASB's finances for the budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, and special accounts.

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 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	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			594	594	-	-
2010-11 Budget estimate		-	594	594	-	-
Total special accounts 2009-10 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 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	1,346	1,396	1,439	1,482	1,527
Supplier expenses	758	822	837	795	767
Depreciation and amortisation	56	63	64	68	61
Finance costs	3	4	4	4	4
Total expenses	2,163	2,285	2,344	2,349	2,359
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	30	30	31	32	34
Other revenue	1,160	1,100	1,100	1,100	1,100
Total revenue	1,190	1,130	1,131	1,132	1,134
Gains					
Other	17	18	19	20	20
Total gains	17	18	19	20	20
Total own-source income	1,207	1,148	1,150	1,152	1,154
Net cost of (contribution by) services	956	1,137	1,194	1,197	1,205
Appropriation revenue	1,115	1,106	1,163	1,164	1,175
Surplus (deficit) attributable to the Australian Government	159	(31)	(31)	(33)	(30)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	159	(31)	(31)	(33)	(30)
Plus non-appropriated expenses depreciation and amortisation expenses	-	31	31	33	30
Operating result attributable to the AUASB	159	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	200	200	200	200	200
Trade and other receivables	937	944	961	979	996
Total financial assets	1,137	1,144	1,161	1,179	1,196
Non-financial assets					
Infrastructure, plant and equipment	267	232	222	208	191
Intangibles	2	19	10	1	1
Other	5	5	5	5	5
Total non-financial assets	274	256	237	214	197
Total assets	1,411	1,400	1,398	1,393	1,393
LIABILITIES					
Provisions					
Employees	232	252	274	297	320
Other	127	125	130	133	137
Total provisions	359	377	404	430	457
Payables					
Suppliers	277	234	191	148	106
Other	25	25	25	25	25
Total payables	302	259	216	173	131
Total liabilities	661	636	620	603	588
Net assets	750	764	778	790	805
EQUITY					
Contributed equity	-	45	90	135	180
Retained surpluses or accumulated deficits	750	719	688	655	625
Total equity	750	764	778	790	805
Current assets	1,142	1,149	1,166	1,184	1,201
Non-current assets	269	251	232	209	192
Current liabilities	249	263	286	308	332
Non-current liabilities	412	373	334	295	256

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1	-	-	-	-
Appropriations	1,115	1,106	1,163	1,164	1,175
Other	1,189	1,130	1,131	1,132	1,134
Total cash received	2,305	2,236	2,294	2,296	2,309
Cash used					
Employees	1,340	1,376	1,417	1,460	1,504
Suppliers	755	847	861	818	788
Other	206	13	16	18	17
Total cash used	2,301	2,236	2,294	2,296	2,309
Net cash from (used by) operating activities	4	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2	45	45	45	45
Total cash used	2	45	45	45	45
Net cash from (used by) investing activities	(2)	(45)	(45)	(45)	(45)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	45	45	45	45
Total cash received	-	45	45	45	45
Net cash from (used by) financing activities	-	45	45	45	45
Net increase (decrease) in cash held	2	-	-	-	-
Cash at the beginning of the reporting period	198	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 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	750	-	-	-	750
Adjusted opening balance	750	-	-	-	750
Comprehensive income					
Surplus (deficit) for the period	(31)	-	-	-	(31)
Total comprehensive income recognised directly in equity	(31)	-	-	-	(31)
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 2011	719	-	-	45	764

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	45	45	45	45
Total capital appropriations	-	45	45	45	45
Represented by:					
Purchase of non-financial assets	-	45	45	45	45
Total represented by	-	45	45	45	45
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	45	45	45	45
Funded internally from departmental resources	2	-	-	-	-
TOTAL	2	45	45	45	45

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	491	23	514
<i>less</i> Accumulated depreciation/amortisation	-	224	21	245
Opening net book balance	-	267	2	269
Asset movements				
Additions	-	17	28	45
<i>less</i> Depreciation/amortisation expense	-	52	11	63
Total asset movements	-	(35)	17	(18)
As at 30 June 2011				
Gross book value	-	508	51	559
<i>less</i> Accumulated depreciation/amortisation	-	276	32	308
Closing net book balance	-	232	19	251

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.

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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 2010-11 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;

- 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;
- overhaul the existing differential reporting framework, including finalising a Reduced Disclosure Regime for early application in 2010;
- retain and promote a transaction neutral policy of standard setting;
- participate in ongoing projects of the International Public Sector Accounting Standards Board (IPSASB) with a view to promoting and improving the IPSASB's output; and
- issue a revised Standard on financial reporting by superannuation plans.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AASB for 2010-11.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation carried forward	915 ⁴	-	915	-
Departmental appropriation ³	-	3,148 ¹	3,148	3,091
Receipts from other sources (s31)	-	1,517 ²	1,517	1,905
Total ordinary annual services	A 915	4,665	5,580	4,996
Departmental non-operating				
Equity injections	3,688	-	3,688	-
Total other services	B 3,688	-	3,688	-
Special accounts				
Opening balance ⁵	-	-	-	-
Non-appropriation receipts to Special Accounts	-	666	666	666
Total special account	C -	666	666	666
Total resourcing (A+B+C)	4,603	5,331	9,934	5,662
Less receipts from other sources credited to special accounts	-	666	666	666
Total net resourcing for AASB	4,603	4,665	9,268	4,996

1 Appropriation Bill (No. 1) 2010-11.

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

3 Includes \$0.1 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

5 Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

The AASB does not have any Budget measures for 2010-11.

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. Agencies deliver programs which are government actions taken to deliver the stated outcomes. 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Australian Accounting Standards Board		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,091	3,048
Revenues from independent sources (s31)	1,240	1,517
Special accounts	666	-
Expenses not requiring appropriation in the Budget year	21	125
less Revenue to be carried forward	639	-
Total expenses for Outcome 1	4,379	4,690
	2009-10	2010-11
Average staffing level (number)	24	24

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 International Financial Reporting Standards (IFRSs);
- 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 IFRSs 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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,379	4,690	4,847	4,864	4,896
Total departmental expenses	4,379	4,690	4,847	4,864	4,896

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 transition neutral basis to the extent feasible and develop specific standards to deal with non 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-Oceanian 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 AASB finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

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 2010-11 <i>2009-10</i>	Receipts 2010-11 <i>2009-10</i>	Payments 2010-11 <i>2009-10</i>	Adjustments 2010-11 <i>2009-10</i>	Closing balance 2010-11 <i>2009-10</i>
	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	-	666	666	-	-
Total Special Accounts						
2010-11 Budget estimate		-	666	666	-	-
Total special accounts 2009-10 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 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	3,140	3,245	3,350	3,454	3,560
Supplier	1,101	1,299	1,353	1,255	1,183
Depreciation and amortisation	132	140	138	148	146
Finance costs	6	6	6	7	7
Total expenses	4,379	4,690	4,847	4,864	4,896
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	282	267	274	282	290
Other revenue	1,624	1,250	1,250	1,250	1,250
Total revenue	1,906	1,517	1,524	1,532	1,540
Gains					
Other gains	21	23	23	23	23
Total gains	21	23	23	23	23
Total own-source income	1,927	1,540	1,547	1,555	1,563
Net cost of (contribution by) services	2,452	3,150	3,300	3,309	3,333
Appropriation revenue	3,091	3,048	3,199	3,201	3,226
Surplus (deficit) attributable to the Australian Government	639	(102)	(101)	(108)	(107)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	639	(102)	(101)	(108)	(107)
Plus non-appropriated expenses depreciation and amortisation expenses	-	102	101	108	107
Operating result attributable to the AASB	639	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	401	401	401	401	401
Trade and other receivables	4,633	4,599	4,577	4,550	4,523
Total financial assets	5,034	5,000	4,978	4,951	4,924
Non-financial assets					
Infrastructure, plant and equipment	590	547	507	461	415
Inventories	3	3	3	3	3
Intangibles	5	8	10	8	8
Other	17	15	15	16	16
Total non-financial assets	615	573	535	488	442
Total assets	5,649	5,573	5,513	5,439	5,366
LIABILITIES					
Provisions					
Employees	1,191	1,191	1,191	1,191	1,191
Other	214	212	224	228	233
Total provisions	1,405	1,403	1,415	1,419	1,424
Payables					
Suppliers	55	55	55	55	55
Other	446	374	303	233	162
Total payables	501	429	358	288	217
Total liabilities	1,906	1,832	1,773	1,707	1,641
Net assets	3,743	3,741	3,740	3,732	3,725
EQUITY					
Contributed equity	-	100	200	300	400
Retained surpluses or accumulated deficits	3,743	3,641	3,540	3,432	3,325
Total equity	3,743	3,741	3,740	3,732	3,725
Current assets	5,054	5,018	4,996	4,970	4,943
Non-current assets	595	555	517	469	423
Current liabilities	890	871	887	885	883
Non-current liabilities	1,016	961	886	822	758

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	281	266	274	282	290
Appropriations	3,091	3,048	3,199	3,201	3,226
Other	1,624	1,278	1,277	1,273	1,274
Total cash received	4,996	4,592	4,750	4,756	4,790
Cash used					
Employees	3,141	3,245	3,349	3,452	3,560
Suppliers	1,150	1,347	1,401	1,304	1,230
Other	620	-	-	-	-
Total cash used	4,911	4,592	4,750	4,756	4,790
Net cash from (used by) operating activities	85	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	80	100	100	100	100
Total cash used	80	100	100	100	100
Net cash from (used by) investing activities	(80)	(100)	(100)	(100)	(100)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	100	100	100	100
Total cash received	-	100	100	100	100
Net cash from (used by) financing activities	-	100	100	100	100
Net increase (decrease) in cash held	5	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	396	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 2010-11)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	3,743	-	-	-	3,743
Adjusted opening balance	3,743	-	-	-	3,743
Comprehensive income					
Surplus (deficit) for the period	(102)	-	-	-	(102)
Total comprehensive income recognised directly in equity	(102)	-	-	-	(102)
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 2011	3,641	-	-	100	3,741

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	100	100	100	100
Total capital appropriations	-	100	100	100	100
Represented by:					
Purchase of non-financial assets		100	100	100	100
Total represented by	-	100	100	100	100
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	100	100	100	100
Funded internally from departmental resources	80	-	-	-	-
TOTAL	80	100	100	100	100

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	1,219	48	1,267
<i>less</i> Accumulated depreciation/amortisation	-	629	43	672
Opening net book balance	-	590	5	595
Asset movements				
Additions	-	89	11	100
<i>less</i> Depreciation/amortisation expense	-	132	8	140
Total asset movements	-	(43)	3	(40)
As at 30 June 2011				
Gross book value	-	1,308	59	1,367
<i>less</i> Accumulated depreciation/amortisation	-	761	51	812
Closing net book balance	-	547	8	555

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

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PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The Commission contributes to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis that takes a community-wide perspective rather than just the interest of particular industries or groups. The Commission has four broad components of work:

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

It is anticipated the Commission's work in 2010-11 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 2010-11 include: inquiries into *Rural Research and Development Corporations*, *Disability Care and Support*, *Caring for Older Australians* and *Wheat Export Marketing Arrangements*; studies of *Bilateral and Regional Trade Agreements*, the *Education and Training Workforce*; a continuation of the *Performance Benchmarking of Australian Business Regulation* study currently looking at land development approvals and planning and zoning regulation; and an ongoing *Review of Regulatory Burdens on Business* that is currently focused on business and consumer services.

Several of the above 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 2009-10 include *Developing a Partial Equilibrium Model of an Urban Water System*; *The Effects of Education and Health on Wages and Productivity*; *Work Choices of Married Women – drivers of change*; and *Modelling the Effects of the EU Common Agricultural Policy*. A full list of the Commission's research reports and Staff Working Papers is provided on the Commission's website.

The Commission has received \$4.0 million over four years as part of measures announced by the Government in the 2010-11 Budget, for industry reviews associated with the Renewable Energy Target.

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 administered and departmental classification.

Table 1.1: Productivity Commission resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget = 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation carried forward	7,529 ⁴	-	7,529	-
Departmental appropriation ³	-	38,781 ¹	38,781	34,388
Receipts from other sources (s31)	-	10 ²	10	10
Total ordinary annual services	A 7,529	38,791	46,320	34,398
Other services				
Departmental non-operating				
Previous years' outputs	-	-	-	868
Total other services	B -	-	-	868
Total net resourcing for Productivity Commission (A+B)	7,529	38,791	46,320	35,266

1. Appropriation Bill (No. 1) 2010-11.

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

3. Includes \$4.15 million in 2010-11 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 2010-11* and are summarised below.

Table 1.2: Productivity Commission 2010-11 Budget measures

Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures					
Renewable Energy Target - industry reviews	1.1	-	999	1,005	1,010
Total expense measures		-	999	1,005	1,010

Prepared on a Government Financial 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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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 *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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1: Productivity Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	34,388	34,636
Revenues from independent sources (s31)	10	10
Expenses not requiring appropriation in the Budget year	33	968
Total expenses for Outcome 1	34,431	35,614
	2009-10	2010-11
Average staffing level (number)	190	188

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 increase in expenses from 2010-11 is primarily due to the effect of the Commission's 2010-11 Budget measure.

Table 2.2: Program expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	34,431	35,614	35,215	35,418	35,614
Total departmental expenses	34,431	35,614	35,215	35,418	35,614

Program Deliverables

The Commission will deliver:

- public inquiry reports (for example, the inquiry report on *Rural Research and Development Corporations*), 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/State/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 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, 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.

The Productivity Commission's Services for other Governments and Non-agency Bodies Account was abolished with effect from 11 September 2009.

Table 3.1.2: Estimates of special account cash flows and balances

	Opening balance 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	Outcome \$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	-	-	-	-
Total special accounts 2010-11 Budget estimate	-	-	-	-	-
Total special accounts 2009-10 estimate actual	-	-	-	-	-

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			
	Productivity Commission Outcome 1						
Departmental 2010-11	1,647	-	-	1,647	-	1,647	1.1
<i>Departmental 2009-10</i>	<i>1,208</i>	-	-	<i>1,208</i>	-	<i>1,208</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The Commission is budgeting for a break-even result in 2010-11 and the forward estimate years. The increase in revenue in 2010-11 is primarily a consequence of the effect of the 2010-11 Budget measure. There is a corresponding increase 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	24,856	25,918	25,304	25,287	25,258
Supplier expenses	8,610	8,729	8,976	9,196	9,421
Depreciation and amortisation	935	935	935	935	935
Finance costs	30	32	-	-	-
Total expenses	34,431	35,614	35,215	35,418	35,614
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	33	33	33	33
Total gains	33	33	33	33	33
Total own-source income	43	43	43	43	43
Net cost of (contribution by) services	34,388	35,571	35,172	35,375	35,571
Appropriation revenue	34,388	34,636	34,237	34,440	34,636
Surplus (deficit) attributable to the Australian Government	-	(935)	(935)	(935)	(935)

Note: Reconciliation of operating result attributable to the agency

	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2012-13 \$'000
Operating result attributable to the Australian Government	-	(935)	(935)	(935)	(935)
Plus non-appropriated expenses depreciation and amortisation expenses	-	935	935	935	935
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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	239	244	244	244	244
Trade and other receivables	7,504	7,115	7,265	7,415	7,415
Total financial assets	7,743	7,359	7,509	7,659	7,659
Non-financial assets					
Land and buildings	2,599	5,942	5,692	5,100	4,413
Infrastructure, plant and equipment	787	665	346	343	446
Intangibles	89	78	62	72	71
Other	516	516	516	516	516
Total non-financial assets	3,991	7,201	6,616	6,031	5,446
Total assets	11,734	14,560	14,125	13,690	13,105
LIABILITIES					
Provisions					
Employees	8,274	8,427	8,577	8,727	8,727
Other	537	-	-	-	-
Total provisions	8,811	8,427	8,577	8,727	8,727
Payables					
Suppliers	463	463	463	463	463
Total payables	463	463	463	463	463
Total liabilities	9,274	8,890	9,040	9,190	9,190
Net assets	2,460	5,670	5,085	4,500	3,915
EQUITY					
Contributed equity	(2,341)	1,804	2,154	2,504	2,854
Reserves	1,725	1,725	1,725	1,725	1,725
Retained surpluses or accumulated deficits	3,076	2,141	1,206	271	(664)
Total equity	2,460	5,670	5,085	4,500	3,915
Current assets	8,259	7,875	8,025	8,175	8,175
Non-current assets	3,475	6,685	6,100	5,515	4,930
Current liabilities	8,571	8,174	8,311	8,448	8,448
Non-current liabilities	703	716	729	742	742

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	10	10	10	10	10
Appropriations	38,668	35,025	34,087	34,290	34,636
Total cash received	38,678	35,035	34,097	34,300	34,646
Cash used					
Employees	24,721	25,765	25,154	25,137	25,258
Suppliers	8,577	9,265	8,943	9,163	9,388
Total cash used	33,298	35,030	34,097	34,300	34,646
Net cash from or (used by) operating activities	5,380	5	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	166	4,145	350	350	350
Total cash used	166	4,145	350	350	350
Net cash from or (used by) investing activities	(166)	(4,145)	(350)	(350)	(350)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	(5,199)	4,145	350	350	350
Total cash received	(5,199)	4,145	350	350	350
Net cash from (used by) financing activities	(5,199)	4,145	350	350	350
Net increase or (decrease) in cash held	15	5	-	-	-
Cash at the beginning of the reporting period	224	239	244	244	244
Cash at the end of the reporting period	239	244	244	244	244

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	3,076	1,725	-	(2,341)	2,460
Adjusted opening balance	3,076	1,725	-	(2,341)	2,460
Comprehensive income					
Surplus (deficit) for the period	(935)	-	-	-	(935)
Total comprehensive income recognised directly in equity	(935)	-	-	-	(935)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	4,145	4,145
Total transactions with owners	-	-	-	4,145	4,145
Estimated closing balance as at 30 June 2011	2,141	1,725	-	1,804	5,670

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	4,145	350	350	350
Previous years' outputs	868	-	-	-	-
Total capital appropriations	868	4,145	350	350	350
Represented by:					
Purchase of non-financial assets	-	4,145	350	350	350
Other	868	-	-	-	-
Total represented by	868	4,145	350	350	350
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	4,145	350	350	350
Funded internally from departmental resources	166	-	-	-	-
TOTAL	166	4,145	350	350	350

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	4,797	1,927	529	7,253
<i>less</i> Accumulated depreciation/amortisation	2,198	1,140	440	3,778
Opening net book balance	2,599	787	89	3,475
Asset movements				
Additions	3,935	205	5	4,145
<i>less</i> Depreciation/amortisation expense	592	327	16	935
Total asset movements	3,343	(122)	(11)	3,210
As at 30 June 2011				
Gross book value	8,732	2,132	534	11,398
<i>less</i> Accumulated depreciation/amortisation	2,790	1,467	456	4,713
Closing net book balance	5,942	665	78	6,685

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

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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 role is to produce circulating and numismatic coins. Its vision is to achieve excellence as a sustainable world class mint. By manufacturing quality coinage, the Mint is contributing to the economic objectives of the Government and the people of Australia, including coin collectors. The Mint is also the custodian of the National Coin Collection and provides educational and tourist services to local and overseas residents.

The transformation of the Mint has reached a stage of its evolution whereby it can commence reaping the benefits from the building refurbishment; the automation in circulating coin production; and the upgrade of IT business systems. The benefits from these projects will enable the Mint to focus on optimising productivity returns on Commonwealth capital investment; further maximising safety and reducing environmental impacts; and enhancing the Mint visitor experience.

The Mint will continue to build a working environment that allows its staff to grow, learn and challenge accepted practices through innovative solutions. Occupational health and safety remains a strong focus for the Mint to ensure that staff have a secure and safe environment. With the recent technological changes, the Mint is committed to delivering training and development to improve the skills, culture and dynamics of the organisation to adapt to these changes. With the ongoing shortage of key skills required to operate the Mint, and against the background of its ageing workforce, development and implementation of a strategic workforce plan is a priority for the Mint in 2010-11.

In September 2010, the Mint will host the XXVI Mint Directors Conference which will see members of the international coin minting industry gather in Canberra to exchange ideas and best practice on all monetary matters and related legal, economic, technical and numismatic initiatives.

New circulating coin supply agreements to be implemented with the commercial banks will see the Mint better equipped to manage its production capacity and scheduling.

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 administered and departmental classification.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	+	Proposed at Budget 2010-11 \$'000	=	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Other services						
Departmental non-operating						
Equity injections	1,500		-		1,500	8,175
Total appropriations excluding special accounts	A 1,500		-		1,500	8,175
Special accounts						
Opening balance	61,600	¹	-		61,601	38,811
Appropriation receipts	-		-		-	175
Non-appropriation receipts to special accounts	-		250,358		250,358	235,351
Total special account	B 61,600		250,358		311,958	274,337
Total resourcing (A+B)	63,100		250,358		313,458	282,512
Less appropriations drawn from equity injections above and credited to special accounts	-		-		-	175
Total net resourcing for the Mint	63,100		250,358		313,458	282,337

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

1.3 BUDGET MEASURES

The Mint does not have any Budget measures for 2010-11.

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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;
- develop and produce quality corporate products; 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 1 Budgeted expenses and resources

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

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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	63,582	68,064
Departmental expenses		
Special accounts	81,628	89,780
Expenses not requiring appropriation in the budget year	170	161
Total expenses for Outcome 1	145,380	158,005
	2009-10	2010-11
Average staffing level (number)	195	191

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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Administered items					
Special account expenses					
Minting and Coinage Special Account	63,582	68,064	69,630	65,342	66,857
Total administered expenses	63,582	68,064	69,630	65,342	66,857
Departmental items					
Special account expenses					
Minting and Coinage Special Account	81,628	89,780	90,321	87,567	88,345
Expenses not requiring appropriation in the budget year	170	161	161	161	161
Total departmental expenses	81,798	89,941	90,482	87,728	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 budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and movements in special accounts.

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 2010-11 <i>2009-10</i>	Receipts 2010-11 <i>2009-10</i>	Payments 2010-11 <i>2009-10</i>	Adjustments 2010-11 <i>2009-10</i>	Closing balance 2010-11 <i>2009-10</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	61,600 38,811	250,358 235,526	244,154 212,737	-	67,804 61,600
Total special accounts						
2010-11 Budget estimate		61,600	250,358	244,154	-	67,804
Total special accounts 2009-10 estimate actual		38,811	235,526	212,737	-	61,600

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 estimated actual from the 2009-10 departmental surplus attributable to the Australian Government in the 2010-11 budgeted financial statements compared to the 2010-11 Portfolio Budget Statements due to increase sales of circulating coins and collector coins; and a corresponding increase in departmental expenses.

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 increase in circulating coin sales forecast; and the lead time between receipt of circulating coin revenue and payment of seigniorage to the Commonwealth (also reflected as an increase in supplier payable).

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	16,013	15,549	15,549	15,549	15,549
Supplier	63,230	66,883	66,893	64,200	64,419
Depreciation and amortisation	1,699	5,840	6,398	6,339	6,898
Write-down and impairment of assets	2	200	200	200	200
Losses from asset sales	7	-	-	-	-
Finance costs	59	29	2	-	-
Other	788	1,440	1,440	1,440	1,440
Total expenses	81,798	89,941	90,482	87,728	88,506
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	81,459	89,762	90,303	87,554	88,335
Interest	522	522	522	522	522
Other revenue	303	161	161	161	161
Total own-source income	82,284	90,445	90,986	88,237	89,018
Surplus (deficit) attributable to the Australian Government	486	504	504	509	512

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	60,926	67,130	74,112	80,906	87,814
Trade and other receivables	4,033	2,533	2,533	2,533	2,533
Tax assets	1,087	1,087	1,087	1,087	1,087
Total financial assets	66,046	70,750	77,732	84,526	91,434
Non-financial assets					
Infrastructure, plant and equipment	52,040	47,926	42,987	37,823	32,158
Heritage and cultural	16,101	16,101	16,101	16,101	16,101
Inventories	19,590	19,590	19,590	19,590	19,590
Intangibles	2,552	3,326	2,767	2,492	667
Other	148	85	85	84	84
Total non-financial assets	90,431	87,028	81,530	76,090	68,600
Total assets	156,477	157,778	159,262	160,616	160,034
LIABILITIES					
Provisions					
Employees	5,660	6,782	7,904	9,025	10,147
Total provisions	5,660	6,782	7,904	9,025	10,147
Payables					
Suppliers	24,002	24,001	24,001	23,725	21,509
Tax liabilities	645	645	645	645	645
Other	1,038	1,038	982	982	982
Total payables	25,685	25,684	25,628	25,352	23,136
Interest bearing liabilities					
Leases	410	86	-	-	-
Total interest bearing liabilities	410	86	-	-	-
Total liabilities	31,755	32,552	33,532	34,377	33,283
Net assets	124,722	125,226	125,730	126,239	126,751
EQUITY					
Contributed equity	84,934	84,934	84,934	84,934	84,934
Reserves	18,568	18,568	18,568	18,568	18,568
Retained surpluses or accumulated deficits	21,220	21,724	22,228	22,737	23,249
Total equity	124,722	125,226	125,730	126,239	126,751
Current assets	84,697	89,338	96,320	103,114	110,022
Non-current assets	71,780	68,440	62,942	57,502	50,012
Current liabilities	30,625	31,380	32,231	32,948	31,726
Non-current liabilities	1,131	1,173	1,301	1,429	1,568

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	235,940	250,358	272,275	246,818	272,177
Total cash received	235,940	250,358	272,275	246,818	272,177
Cash used					
Employees	14,547	13,383	12,713	12,715	12,715
Borrowing costs	59	29	2	-	-
Suppliers	174,918	227,918	251,592	226,409	250,654
Total cash used	189,524	241,330	264,307	239,124	263,369
Net cash from or (used by) operating activities	46,416	9,028	7,968	7,694	8,808
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	23,508	2,500	900	900	1,900
Total cash used	23,508	2,500	900	900	1,900
Net cash from or (used by) investing activities	(23,508)	(2,500)	(900)	(900)	(1,900)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	175	-	-	-	-
Total cash received	175	-	-	-	-
Cash used					
Repayments of debt	294	324	86	-	-
Total cash used	294	324	86	-	-
Net cash from or (used by) financing activities	(119)	(324)	(86)	-	-
Net increase or (decrease) in cash held	22,789	6,204	6,982	6,794	6,908
Cash at the beginning of the reporting period	38,137	60,926	67,130	74,112	80,906
Cash at the end of the reporting period	60,926	67,130	74,112	80,906	87,814

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	21,220	18,568	-	84,934	124,722
Adjusted opening balance	21,220	18,568	-	84,934	124,722
Comprehensive income					
Surplus (deficit) for the period	504	-	-	-	504
Total comprehensive income recognised directly in equity	504	-	-	-	504
Estimated closing balance as at 30 June 2011	21,724	18,568	-	84,934	125,226

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	175	-	-	-	-
Total capital appropriations	175	-	-	-	-
Represented by:					
Purchase of non-financial assets	175	-	-	-	-
Total represented by	175	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	175	-	-	-	-
Funded internally from departmental resources	8,325	2,500	900	900	1,900
TOTAL	8,500	2,500	900	900	1,900

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 2010				
Gross book value	57,445	16,101	4,799	78,345
less Accumulated depreciation/amortisation	5,405	-	2,247	7,652
Opening net book balance	52,040	16,101	2,552	70,693
Asset movements				
Additions	1,500	-	1,000	2,500
less Depreciation/amortisation expense	5,614	-	226	5,840
Total asset movements	(4,114)	-	774	(3,340)
As at 30 June 2011				
Gross book value	58,945	16,101	5,799	80,845
less Accumulated depreciation/amortisation	11,019	-	2,473	13,492
Closing net book balance	47,926	16,101	3,326	67,353

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Goods and services	152,109	204,489	226,148	212,028	226,120
Total income administered on behalf of government	152,109	204,489	226,148	212,028	226,120
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	57,305	66,118	68,130	63,842	65,357
Other	6,277	1,946	1,500	1,500	1,500
Total expenses administered on behalf of government	63,582	68,064	69,630	65,342	66,857

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	25,971	-	21,709	21,709	21,970
Total financial assets	25,971	-	21,709	21,709	21,970
Non-financial assets					
Inventories	20,000	19,926	19,919	19,902	19,895
Total non-financial assets	20,000	19,926	19,919	19,902	19,895
Total assets administered on behalf of government	45,971	19,926	41,628	41,611	41,865
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	-	520	-	-	-
Total payables	-	520	-	-	-
Total liabilities administered on behalf of government	-	520	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services (Seigniorage)	88,527	136,425	156,518	146,686	159,263
Total cash received	88,527	136,425	156,518	146,686	159,263
Net cash from or (used by) operating activities	88,527	136,425	156,518	146,686	159,263
Net increase or (decrease) in cash held	88,527	136,425	156,518	146,686	159,263
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- special accounts	88,527	136,425	156,518	146,686	159,263
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 non-financial capital assets.

Table 3.2.11: Schedule of asset movements — administered

The Mint has no administered non-financial capital assets.

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 coin, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependant upon the demand for such products by the Reserve Bank of Australia, Australian commercial banks and the coin collecting market.

Expenses

Employees

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

Depreciation and amortisation

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

Other

Other expenses include the cost of goods sold.

Budgeted departmental balance sheet

Non-financial assets

Inventory

Inventories held for 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.

From 1 July 2009 circulating coin finished goods inventory has been reclassified as an administered asset to reflect the true nature of this asset.

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 Reserve Bank of Australia and/or Australian commercial banks and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.

From 1 July 2009 circulating coin finished goods inventory has been reclassified as an administered asset to reflect the true nature of this asset. This change in classification has resulted in the Mint's administered budget statements including the gross (face value) of circulating coin as administered income and the associated cost of production, warehousing and distribution of those sales as an administered expense, rather than solely recognising the seigniorage (net) revenue as in prior years.