

AUSTRALIAN TAXATION OFFICE

Section 1: Entity overview and resources	191
1.1 Strategic direction statement	191
1.2 Entity resource statement	192
1.3 Budget measures.....	195
Section 2: Outcomes and planned performance.....	197
2.1 Outcomes and performance information	197
Section 3: Explanatory tables and budgeted financial statements	229
3.1 Explanatory tables	229
3.2 Budgeted financial statements.....	231

AUSTRALIAN TAXATION OFFICE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Taxation Office (ATO) is to effectively manage and shape the Commonwealth tax and superannuation systems that support and fund services for Australians, including ensuring the community has confidence in the administration of these systems.

The tax and superannuation systems are part of Australia's social and economic infrastructure. A major part of the ATO's administration of these systems is emphasising to the community the importance of willing and proper participation, in underpinning nation building. While the ATO will continue with its major responsibilities, the way it conducts its business will change significantly with a focus on new products and services and embedding a culture that is service oriented, pragmatic and conscious that time has a cost. The ATO's vision is to be a leading tax and superannuation administration, known for its contemporary service, expertise and integrity.

In seeking to achieve this vision, the ATO has four main goals:

- easy for people to participate;
- contemporary and tailored service;
- purposeful and respectful relationships; and
- professional and productive organisation.

The journey towards achievement of these goals is guided by the following strategies:

- build a culture that embodies values and transforms the client experience;
- simplify interactions, maximise automation and reduce costs;
- connect with the community and other agencies in meaningful ways;
- influence policy and law design for more certain outcomes;
- use data in a smarter way to improve decisions, services and compliance; and
- reshape the workforce to optimise capability and performance.

The goals and strategies are supported by the ATO's values of being impartial, committed to service, accountable, respectful and ethical.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at Budget 2015-16 \$'000	Total estimate 2015-16 \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)		421,616		421,616
Departmental appropriation (c)	3,357,606	-	3,258,560	3,258,560
s74 Retained revenue receipts (d)	86,300	-	133,133	133,133
Total	3,443,906	421,616	3,391,693	3,813,309
Administered expenses				
Outcome 1 (a)	284	-	611	611
Total	284	-	611	611
Total ordinary annual services [A]	3,444,190	421,616	3,392,304	3,813,920
Other services				
Departmental non-operating				
Equity injections (e)	21,644	8,268	68,461	76,729
Total other services [B]	21,644	8,268	68,461	76,729
[A+B]	3,465,834	429,884	3,460,765	3,890,649

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2015-16 as at Budget May 2015 (continued)

	Actual Available Appropriation 2014-15 \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at Budget 2015-16 \$'000	Total estimate 2015-16 \$'000
Special appropriations				
<i>Public Governance, Performance and Accountability Act 2013 - s77 (f)</i>	102,000	-	100,000	100,000
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	181,750	-	-	-
<i>Product stewardship for oil</i>	53,000	-	62,000	62,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	468,000	-	481,000	481,000
Taxation Administration Act 1953 - section 16 (Non-refund items) (g)	10,512,767	-	10,734,404	10,734,404
Total special appropriations [C] accounts	11,317,517	-	11,377,404	11,377,404
Special accounts	14,783,351	429,884	14,838,169	15,268,053
Opening balance (h)	114,089	114,087	-	114,087
Appropriation receipts	70,886	-	75,512	75,512
Appropriation receipts - other entities				
Non-appropriation receipts to Special Accounts	1,787,202	-	3,032,000	3,032,000
Total special accounts [D]	1,972,177	114,087	3,107,512	3,221,599
Total resourcing [A+B+C+D]	16,755,528	543,971	17,945,681	18,489,652
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	75,512	75,512
Total net resourcing for the ATO	16,755,528	543,971	17,870,169	18,414,140

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$109.6m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

(e) Appropriation Bill (No. 2) 2015-16.

(f) Repayments not provided for under other appropriations. Amounts received on or before 30 June 2014 were repaid under section 28 of the *Financial Management and Accountability Act 1997*.

(g) These figures relate to administered expenses including fuel tax credits, research and development tax incentives, and interest on overpayment and early payment of tax. Estimate tax refunds items for 2014-15 are \$94.5 billion (including \$175 million paid by the Australian Customs and Border Protection Service (ACBPS) on the ATO's behalf) and \$98.9 billion for 2015-16 (including \$190 million paid by the ACBPS on the ATO's behalf).

(h) Estimated opening balance for special accounts. For further information on special accounts, see Table 3.1.1.

Third party payments from and on behalf of other entities

	2014-15 \$'000	2015-16 \$'000
Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above)		
Attorney General's Department	113	-
Australian Crime Commission	112	6
Australian Federal Police	394	323
Australian Securities and Investments Commission	11	-
Australian Transaction Reports and Analysis Centre	584	424
Department of Human Services	5,281	3,869
Department of Finance	15	-
Department of Foreign Affairs	1,570	1,500
Department of Immigration and Citizenship	2	2
Department of Infrastructure and Regional Development	338	778
Department of Social Services	598	602
Department of Treasury	34	-
Reserve Bank of Australia	64,401	111,312
Total s74 relevant agency receipts received for the provision of services	73,453	118,816
Payments made to other entities for the provision of services		
Attorney General's Department	-	10
Australian Crime Commission	600	-
Australian Federal Police	1,479	-
Australian Financial Security Authority	478	478
Australian Government Solicitor	13,334	13,949
Australian Postal Corporation	80,223	91,828
Australian Prudential Regulation Authority	230	230
Australian Public Service Commission	1,391	1,356
Australian Securities and Investments Commission	1,262	1,202
Comcare	4,740	4,500
Commonwealth Director of Public Prosecutions	4,686	3,500
Comsuper	4,524	4,286
Crimtrac Agency	162	162
Department of Communications	-	33,650
Department of Defence	196	196
Department of Finance	12,879	11,772
Department of Foreign Affairs	4	-
Department of Human Services	7,097	6,482
Department of Industry and Science	785	947
Department of Immigration and Border Protection	55,886	55,233
Department of Parliamentary Services	7	-
Total payments made to other entities for the provision of services	189,963	229,781
Payments made to corporate entities within the Portfolio		
Reserve Bank of Australia		
Departmental annual appropriation	73,773	121,527

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to ATO are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Australian Taxation Office 2015-16 Budget measures

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expense measures						
<i>Departmental expenses</i>						
Combating multinational tax avoidance - new transfer pricing documentation standards						
	1.1	-	911	3,313	1,465	1,215
Cutting Red Tape - lost and unclaimed superannuation						
	1.1	-	-	-	-	-
Digital Transformation Agenda - Stage One and establishment of the Digital Transformation Office						
	1.1	-	13,761	3,066	3,091	1,952
Growing Jobs and Small Business - streamlining business registration						
	1.1	339	8,359	4,556	113	-
GST						
- applying to digital products and services imported by consumers						
	1.1	-	-	699	127	63
- compliance programme - three year extension						
	1.1	-	-	92,568	88,303	84,634
Higher Education Loan Programme - recovery of repayments from overseas debtors						
	1.1	-	455	416	154	155
Norfolk Island Reform						
	1.1	-	1,366	1,253	665	214
Operation Accordion - extension						
	1.1	-	-	-	-	-
Operation Manitou						
	1.1	-	-	-	-	-
Operation Okra - continued support						
	1.1	-	-	-	-	-
Personal income tax - changes to tax residency rules for temporary working holiday makers						
	1.1	-	777	1,845	1,771	156
Reducing Red Tape - reforms to the Australian Taxation Office						
	1.1	-	19,927	2,481	(17,818)	(49,016)
Serious Financial Crime taskforce - addressing financial and tax fraud						
	1.1	-	29,483	32,208	32,697	33,173
Strengthening Australia's foreign investment framework						
	1.1	-	11,832	9,561	8,164	7,562

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
<i>Administered expenses</i>						
Higher Education Loan Programme - recovery of repayments from overseas debtors		-	230	-	-	-
Reducing Red Tape - reforms to the Australian Taxation Office	1.1	-	350	5,024	3,501	101
Total expense measures						
Administered		-	580	5,024	3,501	101
Departmental		339	86,871	151,966	118,732	80,108
Total		339	87,451	156,990	122,233	80,209
Capital measures						
Combating multinational tax avoidance - new transfer pricing documentation standards	1.1	-	-	4,438	-	-
Digital Transformation Agenda - Stage One and establishment of the Digital Transformation Office	1.1	-	14,776	-	-	-
Growing Jobs and Small Business - streamlining business registration	1.1	482	5,450	390	-	-
GST - applying to digital products and services imported by consumers	1.1	-	-	801	-	-
Higher Education Loan Programme - recovery of repayments from overseas debtors	1.1	-	-	909	-	-
Norfolk Island Reform	1.1	-	942	-	-	-
Personal income tax - changes to tax residency rules for temporary working holiday makers	1.1	-	524	-	-	-
Reducing Red Tape - reforms to the Australian Taxation Office	1.1	-	18,763	5,851	5,351	5,465
Strengthening Australia's foreign investment framework	1.1	-	9,234	1,131	-	-
Total capital measures						
Departmental		482	49,689	13,520	5,351	5,465

Prepared on a Government Finance Statistics (fiscal) basis

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

The ATO seeks to deliver its outcome by focusing on achieving the tax compliance outcomes of collecting the right revenues, improving taxpayers' voluntary compliance and administering the tax system with integrity and confidence.

The ATO will continue to work with the Department of the Treasury to advise the government of operational implications of policy initiatives, as well as changes to legislation that could improve the regulatory framework or reduce the cost of compliance for business or the community.

The ATO will maintain robust and effective relationships across government and international jurisdictions and will encourage stakeholders to communicate their views to the ATO, in order to improve outcomes and minimise compliance costs.

The ATO provides support to the Tax Practitioners Board, the Australian Business Register and the Australian Charities and Not-for-profits Commission. It also manages and contributes to a number of whole-of-government initiatives that deliver a range of services.

The ATO's corporate plan outlines its strategic direction, service commitments and a set of performance measures, which includes all programme deliverables and key performance indicators listed in this Portfolio Budget Statement. The ATO's annual report assesses the achievements of the agency against this plan.

Outcome expense statement

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 to benefits, and managing non-compliance with the law	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	284	611
Departmental expenses		
Departmental appropriation (a)	3,116,627	3,098,227
Expenses not requiring appropriation in the Budget year (b)	116,526	166,162
Total for Programme 1.1	3,233,437	3,265,000
Programme 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	15,344	15,093
Total for Programme 1.2	15,344	15,093
Programme 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	151,040	147,724
Total for Programme 1.3	151,040	147,724
Programme 1.4: Australian Valuation Office Commission		
Departmental expenses		
Special accounts	-	-
Total for Programme 1.4	-	-
Programme 1.5: Australian Charities and Not-for-profits Commission		
Departmental expenses		
Special accounts	14,986	14,812
Total for Programme 1.5	14,986	14,812
Programme 1.6: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	235,000	388,000
Total for Programme 1.6	235,000	388,000
Programme 1.7: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	181,750	-
Total for Programme 1.7	181,750	-

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

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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		
Programme 1.8: Conversation Tillage Refundable Tax Offset		
Administered expenses		
Special appropriations	-	-
Total for Programme 1.8	-	-
Programme 1.9: Exploration Development Incentive		
Administered expenses		
Special appropriations	25,000	35,000
Total for Programme 1.9	25,000	35,000
Programme 1.10: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	6,141,800	6,229,500
Total for Programme 1.10	6,141,800	6,229,500
Programme 1.11: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	160,527	202,004
Total for Programme 1.11	160,527	202,004
Programme 1.12: Product Stewardship for Oil		
Administered expenses		
Special appropriations	53,000	62,000
Total for Programme 1.12	53,000	62,000
Programme 1.13: Research and Development Tax Incentive		
Administered expenses		
Special appropriations	2,425,000	2,374,000
Total for Programme 1.13	2,425,000	2,374,000
Programme 1.14: Seafarer Tax Offset		
Administered expenses		
Special appropriations	4,000	-
Total for Programme 1.14	4,000	-
Programme 1.15: Baby Bonus Tax Offsets		
Administered expenses		
Special appropriations	2,000	-
Total for Programme 1.15	2,000	-
Programme 1.16: Education Tax Refund		
Administered expenses		
Special appropriations	1,880	-
Total for Programme 1.16	1,880	-
Programme 1.17: First Home Saver Accounts		
Administered expenses		
Special appropriations	2,460	-
Subtotal for Programme 1.17	2,460	-

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

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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		
Programme 1.18: Low Income Earner Superannuation Contribution		
Administered expenses		
Special appropriations	772,700	742,400
Total for Programme 1.18	772,700	742,400
Programme 1.19: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	226,000	214,000
Total for Programme 1.19	226,000	214,000
Programme 1.20: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	167,000	169,000
Total for Programme 1.20	167,000	169,000
Programme 1.21: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	468,000	481,000
Total for Programme 1.21	468,000	481,000
Programme 1.22 Targeted Assistance Through the Taxation system		
Administered expenses		
Special appropriations	9,400	30,500
Total for Programme 1.22	9,400	30,500
Programme 1.23: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	340,000	350,000
Total for Programme 1.23	340,000	350,000
Programme 1.24: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in budget year	7,416,996	7,805,110
Total for Programme 1.24	7,416,996	7,805,110

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 to benefits, and managing non-compliance with the law	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	284	611
Special appropriations	11,215,517	11,277,404
Expenses not requiring appropriation in budget year	7,416,996	7,805,110
Departmental expenses		
Departmental appropriation (a)	3,283,011	3,261,044
Special accounts	14,986	14,812
Expenses not requiring appropriation in the Budget year (b)	116,526	166,162
Total expenses for Outcome 1	22,047,320	22,525,143
	2014-15	2015-16
Average staffing level (number)	18,439	18,482

(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, makegood expenses and audit fees.

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

Contributions to Outcome 1

Programme 1.1: Australian Taxation Office

Programme objective

The ATO's objective is to administer aspects of Australia's tax and superannuation systems by:

- making it as easy as possible for taxpayers to participate;
- ensuring effective strategies are in place to deal with non-compliance;
- ensuring that multinational enterprises pay the correct tax on their economic activity in Australia;
- working in collaboration with other agencies, jurisdictions and international authorities; and
- developing and supporting the capability of its people and of others in the system.

Linked to:

- Department of Human Services: Programme 1.1 Services to the Community – Social Security and Welfare.

Programme expenses

Estimates for the forward years reflect the impact of increase efficiency dividends and government policy initiatives.

Table 2.3: Programme 1.1 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Administered item	284	611	5,055	3,501	101
Annual departmental expenses:					
Departmental item	3,116,627	3,098,227	3,056,105	2,944,438	2,863,541
Expenses not requiring appropriation in the Budget year (a)	116,526	166,162	164,117	149,564	160,923
Total programme expenses	3,233,437	3,265,000	3,225,277	3,097,503	3,024,565

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, makegood expenses, and audit fees.

Programme 1.1 deliverables

The ATO has the following programme deliverables:

- number of matters that have been consulted on;
- number of customer service interactions;
- number of registrations processed;
- number of taxpayers who meet their lodgement obligations;
- number of returns, statements and forms processed;
- number of interpretive guidance products, objections and rulings provided;
- number of payments processed;
- value of net tax collected;
- number of refunds issued;
- value of refunds paid;
- number of compliance audits, reviews and other checks undertaken;
- value of compliance liabilities raised and collected as a result of compliance audits, reviews and other checks;

- value of debt collected;
- number of disputed cases resolved;
- number of lost and ATO-held superannuation accounts;
- value of lost and ATO-held superannuation accounts; and
- number of international information exchanges.

Programme 1.1 key performance indicators

The ATO has the following programme key performance indicators:

- community satisfaction with ATO performance;
- perceptions of fairness in disputes;
- proportion of draft legislation which is assured before introduction to Parliament;
- proportion of individual tax file number registrations compared to the Australian Bureau of Statistics estimated resident population;
- proportion of company tax file number registrations compared to the Australian Securities and Investments Commission registered population;
- proportion of income tax returns lodged on time;
- proportion of activity statements lodged on time;
- time-cost index for business and superannuation funds to prepare and complete key tax forms;
- adjusted average cost to individual taxpayers of managing their tax affairs;
- proportion of liabilities paid on time by value for each of the major tax revenue types;
- cost to collect net \$100;
- ratio of collectable debt to net tax collections;
- estimated goods and services tax (GST) gap as a proportion of GST revenue;
- adjusted employer superannuation contributions as a proportion of adjusted salary and wages; and

- proportion of self-managed superannuation funds contraventions compared to the total number of self-managed superannuation funds.

Programme 1.2: Tax Practitioners Board

Programme objective

The Tax Practitioners Board (TPB) has the general administration of the *Tax Agent Services Act 2009* (TASA) and is responsible for the regulation of tax practitioners. These practitioners include tax agents, business activity statement (BAS) agents and, from 1 July 2014, tax (financial) advisers.

The TPB's objective is to ensure that tax agent services provided by tax practitioners to the public are in accordance with appropriate standards of professional and ethical conduct.

The TPB's purpose is to regulate tax practitioners in a fair, consistent and practical way under the TASA to protect consumers, thereby strengthening the integrity of the tax practitioner profession.

Programme expenses

The reduction in expenses for the forward years reflects the removal of temporary supplementation from Programme 1.1.

Table 2.4: Programme 1.2 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	15,344	15,093	14,299	13,893	13,663
Total programme expenses	15,344	15,093	14,299	13,893	13,663

Programme 1.2 deliverables

The TPB has the following programme deliverables:

- administer a system for the registration of tax practitioners;
- maintain a public register of registered and deregistered tax practitioners;
- maintain an effective complaints handling and review process; and
- action to deter non-compliant or illegal behaviour.

Programme 1.2 key performance indicators

The TPB has the following programme key performance indicators:

- number and types of sanctions applied;
- improvement in the number of registration and renewal applications processed without requiring further applicant interaction;
- proportion of complaints resolved within service standard;
- significant majority of registered tax practitioners have maintained appropriate professional indemnity insurance cover;
- tax practitioners' and other stakeholders' satisfaction with communication and consultation by the TPB; and
- regular publication on the TPB website of guidance to registered tax practitioners on their rights and obligations.

Programme 1.3: Australian Business Register

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

The ABR programme encompasses:

- the ABR: a comprehensive national business dataset;
- AUSKey: a secure authentication system giving business easy-to-use access to online government services; and
- Standard Business Reporting (SBR): SBR defines a common language for business information and standards for electronic information sharing. It is used in business record-keeping software to support running the business and reduce the burden of reporting to government.

Programme objective

The ABR programme contributes to improving the wellbeing of the Australian people through enhanced business productivity by:

- reducing the administrative cost to business of complying with government regulation;
- influencing government policy development and implementation, through advocating the use of whole-of-government services, technologies and processes to minimise the administrative impact on business; and

- encouraging the adoption of new practices by businesses in their dealings with other businesses to reduce operating costs.

The ABR programme works with government, software developers, the business community and other key stakeholders in facilitating more streamlined online interactions between business and government and ultimately business and business. This will be achieved through increased use of a complete and single source of business information and broader adoption and use of consistent information exchange standards.

Linked to:

- Department of Human Services: Programme 1.1 Services to the Community – Social Security and Welfare

Programme expenses

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

Table 2.5: Programme 1.3 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	151,040	147,724	142,436	139,087	137,196
Total programme expenses	151,040	147,724	142,436	139,087	137,196

Programme 1.3 deliverables

The ABR has the following programme deliverables:

- number of government agencies directly using the ABR as their own;
- number of businesses and government agencies using AUSkey;
- number of businesses accessing and using SBR-enabled software for data exchange;
- number of government agencies implementing and using SBR; and
- number of software developers making SBR-enabled software readily available across a wider range of services.

Programme 1.3 key performance indicators

The ABR has the following programme key performance indicators:

- increased use of the ABR as the national business dataset by government agencies and the community;

- improvement in the quality of key data in the ABR;
- reduction in the unintended administrative costs to business of complying with government regulation; and
- proportion of ABN applicants obtaining a decision online at the point of application.

Programme 1.4: Australian Valuation Office

The Australian Valuation Office (AVO) ceased trading on 30 June 2014. A small number of AVO staff were retained in the 2014-15 financial year to close the AVO's corporate operations. This includes records management, closing AVO's financial records, formally transferring legal and administrative responsibilities and notifying the Government of the closure of the AVO. These activities will be completed by the end of June 2015.

Programme expenses

The estimates reflect the cessation of the programme from 1 July 2014.

Table 2.6: Programme 1.4 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	-	-	-	-	-
Total programme expenses	-	-	-	-	-

Programme 1.5: Australian Charities and Not-for-profits Commission

The Australian Charities and Not-for-profits Commission (ACNC) has been set up as a special account with statutory objects:

- to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector;
- to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and
- to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers contained in the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act) and accompanying legislation and regulations. These include the distinct function to determine and register charities, health

promotion institutions, and public benevolent institutions for all Commonwealth purposes and to maintain a free to access public charity register. The Commissioner also provides support and education to the not-for-profit sector, investigates non-compliance with the ACNC Act and implements a 'report-once, use often' general reporting framework.

The ACNC complements the ATO's fundamental role in administering aspects of Australia's tax and superannuation systems.

Programme objective

The ACNC provides independent determination and registration of charities, health promotion institutions, and public benevolent institutions for all Commonwealth purposes. It operates a public information portal to improve the transparency and accountability of the not-for-profit sector to the public. It also investigates non-compliance with the ACNC Act. All of this is to increase public trust and confidence in the charitable and not-for-profit sector.

The ACNC delivers education, advice and support to the sector to improve its governance and compliance with the ACNC Act. This promotes the sustainability and effectiveness of the not-for-profit sector.

The implementation of a 'report-once, use-often' general reporting framework is to reduce red tape and simplify the regulatory framework, in cooperation with other Australian Government agencies and State and Territory Governments, to make it easier for not-for-profits to deliver their services to the community.

Programme expenses

On 19 March 2014, the Government introduced the Australian Charities and Not-for-profits Commission (Repeal) (No. 1) Bill 2014. However, the ACNC will continue to operate in its current form whilst the current ACNC Act remains in effect and the programme expenses reflect this.

Table 2.7: Programme 1.5 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special account expenses:					
ACNC Special Account	14,986	14,812	13,893	13,467	13,227
Total programme expenses	14,986	14,812	13,893	13,467	13,227

Programme 1.5 deliverables

The ACNC has the following programme deliverables:

- number of charitable status determinations made within agreed timeframes;

- maintenance of a free to access public charity register;
- provision of guidance to assist charities to understand and meet their regulatory obligations and to assist the public to understand the work of the charity sector;
- number of investigations into non-compliance with the ACNC Act and actions taken;
- ACNC deregulation target met; and
- analysis of charity information and provision of research reports to the community.

Programme 1.5 key performance indicators

The ACNC has the following programme key performance indicators:

- proportion of registration determinations delivered within agreed timeframes;
- proportion of complaints and concerns of non-compliance with the ACNC Act addressed within agreed timeframes;
- proportion of advice, education and guidance delivered within agreed timeframes;
- percentage of charities' annual information statements submitted compared to the number of registered charities; and
- number of visits to website, and charity register.

Programme 1.6: Australian Screen Production Incentive

Programme objective

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

The Ministry for the Arts, along with Screen Australia and the ATO, have co-administration responsibilities for the programme. Screen Australia has responsibility for the Producer Offset while the Ministry for the Arts has responsibility for the Location and PDV Offset.

Programme expenses

The estimates show variations across the forward years. This reflects the fluctuation in the number of films that are expected to be certified across these years.

Table 2.8: Programme 1.6 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	235,000	388,000	273,000	247,000	247,000
Total programme expenses	235,000	388,000	273,000	247,000	247,000

Programme 1.6 deliverables

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

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

Programme 1.6 key performance indicators

The ATO has the following programme key performance indicators:

- number of tax offsets issued compared to the number of tax offset entitlements; and
- value of tax offsets issued compared to the value of tax offset entitlements.

Programme 1.7: Cleaner Fuels Grant Scheme

Programme objective

The objective of the Cleaner Fuels Grant Scheme is to encourage the manufacture or importation of cleaner fuels that have a lower impact on the environment, by paying a grant in relation to the manufacture or importation of those cleaner fuels.

Programme expenses

The estimate is for 2014-15. There are no estimates from 2015-16 and the forward years. This reflects the impact of Government initiatives announced in May Budget 2014-15.

Table 2.9: Programme 1.7 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - cleaner fuel grants	181,750	-	-	-	-
Total programme expenses	181,750	-	-	-	-

Programme 1.7 deliverables

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

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

Programme 1.7 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.8: Conservation Tillage Refundable Tax Offset

Programme objective

The Conservation Tillage Refundable Tax Offset is part of the Carbon Farming Futures Programme, which was established to help farmers and landholders benefit from carbon farming. The Government has abolished the Conservation Tillage Refundable Tax Offset starting from 1 July 2014.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2014.

Table 2.10: Programme 1.8 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total programme expenses	-	-	-	-	-

Programme 1.8 deliverables

The Conservation Tillage Refundable Tax Offset was abolished from 1 July 2014. There will be no deliverables for the Conservation Tillage Refundable Tax Offset.

Programme 1.8 key performance indicators

The Conservation Tillage Refundable Tax Offset was abolished from 1 July 2014. There will be no key performance indicators for the Conservation Tillage Refundable Tax Offset.

Programme 1.9: Exploration Development Incentive

Programme objective

The Exploration Development Incentive will allow small mineral exploration companies with no taxable income to provide exploration credits, paid as a refundable tax offset, to their Australian resident shareholders for greenfield mineral exploration.

Programme expenses

The estimates reflect the impact of Government initiatives announced in May Budget 2014-15.

Table 2.11: Programme 1.9 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	25,000	35,000	40,000	-	-
Total programme expenses	25,000	35,000	40,000	-	-

Programme 1.9 deliverables

The ATO has the following programme deliverables:

- number of applications made by mining exploration companies; and
- value of exploration expenditure sought to be converted into credits before ATO applies statutory cap on total credits.

Programme 1.9 key performance indicators

The ATO has the following programme key performance indicator:

- modulation factor provided by the ATO in sufficient time to allow allocation of capped exploration credits to shareholders.

Programme 1.10: Fuel Tax Credits Scheme

Programme objective

The objective of the Fuel Tax Credits Scheme is to remove or reduce the incidence of fuel tax levied on taxable fuels by providing a credit for fuel used for:

- business activities in machinery, plant and equipment and heavy vehicles; and
- the domestic generation of electricity by taxpayers not in business.

From 1 July 2014, the collection of the carbon charge through the fuel tax credit scheme ceased, resulting in an increase in fuel tax credit rates for many off-road activities.

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.12: Programme 1.10 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- <i>section 16 (Non-refund items)</i>	6,141,800	6,229,500	6,460,900	6,678,800	7,044,300
Total programme expenses	6,141,800	6,229,500	6,460,900	6,678,800	7,044,300

Programme 1.10 deliverables

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

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

Programme 1.10 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.11: National Rental Affordability Scheme

Programme objective

The Department of Social Services has policy responsibility for the National Rental Affordability Scheme. The objectives are to:

- increase the supply of new affordable rental housing;
- reduce rental costs for low and moderate income households — National Rental Affordability Scheme homes rented to eligible tenants at a rate that is at least 20 per cent below the market value rent; and
- encourage large-scale investment and innovative delivery of affordable housing through the provision of the following incentives:
 - an Australian Government incentive per dwelling per year as a tax offset or direct payment; and
 - a State or Territory government incentive as a direct payment per dwelling per year or in-kind financial support.

The tax offset is claimed through the tax system.

Linked to:

- Department of Social Services Programme 4.2: Affordable Housing.

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.13: Programme 1.11 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	160,527	202,004	237,292	244,439	248,551
Total programme expenses	160,527	202,004	237,292	244,439	248,551

Programme 1.11 deliverables

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

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

Programme 1.11 key performance indicators

The ATO has the following programme key performance indicator:

- ratio of claims made through the ATO compared to the Department of Social Services.

Programme 1.12: Product Stewardship for Oil Programme

Programme objective

The objective of the Product Stewardship for Oil Programme is to:

- provide incentives to increase used oil recycling; and
- encourage the environmentally sustainable management and re-refining of used oil and its re-use.

These objectives are met through the payment of a levy on producers and importers of petroleum based oils and their synthetic equivalents. Benefits are paid to oil recyclers as an incentive to undertake increased recycling of used oil.

From 1 July 2014 the levy was increased from 5.449 cents per litre (or kilogram for greases) to 8.5 cents per litre.

The Department of the Environment has policy responsibility for the programme, with the ATO administering the programme on its behalf.

Linked to:

- Department of the Environment Programme 1.6: Management of Hazardous Wastes, Substances and Pollutants

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.14: Programme 1.12 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship (oil) benefits	53,000	62,000	70,000	74,000	77,000
Total programme expenses	53,000	62,000	70,000	74,000	77,000

Programme 1.12 deliverables

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

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

Programme 1.12 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.13: Research and Development Tax Incentive

Programme objective

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

The Department of Industry has the primary policy responsibility for the programme with the aim of increasing both the number of companies investing in innovation and the value of innovation investment over time.

The ATO has an important supporting role in processing claims through the tax system for the R&D offset.

Programme expenses

The estimate for 2014-15 has been revised upward to incorporate previous years' under-estimation. Forward year estimates show moderate growth.

Table 2.15: Programme 1.13 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,425,000	2,374,000	2,500,000	2,625,000	2,769,000
Total programme expenses	2,425,000	2,374,000	2,500,000	2,625,000	2,769,000

Programme 1.13 deliverables

The ATO is responsible for administering the concession through the income tax return lodgement 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 of claims processed for 40 per cent non-refundable research and development tax offset claimants;
- number of claims processed for 45 per cent refundable research and development tax offset claimants;
- value of claims processed for 40 per cent non-refundable research and development tax offset claimants; and
- value of claims processed for 45 per cent refundable research and development tax offset claimants.

Programme 1.13 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of offsets processed within service standard timeframes.

Programme 1.14: Seafarer Tax Offset

Programme objective

The Seafarer Tax Offset commenced from 1 July 2012 and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible

seafarers. The Government announced that this programme will be abolished from 2015-16.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2015.

Table 2.16: Programme 1.14 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- <i>section 16 (Non-refund items)</i>	4,000	-	-	-	-
Total programme expenses	4,000	-	-	-	-

Programme 1.14 deliverables

The ATO is responsible for administering the Seafarer Tax Offset through the income tax return lodgement process. Successful delivery is demonstrated by the:

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

Programme 1.14 key performance indicators

The ATO has the following programme key performance indicator:

- relevant taxpayers are aware of how to claim the offset.

Programme 1.15: Baby Bonus

Programme objective

The objective of the Baby Bonus (first child) tax offset was to provide access to a benefit, 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.

Programme expenses

This programme ceased on 30 June 2009. However, payments will be made to claimants who lodge late claims. Claimants have until 30 June 2014 to lodge baby bonus claims with the ATO. The corresponding expenses that have not been recognised before 2013-14 are reflected in 2014-15 estimates.

Table 2.17: Programme 1.15 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,000	-	-	-	-
Total programme expenses	2,000	-	-	-	-

Programme 1.15 deliverables

The Baby Bonus Programme ceased on 30 June 2009 but claimants may lodge claims until 30 June 2014. There will be no deliverables for the Baby Bonus Programme in 2014-15.

Programme 1.15 key performance indicators

The Baby Bonus Programme ceased on 30 June 2009 but claimants may lodge claims until 30 June 2014. There will be no key performance indicators for Baby Bonus Programme in 2014-15.

Programme 1.16: Education Tax Refund

Programme objective

The objective of the Education Tax Refund was to provide eligible claimants access to a benefit to assist with the cost of educating primary and secondary school children.

Programme expenses

All expenses have been recognised in prior years. However, the ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

Table 2.18: Programme 1.16 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,880	-	-	-	-
Total programme expenses	1,880	-	-	-	-

Programme 1.16 deliverables

The Education Tax Refund finished on 30 June 2012. There will be no deliverables for the Education Tax Refund Programme in 2014-15.

Programme 1.16 key performance indicators

The Education Tax Refund finished on 30 June 2012. There will be no key performance indicators for the Education Tax Refund Programme in 2014-15.

Programme 1.17: First Home Saver Accounts

Programme objective

The First Home Saver Accounts Programme aims to increase the proportion of homes being purchased by first home buyers by helping them to save a deposit and supporting national savings levels through a combination of lower taxes and a government contribution. These accounts are offered by eligible financial institutions.

Administration of the First Home Saver Accounts Programme is split between the ATO, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission.

The ATO contributes to helping eligible individuals access the benefits of the programme and understand and comply with their obligations.

Programme expenses

The estimate for 2014-15 has been revised upward to incorporate previous years' under-estimation.

Table 2.19: Programme 1.17 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,460	-	-	-	-
Total programme expenses	2,460	-	-	-	-

Programme 1.17 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:

- number of government contributions paid;
- value of government contributions paid; and
- value of account balances.

Programme 1.17 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of government contributions paid to eligible account holders within 60 days.

Programme 1.18: Low Income Superannuation Contribution

Programme objective

The Low Income Super Contribution aimed to address some of the inequity in the superannuation system, where low income earners with a marginal rate of tax less than 15 per cent, pay a higher rate of tax on superannuation contributions than if they had received the money as salary and wages. The programme started from the 2012-13 income year.

The Bill to repeal low income superannuation contributions came into effect on 5 September 2014. Low Income Superannuation Contribution will continue to be payable for concessional contributions made up to and including the 2016-17 year, however, determinations will cease at 1 July 2019.

The Treasury has policy responsibility for the programme, while the ATO administers the programme and provides information and support to individuals and superannuation funds through advice and education services.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2017 and it is showing moderate decline across the forward years.

Table 2.20: Programme 1.18 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	772,700	742,400	718,400	-	-
Total programme expenses	772,700	742,400	718,400	-	-

Programme 1.18 deliverables

The ATO is responsible for administering the Low Income Super Contribution. This involves determining eligibility and the amount of the contribution, making payments to super funds, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of entitlements determined; and

- value of entitlements determined and paid.

Programme 1.18 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of original contributions paid within 60 days.

Programme 1.19: Private Health Insurance Rebate

Programme objective

The objective of the Private Health Insurance Rebate is to provide access to a benefit to eligible individuals with private health insurance and to act as an incentive to take up private health insurance.

The Department of Health has policy responsibility for the programme, and the administration of the programme is split between the ATO, the Department of Human Services and registered health insurers, depending on the claim method.

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.21: Programme 1.19 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	226,000	214,000	220,000	226,000	236,000
Total programme expenses	226,000	214,000	220,000	226,000	236,000

Programme 1.19 deliverables

The ATO is responsible for administering the rebate through the income tax return lodgement 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
- value of rebates processed.

Programme 1.19 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of private health insurance rebates claimed through the tax system, and liability imposed on, lodging eligible individuals.

Programme 1.20: Superannuation Co-contribution Scheme

Programme objective

The Superannuation Co-contribution Scheme is to help low and middle income earners save for their retirement. Eligible individuals who 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 Treasury has policy responsibility for the programme, while the ATO administers the programme and provides information and support to individuals and superannuation funds through marketing and education services.

Programme expenses

The estimates show minor growth across the forward years.

Table 2.22: Programme 1.20 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	167,000	169,000	172,000	171,000	172,000
Total programme expenses	167,000	169,000	172,000	171,000	172,000

Programme 1.20 deliverables

The ATO is responsible for determining eligibility and the amount of entitlement, making payments, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of entitlements determined; and
- value of entitlements determined and paid.

Programme 1.20 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of original co-contributions paid within 60 days.

Programme 1.21: Superannuation Guarantee Scheme

Programme objective

Under the *Superannuation Guarantee (Administration) Act 1992*, most employers must pay superannuation contributions into a complying superannuation fund or retirement savings account.

Non-compliance with the *Superannuation Guarantee (Administration) Act 1992* by employers means that eligible employees will not receive their entitlements to, and benefits of, superannuation in their retirement. The ATO administers the programme by supporting employers to comply with their superannuation guarantee obligations and identifying and dealing with those who do not.

Programme expenses

The forward estimates reflect the impact of Government compliance initiatives announced at MYEFO 2014-15.

Table 2.23: Programme 1.21 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Superannuation Guarantee (Administration) Act 1992</i>	468,000	481,000	467,700	473,300	463,000
Total programme expenses	468,000	481,000	467,700	473,300	463,000

Programme 1.21 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 a superannuation liability being raised and those leading to no result;
- number of employees who have had superannuation guarantee entitlements raised as a result of ATO compliance activities and voluntary disclosures;
- number of employers whose records are checked and the number leading to a superannuation liability being raised;
- value of superannuation guarantee charge:
 - raised (including penalties and interest); and
 - penalty remissions.

- value of superannuation guarantee entitlements distributed to individuals or superannuation funds; and
- value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue.

Programme 1.21 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of employers for whom superannuation guarantee liabilities were raised by the ATO.

Programme 1.22: Targeted assistance through the taxation system

Programme objective

Interest on Unclaimed Superannuation Monies

Under the *Superannuation (Unclaimed Money and Lost Members) Act 1999*, superannuation funds must identify certain types of lost and former temporary resident accounts as unclaimed superannuation money and transfer amounts to the ATO every six months.

From 1 July 2013 onwards, any unclaimed superannuation money payments from the ATO to individuals includes interest, at a rate equivalent to the consumer price index, to preserve the value of these accounts. While the Treasury has policy responsibility, the ATO administers the programme.

Programme expenses

The estimates reflect the impact of various implementation dates of unclaimed monies.

Table 2.24: Programme 1.22 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
interest on unclaimed money	9,400	30,500	26,800	9,600	9,300
Total programme expenses	9,400	30,500	26,800	9,600	9,300

Programme 1.22 deliverables

The ATO is responsible for the calculation and payment of interest on all unclaimed superannuation accounts when the accounts are transferred from the ATO. Successful delivery is demonstrated by the:

- number of interest payments processed; and
- value of interest payments processed.

Programme 1.22 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of unclaimed superannuation accounts where interest is paid to the account owner compared to total accounts transferred.

Programme 1.23: Interest on Overpayments and Early Payments of Tax

Programme objective

The objective of the programme is to apply credit interest to taxpayers' accounts where they are entitled under the law.

The application of credit interest is non-discretionary where an entitlement exists under the *Taxation (Interest on Overpayments and Early Payments) Act 1983*. Administered interest regimes include:

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

Programme expenses

There are no changes to estimates across the forward years.

Table 2.25: Programme 1.23 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	340,000	350,000	350,000	350,000	350,000
Total programme expenses	340,000	350,000	350,000	350,000	350,000

Programme 1.23 deliverables

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

- number of clients entitled to credit interest due to processing performance; and
- value of credit interest applied to client accounts due to processing performance.

Programme 1.23 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of credit interest paid due to processing performance compared to all credit interest paid.

Programme 1.24: Bad and Doubtful Debts and Remissions

Programme objective

Bad and doubtful debts

The primary objective of the programme is to help ensure that the value of tax receivables reported is a true and fair estimate of what can be collected on behalf of the Australian Government.

The ATO may not be able to collect all tax liabilities due. The ATO estimates the amount it does not expect to recover and, in accordance with accepted accounting practice, creates a bad and doubtful debts provision for this amount. This provision is one of the amounts offset against gross total taxation receivables to determine net total taxation receivables, which is a true and fair estimate of what can be collected on behalf of the Australian Government.

Remissions

The primary objective of the programme is to ensure that taxpayers are relieved of the requirement to pay interest charges or penalties where appropriate based on their individual circumstances in accordance with ATO policy and legislation.

The provision for bad and doubtful debts and remissions are expenses to the Australian Government.

Programme expenses

Bad and doubtful debts are expected to increase to 2017-18 and reduce in 2018-19.

Table 2.26: Programme 1.24 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Expenses not requiring appropriation in the Budget year (a)	7,416,996	7,805,110	8,255,000	8,914,000	8,263,000
Total programme expenses	7,416,996	7,805,110	8,255,000	8,914,000	8,263,000

Programme 1.24 deliverables

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

Australian Taxation Office Budget Statements

- value of provision for bad and doubtful debts; and
- value of remissions.

Programme 1.24 key performance indicators

The ATO has the following programme key performance indicators:

- provision for bad and doubtful debts as a proportion of total tax receivables;
- penalty remissions as a proportion of penalty imposed; and
- interest remissions as a proportion of interest imposed.

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 2015-16. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses, and movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 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 section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by ATO.

Table 3.1.1: Estimates of special account cash flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Australian Charities and Not-for-profits Commission Special Account(D)						
2015-16	1	5,748	14,812	(16,194)	-	4,366
2014-15		5,341	14,986	(14,579)	-	5,748
Excise Security Deposits Account(A)						
2015-16	1	455	-	-	-	455
2014-15		355	100	-	-	455
Services for Other Entities and Trust Moneys Special Account(A)						
2015-16	1	2,596	10,000	(10,000)	-	2,596
2014-15		2,596	10,000	(10,000)	-	2,596
Superannuation Clearing House Special Account(A)						
2015-16	1	11,005	3,022,000	(3,014,000)	-	19,005
2014-15		20,005	1,775,000	(1,784,000)	-	11,005
Superannuation Holding Accounts Special Account(A)						
2015-16	1	94,283	60,700	(14,800)	-	140,183
2014-15		74,583	48,500	(28,800)	-	94,283
Valuation Services Special Account(D)						
2015-16	1	-	-	-	-	-
2014-15		11,209	9,502	(20,711)	-	-
Total special accounts 2015-16 Budget estimate		114,087	3,107,512	(3,054,994)	-	166,605
<i>Total special accounts 2014-15 estimate actual</i>		<i>114,089</i>	<i>1,858,088</i>	<i>(1,858,090)</i>	-	<i>114,087</i>

(A) = Administered.

(D) = Departmental.

3.1.2 Australian Government Indigenous expenditure

Table 3.1.2: Australian Government Indigenous expenditure

Outcome	<i>Approp</i>		<i>Special</i>	<i>Total</i>	<i>Other</i>	<i>Total</i>	<i>Programme</i>
	<i>Bill No. 1</i>	<i>Bill No. 2</i>					
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	
Australian Taxation Office							
Outcome 1							
Total outcome 2015-16	8,149	-	-	8,149	-	8,149	1.1
<i>Total outcome 2014-15</i>	<i>10,501</i>	-	-	<i>10,501</i>	-	<i>10,501</i>	<i>1.1</i>

3.2 Budgeted financial statements

3.2.1 Differences in entity resourcing and financial statements

There are no material differences in agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The ATO is budgeting for a balanced budget in 2015-16.

This excludes the impact of moving to net cash arrangements for appropriations 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.

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

3.2.3 Budgeted financial statements tables

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	2,036,651	1,984,560	1,976,769	1,910,046	1,863,082
Supplier	1,218,196	1,296,846	1,255,514	1,206,389	1,170,095
Depreciation and amortisation	159,676	160,612	158,567	144,014	155,373
Total expenses	3,414,523	3,442,018	3,390,850	3,260,449	3,188,550
LESS:					
OWN-SOURCE INCOME					
Revenue					
Rendering of services	82,798	126,934	135,896	147,630	160,505
Other revenue	5,550	5,550	5,550	5,550	5,550
Total own-source income	88,348	132,484	141,446	153,180	166,055
Net cost of (contribution by) services	3,326,175	3,309,534	3,249,404	3,107,269	3,022,495
Revenue from Government	3,215,199	3,148,922	3,090,837	2,963,255	2,867,122
Total comprehensive income/(loss) attributable to the Australian Government	(110,976)	(160,612)	(158,567)	(144,014)	(155,373)
Note: Impact of Net Cash Appropriation Arrangements					
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/ (loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	48,700	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	159,676	160,612	158,567	144,014	155,373
Total comprehensive income/ (loss) - as per the Statement of Comprehensive Income	(110,976)	(160,612)	(158,567)	(144,014)	(155,373)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash	43,268	43,268	43,268	43,268	43,268
Trade and other receivables	422,740	351,786	353,887	350,610	347,986
Total financial assets	466,008	395,054	397,155	393,878	391,254
Non-financial assets					
Buildings - leasehold improvements	214,442	238,071	242,492	258,189	285,037
Plant and equipment	35,134	39,974	44,272	38,913	26,076
Intangibles - computer software	501,643	490,661	459,515	427,467	380,256
Other non-financial assets	82,328	78,121	73,375	69,082	66,258
Total non-financial assets	833,547	846,827	819,654	793,651	757,627
Total assets	1,299,555	1,241,881	1,216,809	1,187,529	1,148,881
LIABILITIES					
Payables					
Suppliers	209,975	207,797	203,909	201,460	200,400
Employees	82,881	11,757	18,327	17,996	18,313
Other payables	2,993	2,962	2,907	2,873	2,858
Total payables	295,849	222,516	225,143	222,329	221,571
Interest bearing liabilities					
Lease incentive received	110,981	99,004	87,175	75,797	64,419
Total interest bearing liabilities	110,981	99,004	87,175	75,797	64,419
Provisions					
Employee provisions	645,872	656,021	662,578	669,200	675,888
Other provisions	8,337	8,337	8,337	8,337	8,337
Total provisions	654,209	664,358	670,915	677,537	684,225
Total liabilities	1,061,039	985,878	983,233	975,663	970,215
Net assets	238,516	256,003	233,576	211,866	178,666
EQUITY*					
Parent entity interest					
Contributed equity	1,140,203	1,318,302	1,454,442	1,576,746	1,698,919
Reserves	101,553	101,553	101,553	101,553	101,553
Retained surplus (accumulated deficit)	(1,003,240)	(1,163,852)	(1,322,419)	(1,466,433)	(1,621,806)
Total parent entity interest	238,516	256,003	233,576	211,866	178,666
Total Equity	238,516	256,003	233,576	211,866	178,666

Prepared on Australian Accounting Standards basis.

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	(1,003,240)	101,553	-	1,140,203	238,516
Adjusted opening balance	(1,003,240)	101,553	-	1,140,203	238,516
Comprehensive income					
Surplus/(deficit) for the period	(160,612)	-	-	-	(160,612)
Total comprehensive income	(160,612)	-	-	-	(160,612)
of which:					
Attributable to the Australian Government	(160,612)	-	-	-	(160,612)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	68,461	68,461
Departmental Capital Budget (DCB)	-	-	-	109,638	109,638
Sub-total transactions with owners	-	-	-	178,099	178,099
Estimated closing balance as at 30 June 2016	(1,163,852)	101,553	-	1,318,302	256,003
Closing balance attributable to the Australian Government	(1,163,852)	101,553	-	1,318,302	256,003

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,315,025	3,233,498	3,109,364	2,988,248	2,894,568
Cash from the OPA	226,318	223,970	219,779	217,139	215,996
Rendering of services	86,300	133,133	142,076	155,087	168,530
Net GST received	114,764	111,991	107,232	103,093	100,618
Total cash received	3,742,407	3,702,592	3,578,451	3,463,567	3,379,712
Cash used					
Employees	2,171,001	2,058,237	1,983,469	1,924,559	1,878,823
Suppliers	1,338,272	1,420,385	1,375,203	1,321,869	1,284,893
s74 Retained revenue receipts transferred to OPA	226,318	223,970	219,779	217,139	215,996
Total cash used	3,735,591	3,702,592	3,578,451	3,463,567	3,379,712
Net cash from/(used by) operating activities	6,816	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	48,527	67,217	50,779	51,369	60,575
Purchase of intangibles	109,622	110,882	85,361	70,935	61,598
Total cash used	158,149	178,099	136,140	122,304	122,173
Net cash from/(used by) investing activities	(158,149)	(178,099)	(136,140)	(122,304)	(122,173)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	160,332	178,099	136,140	122,304	122,173
Total cash received	160,332	178,099	136,140	122,304	122,173
Net cash from/(used by) financing activities	160,332	178,099	136,140	122,304	122,173
Net increase/(decrease) in cash held	8,999	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	34,269	43,268	43,268	43,268	43,268
Cash and cash equivalents at the end of the reporting period	43,268	43,268	43,268	43,268	43,268

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	133,795	109,638	109,889	114,999	116,125
Equity injections - Bill 2	21,644	68,461	26,251	7,305	6,048
Total new capital appropriations	155,439	178,099	136,140	122,304	122,173
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	155,052	178,099	136,140	122,304	122,173
<i>Other Items</i>	387	-	-	-	-
Total Items	155,439	178,099	136,140	122,304	122,173
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	23,383	68,461	26,251	7,305	6,048
Funded by capital appropriation - DCB (b)	133,795	109,638	109,889	114,999	116,125
Funded internally from departmental resources (c)	971	-	-	-	-
TOTAL	158,149	178,099	136,140	122,304	122,173

Prepared on Australian Accounting Standards basis.

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

(b) Does not include annual finance lease costs. Include purchases from current and previous years' Departmental Capital Budgets (DCBs).

(c) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s74 Retained revenue receipts;
- proceeds from the sale of assets.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	281,498	82,914	1,189,011	1,553,423
Accumulated depreciation/amortisation and impairment	(67,056)	(47,780)	(687,368)	(802,204)
Opening net book balance	214,442	35,134	501,643	751,219
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	1,033	-	67,428	68,461
services (b)	49,134	17,050	43,454	109,638
Total additions	50,167	17,050	110,882	178,099
Other movements				
Depreciation/amortisation expense	(26,538)	(12,210)	(121,864)	(160,612)
Total other movements	(26,538)	(12,210)	(121,864)	(160,612)
As at 30 June 2016				
Gross book value	331,665	99,964	1,299,893	1,731,522
Accumulated depreciation/amortisation and impairment	(93,594)	(59,990)	(809,232)	(962,816)
Closing net book balance	238,071	39,974	490,661	768,706

(a) "Appropriation equity" refers to equity injections appropriations provided through Appropriation Bill (No.2) 2015-16.

(b) "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2015-16 for depreciation / amortisation expenses, DCBs or other operational expenses.

(c) Net proceeds may be returned to the OPA.

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)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	284	611	5,055	3,501	101
Subsidies	9,226,077	9,290,504	9,581,192	9,869,239	10,385,851
Personal benefits	1,172,040	1,125,400	1,110,400	397,000	408,000
Write-down and impairment of assets	7,416,996	7,805,110	8,255,000	8,914,000	8,263,000
Interest	340,000	350,000	350,000	350,000	350,000
Other expenses	477,400	511,500	494,500	482,900	472,300
Total expenses administered on behalf of Government	18,632,797	19,083,125	19,796,147	20,016,640	19,879,252
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	263,467,118	279,706,566	300,840,205	322,858,595	347,339,110
Indirect tax	82,160,000	86,540,000	91,350,000	96,180,000	101,610,000
Other taxes	885,060	1,031,119	1,103,655	1,158,600	1,189,900
Total taxation revenue	346,512,178	367,277,685	393,293,860	420,197,195	450,139,010
Non-taxation revenue					
Other revenue	362,000	630,500	579,000	369,000	369,000
Total non-taxation revenue	362,000	630,500	579,000	369,000	369,000
Total own-source revenue administered on behalf of Government	346,874,178	367,908,185	393,872,860	420,566,195	450,508,010
Net cost of/(contribution by) services	(328,241,381)	(348,825,060)	(374,076,713)	(400,549,555)	(430,628,758)
Surplus/(deficit)	(328,241,381)	(348,825,060)	(374,076,713)	(400,549,555)	(430,628,758)

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)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	443,078	443,078	443,078	443,078	443,078
Total financial assets	443,078	443,078	443,078	443,078	443,078
Non-financial assets					
Taxation receivables	18,880,845	20,391,301	21,598,206	22,889,801	25,616,911
Accrued revenues	13,158,642	13,873,642	14,613,642	15,323,642	16,063,642
Total non-financial assets	32,039,487	34,264,943	36,211,848	38,213,443	41,680,553
Total assets administered on behalf of Government	32,482,565	34,708,021	36,654,926	38,656,521	42,123,631
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Subsidies	3,855,768	4,092,099	4,278,387	4,419,534	4,603,146
Personal benefits	1,341,975	1,315,425	1,299,875	588,275	511,575
Other payables	954,003	999,903	1,015,403	1,015,103	1,008,903
Total payables	6,151,746	6,407,427	6,593,665	6,022,912	6,123,624
Provisions					
Taxation refunds provided	1,930,946	1,930,946	1,930,946	1,930,946	1,930,946
Other provisions	887,461	1,240,561	1,478,161	1,453,961	1,420,161
Total provisions	2,818,407	3,171,507	3,409,107	3,384,907	3,351,107
Total liabilities administered on behalf of Government	8,970,153	9,578,934	10,002,772	9,407,819	9,474,731
Net assets/(liabilities)	23,512,412	25,129,087	26,652,154	29,248,702	32,648,900

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)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	336,982,000	356,835,000	382,615,000	408,745,000	437,900,000
Other	993,560	1,465,319	1,320,255	906,400	905,500
Total cash received	337,975,560	358,300,319	383,935,255	409,651,400	438,805,500
Cash used					
Subsidies paid	8,842,541	9,054,173	9,394,904	9,728,092	10,202,239
Personal benefits	1,186,560	1,151,950	1,125,950	1,108,600	484,700
Payments to suppliers	284	611	5,055	3,501	101
Interest	370,000	350,000	350,000	350,000	350,000
Other	514,800	535,200	505,700	508,200	539,900
Total cash used	10,914,185	11,091,934	11,381,609	11,698,393	11,576,940
Net cash from/(used by) operating activities	327,061,375	347,208,385	372,553,646	397,953,007	427,228,560
Net increase/(decrease) in cash held	327,061,375	347,208,385	372,553,646	397,953,007	427,228,560
Cash at beginning of reporting period	443,078	443,078	443,078	443,078	443,078
Cash from Official Public Account for:					
- Appropriations	10,914,185	11,091,934	11,381,609	11,698,393	11,576,940
Total cash from Official Public Account	10,914,185	11,091,934	11,381,609	11,698,393	11,576,940
Cash to Official Public Account for:					
- Administered receipts	(337,975,560)	(358,300,319)	(383,935,255)	(409,651,400)	(438,805,500)
Total cash to Official Public Account	(337,975,560)	(358,300,319)	(383,935,255)	(409,651,400)	(438,805,500)
Cash at end of reporting period	443,078	443,078	443,078	443,078	443,078

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 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 guidance for the preparation of financial statements.

The budget statements and estimated forward years have been prepared to reflect the following matters.

Cost of administering goods and services tax

Departmental statements include the estimated costs of administering the 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 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. This methodology, known as the Economic Transaction Method (ETM), relies on the estimation of probable flows of taxes from transactions which have occurred in the economy, but have not yet been 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 accounting standards permit an alternative approach known as 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.