

# DEPARTMENT OF THE TREASURY

<b>Section 1: Entity overview and resources .....</b>	<b>11</b>
1.1 Strategic direction statement .....	11
1.2 Entity resource statement .....	13
1.3 Budget measures.....	16
<b>Section 2: Outcomes and planned performance.....</b>	<b>20</b>
2.1 Budgeted expenses and performance for Outcome 1.....	20
<b>Section 3: Budgeted financial statements .....</b>	<b>37</b>
3.1 Budgeted financial statements.....	37



# DEPARTMENT OF THE TREASURY

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Department of the Treasury (the Treasury) serves the Australian people by delivering high quality economic policy and program outcomes as directed by Treasury Ministers.

As the pre-eminent economic advisor to the Australian Government, the Treasury provides advice to Ministers based on careful monitoring and analysis of economic conditions and prospects in Australia and overseas, including assessments of key risks as discussed in *Budget Paper No. 1, Budget Strategy and Outlook 2016-17*.

The Treasury provides well-rounded and informed advice on: taxation; the Budget and economy; financial, foreign investment, competition and broader structural policy; small business; and international economic policy. The Treasury also works with State and Territory governments on key policy issues as well as managing federal financial relations.

The Treasury continues to constructively engage with G20 members and its economic agenda to protect and advance Australia's interests. In particular Treasury will focus on securing implementation of legacy commitments made during Australia's 2014 G20 Presidency. This includes supporting the operation of the Global Infrastructure Hub in Sydney, and implementing tax reforms to address base erosion and profit shifting.

The Treasury supports the reform of international financial institutions (IFIs) and engagement between the IFIs, the government and the G20 on issues of mutual interest such as: investment and infrastructure; optimising the use of capital; facilitating private sector investment; and supporting work to ensure the effective operation of the global financial safety net. The Treasury continues to deepen its bilateral cooperation with key strategic partners in the Asia-Pacific-Indian Ocean region.

The Treasury will continue to support the government's fiscal strategy through the provision of policy and legislation advice on budget repair and tax reform. This involves economic forecasting; effective consultation with stakeholders; analysing the regulatory impact as well as the economic and social effects of taxation policy proposals; and providing forecasts and costings of taxation policies.

Continued support for Australia's productivity and international competitiveness will remain a priority for the Treasury. This includes: maintaining the Australian Consumer Law; maintaining Australia's corporation law frameworks; implementing reforms to the competition law and leading the review of the Australian Consumer Law; driving regulatory reform and promoting the efficient use of national infrastructure in transport, communication and energy markets.

The Treasury is leading the implementation of key responses to the Financial System Inquiry and other reforms by providing advice to ensure that the financial system remains robust, competitive and open to innovation while safeguarding consumers. The Treasury will continue to monitor international developments and prudential frameworks applying to banks, insurers and superannuation funds.

The Treasury will work with the government and the Foreign Investment Review Board to maintain the right balance between protecting Australia's national interests and ensuring that Australia continues to attract foreign capital.

Over the period ahead, the Treasury will draw on expertise across the organisation to help the government meet Australia's long-term policy challenges. The Treasury's Sydney and Melbourne offices will help form stronger relationships with the private and other sectors and strengthen our organisational capability.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Department of the Treasury resource statement — Budget estimates for 2016-17 as at Budget May 2016**

	2015-16 <i>Estimated actual \$'000</i>	2016-17 Estimate  \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	58,863	61,828
Departmental appropriation	160,109	162,645
s74 retained revenue receipts (c)	8,718	8,954
Departmental capital budget (d)	5,312	5,298
Annual appropriations - other services - non-operating (e)		
Equity injection	1,700	300
<i>Total departmental annual appropriations</i>	<i>234,702</i>	<i>239,025</i>
Special accounts (f)		
Opening balance	2,815	2,815
Non-appropriation receipts	1,750	1,750
<i>Total special accounts</i>	<i>4,565</i>	<i>4,565</i>
<b>Total departmental resourcing</b>	<b>239,267</b>	<b>243,590</b>

**Table 1.1: Department of the Treasury resource statement — Budget estimates for 2016-17 as at Budget May 2016 (continued)**

	2015-16 <i>Estimated actual \$'000</i>	2016-17 Estimate  \$'000
<b>Administered</b>		
Annual appropriations - ordinary annual services (a)		
Outcome 1	38,124	32,589
Annual appropriations - other services - non-operating (e)		
Administered assets and liabilities	-	60,000
<b>Total administered annual appropriations</b>	<b>38,124</b>	<b>92,589</b>
Special Appropriations		
Asian Development Bank (Additional Subscription) Act 2009	28,030	22,218
Asian Infrastructure Investment Bank Act 2015	210,884	207,040
Federal Financial Relations Act 2009	78,534,046	82,194,739
International Monetary Arrangements Act 1947	1,839,448	519,549
Public Governance, Performance and Accountability Act 2013	1,000	1,000
<b>Total special appropriations (f)</b>	<b>80,613,408</b>	<b>82,944,546</b>
Special accounts (f)		
Opening balance	2,919,000	-
Appropriation receipts	2,000,000	-
Non-appropriation receipts	11,760,119	14,037,482
Adjustments (g)	(4,919,000)	-
<b>Total special accounts</b>	<b>11,760,119</b>	<b>14,037,482</b>
<b>Total administered resourcing</b>	<b>92,411,651</b>	<b>97,074,617</b>
<b>Total resourcing for the Department of the Treasury</b>	<b>92,650,918</b>	<b>97,318,207</b>
	2015-16	2016-17
<b>Average staffing level (number)</b>	<b>810</b>	<b>810</b>

Prepared on a resourcing (ie appropriations available) basis.

- (a) Appropriation Bill (No.1) 2016-17.
- (b) Excludes \$1.073 million subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (c) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (e) Appropriation Bill (No.2) 2016-17.
- (f) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Moneys accounts (SOETM)). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources.
- (g) Reflects the transfer of the Clean Energy Finance Corporation special account to the Department of the Environment.

**Third party payments from and on behalf of other entities**

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Payments made on behalf of another entity (a)		
Finance	68,878	270,629
Health (b)	46,891	-
Infrastructure and Regional Development	77,920	193,600
Social Services	158,510	158,400

(a) These payments relate to National Partnership payments to the states.

(b) The profile reflects the change in funding arrangements for health infrastructure projects, which will be funded from the COAG Reform Fund Special Account. This change was part of the *Medical Research Future Fund – establishment* measure as outlined in the 2014-15 Budget Paper No.2.

### 1.3 BUDGET MEASURES

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

**Table 1.2: Entity 2016-17 Budget measures**

**Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
<b>Expense measures</b>						
Applying GST to low value goods imported by consumers						
Administered expenses	1.4	-	-	60,000	90,000	120,000
Asset Recycling Initiative – return of unallocated funds						
Administered expenses	1.9	-	(452,700)	(307,400)	(93,500)	-
Australian Energy Regulator – additional funding						
Departmental expenses	1.1	-	1,000	-	-	-
Australian Securities and Investments Commission – improving outcomes in financial services						
Departmental expenses	1.1	-	1,952	1,963	1,975	-
Australian Small Business and Family Enterprise Ombudsman – expanded advocacy functions						
Departmental expenses	1.1	-	4,171	4,044	4,038	4,069
Commonwealth Assistance for Western Australia						
Administered expenses	1.9	490,000	-	-	-	-
eInvoicing						
Departmental expenses	1.1	-	-	-	-	-
Financial Assistance to the New South Wales (NSW) Government for NSW Police						
Administered expenses	1.9	-	-	80	2,910	4,630
Financial Technology Innovation						
Administered expenses	1.1	-	200	-	-	-
Hepatitis C Settlement Fund – continuation						
Administered expenses	1.9	-	154	157	159	161



**Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Home and Community Care Services in Western Australia – continuation						
Administered expenses	1.9	-	-	-	-	-
Indirect Tax Concession Scheme - diplomatic, consular and international organisation concessions						
Administered expenses	1.9	..	..	..	..	..
Infrastructure Investment Programme – efficiencies						
Administered expenses	1.9	-	(4,000)	(257)	(4,239)	(150,409)
– new investments						
Administered expenses	1.9	-	-	-	-	-
Mobility Allowance – transition to the National Disability Insurance Scheme						
Administered expenses	1.9	-	184	-	-	-
Mosquito Control and Cross Border Liaison in the Torres Strait Protected Zone – continuation						
Administered expenses	1.9	-	-	-	-	-
National Coronial Information System – continuation						
Administered expenses	1.9	400	400	400	400	400
National Disability Insurance Scheme Savings Fund						
Administered expenses	1.9	416,890	160,472	211,378	852,050	(3,826,462)
National Partnership Agreement – Management of Torres Strait-Papua New Guinea Cross-Border Health Issues – extension						
Administered expenses	1.9	-	-	-	-	-
National Partnership Agreement on Rheumatic Fever Strategy – extension						
Administered expenses	1.9	-	395	-	-	-

**Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
National Partnership Agreement on Specified Projects – Addressing Blood Borne Viruses and Sexually Transmissible Infections						
Administered expenses	1.9	-	1,120	1,120	1,120	1,120
National Water Infrastructure Development Fund – additional funding						
Administered expenses	1.9	-	9,500	-	-	-
OzFoodNet Program – continuation						
Administered expenses	1.9	-	-	-	-	-
Public Hospitals – new funding arrangements						
Administered expenses	1.5	-	-	477,517	932,360	1,441,421
Regulatory Reform Agenda – implementation						
Departmental expenses	1.1	-	1,700	1,961	1,973	-
Review of Australia's Dispute Resolution and Complaints Schemes						
Departmental expenses	1.1	-	-	-	-	-
Rum Jungle Rehabilitation Project - extension						
Administered expenses	1.9	-	10,048	-	-	-
Ten Year Enterprise Tax Plan – increase the small business entity turnover threshold						
Administered expenses	1.4	-	(15,000)	..	..	..
Tobacco excise – measures to improve health outcomes and combat illicit tobacco						
Administered expenses	1.4	-	-	65,000	145,000	235,000
Vaccine Preventable Diseases Surveillance Program						
Administered expenses	1.9	-	-	-	-	-
<b>Total expense measures</b>						
Administered		907,290	(289,227)	507,995	1,926,260	(2,174,139)
Departmental		-	8,823	7,968	7,986	4,069
<b>Total measures</b>		<b>907,290</b>	<b>(280,404)</b>	<b>515,963</b>	<b>1,934,246</b>	<b>(2,170,070)</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

**Part 2: Other measures not previously reported in a portfolio statement**

	2015-16	2016-17	2017-18	2018-19	2019-20
Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Measures</b>					
International Trade					
Agreements - government					
procurement reforms	1.1				
Capital	-	300	-	-	-
<b>Total measures</b>	-	<b>300</b>	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

## Section 2: Outcomes and planned performance

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 entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

### **Note:**

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports from October 2016 - to provide an entity's complete performance story.

### **2.1 BUDGETED EXPENSES AND PERFORMANCE 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**

#### **Budgeted expenses for Outcome 1**

Table 2.1 shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Program 1.1: Department of the Treasury</b>					
Departmental expenses					
Ordinary annual services (Appropriation Bill No. 1)	160,109	162,645	160,691	162,176	159,315
s74 Retained revenue receipts	8,718	8,954	8,954	8,954	8,954
Special accounts	1,750	1,750	1,750	1,750	1,750
Expenses not requiring appropriation (a)	11,717	9,358	9,403	9,434	9,476
<b>Departmental total</b>	<b>182,294</b>	<b>182,707</b>	<b>180,798</b>	<b>182,314</b>	<b>179,495</b>
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	3,230	200	80	50	-
Special appropriations: <i>PGPA Act 2013 - s77</i> repayments	1,000	1,000	1,000	1,000	1,000
<b>Administered total</b>	<b>4,230</b>	<b>1,200</b>	<b>1,080</b>	<b>1,050</b>	<b>1,000</b>
<b>Total expenses for program 1.1</b>	<b>186,524</b>	<b>183,907</b>	<b>181,878</b>	<b>183,364</b>	<b>180,495</b>
<b>Program 1.2: Payments to International Financial Institutions</b>					
Administered expenses					
(Appropriation Bill No. 1)					
Global Infrastructure Facility	12,500	12,500	-	-	-
Asia Pacific Project Preparation Facility	5,000	5,000	-	-	-
Special appropriations <i>International Monetary Agreements Act 1947</i>	4,462	3,038	15,408	39,870	59,415
Expenses not requiring appropriation (b)	1,763	-	-	-	-
<b>Administered total</b>	<b>23,725</b>	<b>20,538</b>	<b>15,408</b>	<b>39,870</b>	<b>59,415</b>
<b>Total expenses for program 1.2</b>	<b>23,725</b>	<b>20,538</b>	<b>15,408</b>	<b>39,870</b>	<b>59,415</b>
<b>Program 1.3: Support for Markets and Business</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Housing Loan Company Limited - payments in respect of insurance claims	675	675	-	-	-
Global Infrastructure Hub	7,700	6,800	6,800	3,400	-
Small Business Advisory Services	7,719	7,414	7,626	5,944	6,292
Small Business Support Line	1,300	-	-	-	-
<b>Administered total</b>	<b>17,394</b>	<b>14,889</b>	<b>14,426</b>	<b>9,344</b>	<b>6,292</b>
<b>Total expenses for program 1.3</b>	<b>17,394</b>	<b>14,889</b>	<b>14,426</b>	<b>9,344</b>	<b>6,292</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Program 1.4: General Revenue Assistance</b>					
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial Relations         Act 2009</i>	57,450,000	60,660,000	63,940,000	67,350,000	70,370,000
Special accounts					
COAG Reform Fund					
ACT Municipal Services	38,515	39,054	39,640	40,234	40,878
Reduced Royalties	29,044	21,725	22,291	19,980	21,016
Royalties	643,568	468,732	451,872	408,518	415,132
Taxation Compensation in Respect of Snowy Hydro Limited	75,000	75,000	75,000	75,000	75,000
<b>Administered total</b>	<b>58,236,127</b>	<b>61,264,511</b>	<b>64,528,803</b>	<b>67,893,732</b>	<b>70,922,026</b>
<b>Total expenses for program 1.4</b>	<b>58,236,127</b>	<b>61,264,511</b>	<b>64,528,803</b>	<b>67,893,732</b>	<b>70,922,026</b>
<b>Program 1.5: Assistance to the States for Healthcare Services</b>					
Special appropriations					
National Health Reform funding - <i>Federal Financial Relations         Act 2009 (c)</i>	17,195,914	17,911,602	-	-	-
Public Hospitals Funding - <i>Federal Financial Relations         Act 2009 (d)</i>	-	-	18,922,838	19,986,677	21,105,780
<b>Administered total</b>	<b>17,195,914</b>	<b>17,911,602</b>	<b>18,922,838</b>	<b>19,986,677</b>	<b>21,105,780</b>
<b>Total expenses for program 1.5</b>	<b>17,195,914</b>	<b>17,911,602</b>	<b>18,922,838</b>	<b>19,986,677</b>	<b>21,105,780</b>
<b>Program 1.6: Assistance to the States for Skills and Workforce Development</b>					
Special appropriations					
National Skills and Workforce Development SPP - <i>Federal Financial Relations         Act 2009</i>	1,455,484	1,476,079	1,499,106	1,522,492	1,547,537
<b>Administered total</b>	<b>1,455,484</b>	<b>1,476,079</b>	<b>1,499,106</b>	<b>1,522,492</b>	<b>1,547,537</b>
<b>Total expenses for program 1.6</b>	<b>1,455,484</b>	<b>1,476,079</b>	<b>1,499,106</b>	<b>1,522,492</b>	<b>1,547,537</b>
<b>Program 1.7: Assistance to the States for Disability Services</b>					
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations         Act 2009</i>	1,439,973	1,486,860	1,515,646	949,477	185,468
<b>Administered total</b>	<b>1,439,973</b>	<b>1,486,860</b>	<b>1,515,646</b>	<b>949,477</b>	<b>185,468</b>
<b>Total expenses for program 1.7</b>	<b>1,439,973</b>	<b>1,486,860</b>	<b>1,515,646</b>	<b>949,477</b>	<b>185,468</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Program 1.8: Assistance to the States for Affordable Housing</b>					
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations     Act 2009</i>	1,324,052	1,342,589	1,362,727	1,383,168	1,405,299
<b>Administered total</b>	<b>1,324,052</b>	<b>1,342,589</b>	<b>1,362,727</b>	<b>1,383,168</b>	<b>1,405,299</b>
<b>Total expenses for program 1.8</b>	<b>1,324,052</b>	<b>1,342,589</b>	<b>1,362,727</b>	<b>1,383,168</b>	<b>1,405,299</b>
<b>Program 1.9: National Partnership Payments to the States</b>					
Special accounts					
COAG Reform Fund (e)	10,715,715	12,513,008	11,204,777	9,325,516	5,511,951
<b>Administered total</b>	<b>10,715,715</b>	<b>12,513,008</b>	<b>11,204,777</b>	<b>9,325,516</b>	<b>5,511,951</b>
<b>Total expenses for program 1.9</b>	<b>10,715,715</b>	<b>12,513,008</b>	<b>11,204,777</b>	<b>9,325,516</b>	<b>5,511,951</b>
<b>Outcome 1 Totals by Appropriation Type</b>					
Departmental expenses					
Ordinary annual services (Appropriation Bill No. 1)	160,109	162,645	160,691	162,176	159,315
s74 Retained revenue receipts	8,718	8,954	8,954	8,954	8,954
Special accounts	1,750	1,750	1,750	1,750	1,750
Expenses not requiring appropriation	11,717	9,358	9,403	9,434	9,476
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	38,124	32,589	14,506	9,394	6,292
Special appropriations	78,870,885	82,881,168	87,256,725	91,232,684	94,674,499
Special accounts	11,501,842	13,117,519	11,793,580	9,869,248	6,063,977
Expenses not requiring appropriation	1,763	-	-	-	-
<b>Total expenses for Outcome 1</b>	<b>90,594,908</b>	<b>96,213,983</b>	<b>99,245,609</b>	<b>101,293,640</b>	<b>100,924,263</b>
	2015-16	2016-17			
<b>Average staffing level (number)</b>	810	810			

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

(b) Expenses not requiring appropriation in the budget year relate to foreign exchange losses.

(c) From July 2014 to June 2017, National Health Reform funding is linked to the level of services delivered by public hospitals as provided under the National Health Reform Agreement. During this period, each State and Territory's entitlement will be directly linked to the activity level of services provided in a jurisdiction.

(d) Reflects the arrangement in the April 2016 Heads of Agreement for public hospitals funding from 1 July 2017 to 30 June 2020. Further details are contained in *Budget Paper No. 3, Federal Financial Relations 2016-17*.

(e) Table 2.2 provides details of specific payments linked to programs administered by other portfolios.

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

**Table 2.2: Program 1.9 expenses**

	Agency PBS Program	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Special accounts						
COAG Reform Fund						
<b>Agriculture portfolio</b>						
Assistance for pest animal and weed management in drought-affected areas						
Established Pest and Weed Management	1.2	15,000	4,000	4,000	2,000	-
Great Artesian Basin Sustainability Initiative	2.2	7,500	5,000	5,000	5,000	-
Implementing Water Reform in the Murray-Darling Basin	3.1	6,000	9,000	-	-	-
Mechanical Fuel Load Reduction trial	3.1	20,000	20,000	20,000	20,000	20,000
National Water Security Plan for Cities and Towns	1.3	1,000	500	-	-	-
Pest and disease preparedness and response programs	3.1	2,945	-	-	-	-
South Australian River Murray Sustainability Program	2.2	25,000	19,961	19,970	19,953	20,293
- Irrigation efficiency and water purchase	3.1	45,000	23,500	8,500	-	-
- Irrigation industry assistance	1.2	28,000	39,500	25,000	10,000	-
Sustainable Rural Water Use and Infrastructure Program	3.1	365,471	471,994	371,484	94,245	-
Tasmanian horticulture market growth	1.5	50	-	-	-	-
Water Infrastructure Development Fund						
- Feasibility studies	3.1	-	-	20,000	50,000	80,000
- Capital component	3.1	13,000	19,500	5,000	7,000	-
<b>Total</b>		<b>528,966</b>	<b>612,955</b>	<b>478,954</b>	<b>208,198</b>	<b>120,293</b>
<b>Attorney-General's portfolio</b>						
Bushfire mitigation	1.7	4,440	5,250	-	-	-
Legal assistance services	1.4	247,971	253,499	244,362	247,825	251,012
Natural Disaster Relief and Recovery Arrangements	1.7	48,753	27,409	11,070	1	-
Natural disaster resilience	1.7	13,443	52,200	-	-	-
Schools Security Programme	1.7	966	966	-	-	-
<b>Total</b>		<b>315,573</b>	<b>339,324</b>	<b>255,432</b>	<b>247,826</b>	<b>251,012</b>



Table 2.2: Program 1.9 expenses (continued)

Agency PBS Program	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Communications portfolio</b>					
Online safety programmes in schools	1,250	2,500	3,750	-	-
<b>Total</b>	<b>1,250</b>	<b>2,500</b>	<b>3,750</b>	<b>-</b>	<b>-</b>
<b>Defence portfolio</b>					
School Pathways Program	1,275	-	-	-	-
<b>Total</b>	<b>1,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Education portfolio</b>					
Building Australia's Future Workforce -Skills Reform	377,439	516,328	-	-	-
Independent Public Schools initiative	24,460	19,920	-	-	-
Joint Group Training Programme	4,585	-	-	-	-
National School Chaplaincy Programme	60,587	60,587	60,587	-	-
Trade training centres in schools	50,713	-	-	-	-
Universal access to early childhood education	407,655	418,005	297,484	-	-
National Occasional Care Programme	1,486	1,509	1,536	-	-
National quality agenda for early childhood education and care	19,080	21,646	20,330	-	-
TAFE fee waivers for childcare qualifications	14,968	-	-	-	-
<b>Total</b>	<b>960,973</b>	<b>1,037,995</b>	<b>379,937</b>	<b>-</b>	<b>-</b>
<b>Environment portfolio</b>					
Management of the World Heritage Values of the Tasmanian Wilderness	5,170	1,780	1,663	-	-
Whale and dolphin entanglements	87	223	-	-	-
<b>Total</b>	<b>5,257</b>	<b>2,003</b>	<b>1,663</b>	<b>-</b>	<b>-</b>
<b>Finance portfolio</b>					
Provision of Fire Services	19,660	20,347	21,059	21,797	22,559
<b>Total</b>	<b>19,660</b>	<b>20,347</b>	<b>21,059</b>	<b>21,797</b>	<b>22,559</b>

Table 2.2: Program 1.9 expenses (continued)

	Agency PBS Program	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Foreign Affairs and Trade portfolio</b>						
Developing demand-driven infrastructure for tourism industry	1.14	9,375	15,232	13,809	-	-
Regional Tourism Infrastructure and Innovation Fund	1.14	4,380	-	-	-	-
<b>Total</b>		13,755	15,232	13,809	-	-
<b>Health portfolio</b>						
Accommodation and infrastructure related to renal services for Aboriginal and Torres Strait Islander peoples in the Northern Territory						
	2.2	3,000	3,000	-	-	-
Additional assistance for public hospitals	2.7	-	-	-	1,920	4,137
Addressing blood borne viruses and sexually transmissible infections in the Torres Strait						
Adult Public Dental Services	5.2	500	1,120	1,120	1,120	1,120
Albury-Wodonga Cardiac Catheterisation Laboratory	4.6	155,000	-	-	-	-
Bright Hospital - feasibility study	1.3	3,500	1,500	-	-	-
Construction of Palmerston Hospital	1.3	50	-	-	-	-
Essential vaccines	1.3	-	20,000	-	-	-
Expansion of the BreastScreen Australia program	5.3	165,968	142,191	143,337	145,096	146,502
Health Infrastructure	2.4	13,614	15,789	-	-	-
- Hospital infrastructure and other projects of national significance						
- National cancer system	1.3	600	-	-	-	-
- Regional priority round	1.3	62,121	4,980	1,600	-	-
Heffron Park Centre of Excellence	1.3	117,765	127,982	29,499	10,161	-
Hepatitis C settlement fund	3.1	-	5,000	5,000	-	-
Home and Community Care	1.1	740	154	157	159	161
Hummingbird House	6.2	618,939	190,933	202,593	nfp	nfp
	2.4	800	800	800	800	800

**Table 2.2: Program 1.9 expenses (continued)**

	Agency PBS Program	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Improving Health Services in Tasmania	2.4	1,700	-	-	-	-
- Better access to community-based palliative care services	1.2	250	-	-	-	-
- Cradle Coast Connected Care clinical repository redesign	2.7	7,890	1,095	-	-	-
- Innovative flexible funding for mental health	2.1	1,025	-	-	-	-
- Reducing elective surgery waiting lists in Tasmania	2.7	12,000	8,486	-	-	-
- Subacute and acute projects	2.7	15,663	15,000	-	-	-
Improving local access to health care on Phillip Island	1.3	2,500	-	-	-	-
Improving trachoma control services for Indigenous Australians	2.2	4,211	4,294	-	-	-
National Bowel Cancer Screening Program - participant follow-up function	2.4	2,420	4,747	6,352	-	-
National Coronial Information System	2.4	400	400	400	400	400
Northern Territory remote Aboriginal investment - Health	2.2	5,649	5,905	6,171	6,448	6,739
OzFoodNet	5.2	1,719	1,748	1,769	1,795	1,824
Redevelopment of the Royal Victorian Eye and Ear Hospital	1.3	50,000	-	-	-	-
Response to the Zika virus	5.2	970	-	-	-	-
Rheumatic fever strategy	2.2	3,074	3,110	-	-	-
Royal Darwin Hospital - equipped, prepared and ready	5.2	15,461	15,740	16,023	16,311	-
Supporting National Mental Health Reform	2.1	45,251	-	-	-	-
Torres Strait health protection strategy - mosquito control	5.2	973	992	1,001	1,016	1,032
Torres Strait / Papua New Guinea cross border health issues	5.2	4,600	4,653	4,708	4,778	4,854
Upgrade to Ballina Hospital	1.3	900	1,700	-	-	-
Vaccine-preventable diseases surveillance	5.2	830	845	849	862	876
Victorian Cytology Service	2.4	9,332	9,799	-	-	-
<b>Total</b>		<b>1,329,415</b>	<b>591,963</b>	<b>421,379</b>	<b>190,866</b>	<b>168,445</b>

Table 2.2: Program 1.9 expenses (continued)

	Agency PBS Program	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Industry portfolio</b>						
Environmental management of the former Rum Jungle mine site	2.4	4,295	10,048	-	-	-
<b>Total</b>		4,295	10,048	-	-	-
<b>Infrastructure and Regional Development portfolio</b>						
Building Australia fund						
- Rail projects	1.1	-	122,600	66,750	-	-
- Road projects	1.1	6,920	-	-	-	-
Centenary of Canberra- A gift to the national capital	4.1	8,000	-	-	-	-
Infrastructure Growth Package – Asset Recycling Fund						
- New investments	1.1	399,728	765,430	795,570	367,002	-
- Western Sydney Infrastructure Plan	1.1	153,371	524,449	601,879	453,297	90,564
Infrastructure Investment Programme						
- Black spot projects	1.1	26,539	100,000	60,000	60,000	60,000
- Bridges renewal programme	1.1	60,000	80,000	90,000	70,000	60,000
- Heavy vehicle safety and productivity	1.1	59,473	64,590	50,000	40,000	40,000
- Improving the national network	1.1	410	-	-	-	-
- Investment - Rail	1.1	192,277	214,929	100,600	43,300	-
- Investment - Road	1.1	3,148,909	5,045,831	5,215,465	3,265,738	3,169,827
Interstate road transport	2.2	71,002	71,002	71,002	71,002	71,002
Larrobe Valley economic diversification	3.1	650	-	-	-	-
Murray-Darling Basin - Regional Economic Diversification	3.1	27,519	22,706	-	-	-
Northern Australia - Improving cattle supply chains	1.1	-	35,000	35,000	30,000	-
South Australian River Murray Sustainability Program Regional economic development	3.1	11,500	2,000	-	-	-
Northern Australia Roads Projects	1.1	-	100,000	210,000	225,000	65,000
<b>Total</b>		4,166,298	7,148,537	7,296,266	4,625,339	3,556,393

Table 2.2: Program 1.9 expenses (continued)

	Agency PBS Program	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Prime Minister and Cabinet portfolio</b>						
2014 G20 Leaders' Summit Security						
Northern Territory remote Aboriginal investment						
	1.1	1,600	-	-	-	-
	2.2	42,566	38,449	38,805	33,108	34,790
	2.3	70,258	67,392	63,169	53,840	44,549
	2.5	154,821	-	-	-	-
	2.5	55,953	49,685	50,917	3,557	3,560
	2.5	388,259	428,456	345,675	-	-
	<b>Total</b>	<b>713,457</b>	<b>583,982</b>	<b>498,566</b>	<b>90,505</b>	<b>82,899</b>
<b>Social Services portfolio</b>						
Assisting preparation towards the trial of the National Disability Insurance Scheme						
	3.2	616	-	-	-	-
	4.1	115,000	115,000	-	-	-
	2.1	2,800	1,200	-	-	-
	2.3	153,836	152,072	189,553	230,386	274,845
	2.3	2,971	3,645	4,352	5,076	5,826
	2.3	4,674	6,328	8,161	10,190	12,433
	3.2	68,878	270,629	550,970	3,500,784	1,012,616
	3.2	418,026	313,121	321,896	140,539	-
	3.2	46,246	67,580	-	-	-
	<b>Total</b>	<b>813,047</b>	<b>929,575</b>	<b>1,074,932</b>	<b>3,886,975</b>	<b>1,305,720</b>

**Table 2.2: Program 1.9 expenses (continued)**

	Agency PBS Program	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Treasury portfolio</b>						
Financial assistance to NSW Government for NSW Police	1.9	-	-	80	2,910	4,630
First Home Owners Boost	1.9	311	-	-	-	-
Implementation of the National Insurance Affordability Initiative	1.9	11,980	-	-	-	-
Infrastructure Growth Package – Asset Recycling Fund - Asset Recycling Initiative	1.9	1,331,700	1,202,987	752,700	51,100	-
Moneysmart Teaching	1.9	1,125	1,310	-	-	-
National Register of Foreign Ownership of Land Titles	1.9	8,000	8,000	-	-	-
North Queensland Strata Title Inspection Scheme	1.9	-	6,250	6,250	-	-
Western Australia Infrastructure projects	1.9	490,000	-	-	-	-
<b>Total</b>		<b>1,842,494</b>	<b>1,218,547</b>	<b>759,030</b>	<b>54,010</b>	<b>4,630</b>
<b>Total program expenses</b>		<b>10,715,715</b>	<b>12,513,008</b>	<b>11,204,777</b>	<b>9,325,516</b>	<b>5,511,951</b>

**Table 2.3: Performance criteria for Outcome 1**

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1</b></p> <p>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</p>	
<p><b>Program 1.1: Department of the Treasury</b></p> <p>The objectives of the Treasury are:</p> <ul style="list-style-type: none"> <li>• promoting a sound macroeconomic environment;</li> <li>• promoting effective government spending arrangements that contribute to overall fiscal outcomes and influence strong sustainable economic growth;</li> <li>• supporting financial relations with the State and Territory governments;</li> <li>• developing effective taxation and retirement income arrangements consistent with the government's reform priorities; and</li> <li>• promoting well-functioning markets that encourage competitive and efficient markets and contribute to consumer and investor confidence; a secure and competitive financial system and sound corporate practices; a reduced regulatory burden on businesses, individuals and the community; and a well-regulated, competitive and efficient small business sector.</li> </ul>	
<p><b>Delivery</b></p>	<p>Treasury achieves its objectives by providing support to the Australian Government in relation to:</p> <ul style="list-style-type: none"> <li>• domestic and international developments affecting the Australian economy and forecasts of the direction of the Australian and international economies;</li> <li>• the setting of sound macroeconomic policies and assessments of how government policy options would affect the Australian economy;</li> <li>• fiscal strategy, with the aim of ensuring fiscal sustainability over the economic cycle;</li> <li>• Commonwealth-State financial relations;</li> <li>• implementing the government's taxation and retirement income reforms;</li> <li>• Australia's financial system and services regulatory policy framework, including implementing the government's response to the Competition Policy Review and ongoing support for the Australian Small Business and Family Enterprise Ombudsman; and</li> <li>• foreign investment issues including assessing foreign investment proposals and implementing the government's commitment to strengthen the foreign investment framework.</li> </ul> <p>Treasury achieves these objectives through its engagement with the private sector, international fora, non-government organisations, academia and other policy-focused institutions, and is a high-performing and flexible organisation.</p>

<b>Performance information</b>	
<b>Performance criteria</b>	<b>2015-16 and forward year targets</b>
<b>The Treasury will assist the government by:</b>	<b>The Treasury will be measured by:</b>
Providing high-quality, timely, accurate and evidence-based advice and briefs to the government	Advice meets the government's needs in administering its responsibilities and making and implementing decisions. Advice is based on objective and through understanding of the 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
Coordinating the preparation of the Australian Government Budget and other documents	Documents are produced in accordance with timeframes and other requirements of the <i>Charter of Budget Honesty Act 1998</i>
Strengthening the Treasury's links with the private sector, non-government organisations, academia and other policy-focused institutions over the period	The extent of contact established and maintained by the Canberra, Sydney and Melbourne offices of the Treasury with the private sector, non-government organisations, academia and other policy-focussed institutions, including through formal policy consultations  The number of secondments undertaken each year with the private sector, non-government organisations, academia and other policy-focussed institutions by the Canberra, Sydney and Melbourne offices of the Treasury
Fit-for-purpose economic and tax modelling	Outcomes are consistent with forecasts, allowing for unforeseeable events
Supporting G20 initiatives to drive global growth and enhance regional engagement with key trading partners	Involvement with the G20 Finance Ministers' and Central Bank Governors' meetings
Assessing foreign investment proposals	Number of proposals assessed
Progressing the implementation of the government's deregulation agenda, particularly by reducing red tape	Reductions in red tape are consistent with the government's target
Coordinating the government's legislative program for tax and superannuation, financial system, corporations, competition and consumer legislation in accordance with the government's priorities	All Bills, regulations and supporting document are produced in accordance with the relevant legislative requirements and guidance, including timeframes



Performance criteria	2015-16 and forward year targets
Publishing reports and other information that stimulate and inform government and public debate through robust analysis, modelling and research	Number of publications and extent of online readership
Maintaining and building our organisational capability	Evaluating Treasury's Workforce Plan annually and effectively delivering in its four key focus areas: Talent Sourcing; Development; Mobility; and Inclusivity Rigorous analysis of the annual employee census results including benchmarking of results against previous years and similar agencies with a particular focus on employee engagement
<p><b>Purposes</b></p> <p>The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. The Treasury does this by playing an important role as the pre-eminent economic adviser. Treasury provides well-rounded and informed advice across a range of issues: from tax, the Budget and the economy; to financial, foreign investment, competition and broader structural policy and from small business to international economic policy.</p>	

<p><b>Program 1.2 — Payments to International Financial Institutions</b></p> <p>The Treasury, on behalf of the government, makes payments to international financial institutions to:</p> <ul style="list-style-type: none"> <li>• promote international monetary cooperation;</li> <li>• promote stability of the international financial system and orderly exchange arrangements;</li> <li>• foster economic growth and high levels of employment;</li> <li>• provide temporary financial assistance to countries to help ease balance of payments adjustments;</li> <li>• facilitate the achievement of government objectives in international forums, including support for development objectives and improved infrastructure in the Asian region; and</li> <li>• support multilateral debt relief.</li> </ul>	
<p><b>Delivery</b></p>	<p>Payments are made to the International Monetary Fund (IMF), under the <i>International Monetary Agreements Act 1947</i>. Payments are also made to multilateral development banks to which Australia is a member, specifically the World Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development and the Asian Infrastructure Investment Bank, in accordance with the relevant agreement.</p>
<p><b>Performance information</b></p>	
<p><b>Performance criteria</b></p>	<p><b>2015-16 and forward year targets</b></p>
<p>Payments to international financial institutions are made with due regard to minimising cost and risk for Australia</p>	<p>Financial transactions are timely and accurate</p>
<p><b>Purposes</b></p> <p>The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. Treasury does this by facilitating financial transactions with international financial institutions on behalf of the Treasurer.</p>	

<b>Program 1.3 — Support for Markets and Business</b>		
Treasury, on behalf of the Australian Government, makes payments to support markets.		
<b>Delivery</b>	Treasury makes the following payments in accordance with the relevant agreements: <ul style="list-style-type: none"> <li>• insurance claims arising from the residual Housing Loans Insurance Company Limited portfolio;</li> <li>• contribution to the establishment and operation of the Global Infrastructure Hub (the Hub); and</li> <li>• grants under the Australian Small Business Advisory Services (ASBAS) program are provided to not-for-profit small business advisory service providers to improve their capacity to deliver low cost small business advisory, information and referral services.</li> </ul>	
<b>Performance information</b>		
<b>Performance criteria</b>	<b>2015-16 and 2016-17 targets</b>	<b>2017-18 targets</b>
Appropriate assistance provided to enterprising people through the ASBAS program	25,000 additional services provided to enterprising people through the ASBAS program	20,000 additional services provided to enterprising people through the ASBAS program
<b>Performance criteria</b>	<b>2015-16 and forward year targets</b>	
Number of clients accessing Australian Small Business Advisory Services and the Australian Small Business and Family Enterprise Ombudsman's Information Line	26,700 clients accessing the Small Business Support Line. This program terminates on 30 June 2016	
Payments to the Hub are made in accordance with the grant agreement	Payments to the Hub are made according to the grant agreement	
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 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	
Payments to the Hub are made in accordance with the grant agreement	Payments to the Hub are made according to the grant agreement	
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 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	
<b>Purposes</b>		
The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. Treasury does this by managing payments to support markets and business on behalf of the Treasury Ministers.		

<b>Programs 1.4 to 1.9 – Financial Support to States and Territories</b>	
<p>Under Programs 1.4 to 1.9, Treasury provides financial support to the States and Territories for a wide range of activities under the <i>Intergovernmental Agreement on Federal Financial Relations</i> (IGAFFR) and other relevant agreements between the Commonwealth and the States and Territories. Since these programs have common performance criteria, they have been presented together below.</p> <p><b>Program 1.4 — General Revenue Assistance.</b> Treasury, on behalf of the government, will make general revenue assistance payments to the States and Territories.</p> <p><b>Program 1.5 — Assistance to the States for Healthcare Services.</b> Treasury, on behalf of the government, provides financial support to the States and Territories to be spent in the delivery of healthcare services.</p> <p><b>Program 1.6 — Assistance to the States for Skills and Workforce Development.</b> Treasury, on behalf of the government, provides financial support to the States and Territories to be spent in the delivery of skills and workforce development services.</p> <p><b>Program 1.7 — Assistance to the States for Disability Services.</b> Treasury, on behalf of the government, provides financial support to the States and Territories to be spent in the delivery of disability services.</p> <p><b>Program 1.8 — Assistance to the States for Affordable Housing.</b> Treasury, on behalf of the government, provides financial support to the States and Territories to be spent in the delivery of affordable housing services.</p> <p><b>Program 1.9 — National Partnership Payments to the States.</b> Treasury, on behalf of the government, provides financial support to 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 jurisdictions that deliver on nationally significant reforms. This program is linked to programs administered by a number of other portfolios, as noted in Table 2.2, which provides further details of specific payments.</p>	
<b>Delivery</b>	Payments to the States and Territories are delivered as specified in the IGAFFR and other relevant agreements. Agreements can be viewed at <a href="http://www.federalfinancialrelations.gov.au">www.federalfinancialrelations.gov.au</a> .
<b>Performance information</b>	
<b>Performance criteria</b>	<b>2015-16 and forward year targets</b>
Payments to the States and Territories are made with regard to the arrangements specified in the IGAFFR and the relevant agreements where applicable	<p>The Commonwealth Treasury will make timely and accurate payments to the States and Territories that reflect the requirements, the amounts and timeframes set out in the IGAFFR and the relevant agreements where applicable. The Commonwealth Treasury will provide advice to States and Territories on the components of each payment prior to each payment being made.</p> <p>The Commonwealth Treasury will provide GST revenue data to the States and Territories 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 IGAFFR.</p>
<b>Purposes</b>	
The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. Treasury does this by managing payments to the States and Territories on behalf of the Treasurer.	
Further details of programs 1.4 to 1.9, including estimates across the forward years, can be found in <i>Budget Paper No. 3, Federal Financial Relations 2016-17</i> .	

## **Section 3: Budgeted financial statements**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 Budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The Treasury is budgeting for a break-even operating result, after non-appropriated expenses such as depreciation are removed, in 2016-17 and over the forward estimates.

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

### 3.1.3 Budgeted financial statements tables

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	122,850	123,910	123,070	122,924	121,120
Suppliers	49,530	52,305	51,180	52,811	51,754
Grants	2,247	1,184	1,195	1,195	1,195
Depreciation and amortisation	7,667	5,308	5,353	5,384	5,426
<b>Total expenses</b>	<b>182,294</b>	<b>182,707</b>	<b>180,798</b>	<b>182,314</b>	<b>179,495</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	9,268	9,504	9,504	9,504	9,504
Other	1,200	1,200	1,200	1,200	1,200
<b>Total own-source revenue</b>	<b>10,468</b>	<b>10,704</b>	<b>10,704</b>	<b>10,704</b>	<b>10,704</b>
<b>Gains</b>					
Resources received free of charge	4,050	4,050	4,050	4,050	4,050
<b>Total gains</b>	<b>4,050</b>	<b>4,050</b>	<b>4,050</b>	<b>4,050</b>	<b>4,050</b>
<b>Total own-source income</b>	<b>14,518</b>	<b>14,754</b>	<b>14,754</b>	<b>14,754</b>	<b>14,754</b>
<b>Net (cost of)/contribution by services</b>	<b>(167,776)</b>	<b>(167,953)</b>	<b>(166,044)</b>	<b>(167,560)</b>	<b>(164,741)</b>
Revenue from Government	160,109	162,645	160,691	162,176	159,315
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(7,667)</b>	<b>(5,308)</b>	<b>(5,353)</b>	<b>(5,384)</b>	<b>(5,426)</b>

**Note: Impact of net cash appropriation arrangements**

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	7,667	5,308	5,353	5,384	5,426
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(7,667)</b>	<b>(5,308)</b>	<b>(5,353)</b>	<b>(5,384)</b>	<b>(5,426)</b>

(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 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 3.5.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,000	1,000	1,000	1,000	1,000
Trade and other receivables	65,793	67,293	68,793	70,293	71,793
<b>Total financial assets</b>	<b>66,793</b>	<b>68,293</b>	<b>69,793</b>	<b>71,293</b>	<b>72,793</b>
<b>Non-financial assets</b>					
Land and buildings	2,149	2,149	2,149	2,149	2,149
Property, plant and equipment	7,265	7,255	7,255	7,261	7,251
Intangibles	13,312	13,612	13,607	13,596	13,596
Prepayments	3,365	3,365	3,365	3,365	3,365
<b>Total non-financial assets</b>	<b>26,091</b>	<b>26,381</b>	<b>26,376</b>	<b>26,371</b>	<b>26,361</b>
<b>Total assets</b>	<b>92,884</b>	<b>94,674</b>	<b>96,169</b>	<b>97,664</b>	<b>99,154</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	1,289	1,289	1,289	1,289	1,289
Other payables	11,484	11,484	11,484	11,484	11,484
<b>Total payables</b>	<b>12,773</b>	<b>12,773</b>	<b>12,773</b>	<b>12,773</b>	<b>12,773</b>
<b>Provisions</b>					
Employee provisions	45,064	46,564	48,064	49,564	51,064
Other provisions	964	964	964	964	964
<b>Total provisions</b>	<b>46,028</b>	<b>47,528</b>	<b>49,028</b>	<b>50,528</b>	<b>52,028</b>
<b>Total liabilities</b>	<b>58,801</b>	<b>60,301</b>	<b>61,801</b>	<b>63,301</b>	<b>64,801</b>
<b>Net assets</b>	<b>34,083</b>	<b>34,373</b>	<b>34,368</b>	<b>34,363</b>	<b>34,353</b>
<b>EQUITY*</b>					
Contributed equity	58,538	64,136	69,484	74,863	80,279
Reserves	6,163	6,163	6,163	6,163	6,163
Retained surplus (accumulated deficit)	(30,618)	(35,926)	(41,279)	(46,663)	(52,089)
<b>Total equity</b>	<b>34,083</b>	<b>34,373</b>	<b>34,368</b>	<b>34,363</b>	<b>34,353</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2016</b>				
Balance carried forward from previous period	(30,618)	6,163	58,538	34,083
<b>Opening balance</b>	<b>(30,618)</b>	<b>6,163</b>	<b>58,538</b>	<b>34,083</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(5,308)	-	-	(5,308)
<b>Total comprehensive income</b>	<b>(5,308)</b>	<b>-</b>	<b>-</b>	<b>(5,308)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriation	-	-	300	300
Departmental capital budget (DCB)	-	-	5,298	5,298
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>5,598</b>	<b>5,598</b>
<b>Estimated closing balance as at 30 June 2017</b>	<b>(35,926)</b>	<b>6,163</b>	<b>64,136</b>	<b>34,373</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(35,926)</b>	<b>6,163</b>	<b>64,136</b>	<b>34,373</b>

Prepared on Australian Accounting Standards basis.



**Table 3.4: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	156,000	161,003	159,049	160,513	155,815
Sale of goods and rendering of services	9,268	9,504	9,504	9,504	9,504
Other	1,200	1,200	1,200	1,200	1,200
<b>Total cash received</b>	<b>166,468</b>	<b>171,707</b>	<b>169,753</b>	<b>171,217</b>	<b>166,519</b>
<b>Cash used</b>					
Employees	121,350	122,410	121,570	121,424	118,588
Suppliers	47,023	48,113	46,988	48,598	46,736
Other	2,247	1,184	1,195	1,195	1,195
<b>Total cash used</b>	<b>170,620</b>	<b>171,707</b>	<b>169,753</b>	<b>171,217</b>	<b>166,519</b>
<b>Net cash from/(used by) operating activities</b>	<b>(4,152)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	7,012	5,598	5,348	5,379	5,416
<b>Total cash used</b>	<b>7,012</b>	<b>5,598</b>	<b>5,348</b>	<b>5,379</b>	<b>5,416</b>
<b>Net cash from/(used by) investing activities</b>	<b>(7,012)</b>	<b>(5,598)</b>	<b>(5,348)</b>	<b>(5,379)</b>	<b>(5,416)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - equity injections	1,700	300	-	-	-
Appropriations - DCB	5,312	5,298	5,348	5,379	5,416
<b>Total cash received</b>	<b>7,012</b>	<b>5,598</b>	<b>5,348</b>	<b>5,379</b>	<b>5,416</b>
<b>Net cash from/(used by) financing activities</b>	<b>7,012</b>	<b>5,598</b>	<b>5,348</b>	<b>5,379</b>	<b>5,416</b>
<b>Net increase/(decrease) in cash held</b>	<b>(4,152)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	5,152	1,000	1,000	1,000	1,000
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	5,312	5,298	5,348	5,379	5,416
Equity injections - Bill 2	1,700	300	-	-	-
<b>Total new capital appropriations</b>	<b>7,012</b>	<b>5,598</b>	<b>5,348</b>	<b>5,379</b>	<b>5,416</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	5,312	5,298	5,348	5,379	5,416
<b>Total items</b>	<b>5,312</b>	<b>5,298</b>	<b>5,348</b>	<b>5,379</b>	<b>5,416</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	1,700	300	-	-	-
Funded by capital appropriation - DCB	5,312	5,298	5,348	5,379	5,416
<b>TOTAL</b>	<b>7,012</b>	<b>5,598</b>	<b>5,348</b>	<b>5,379</b>	<b>5,416</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	7,012	5,598	5,348	5,379	5,416
<b>Total cash used to acquire assets</b>	<b>7,012</b>	<b>5,598</b>	<b>5,348</b>	<b>5,379</b>	<b>5,416</b>

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2016-17)**

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2016</b>				
Gross book value	8,475	12,735	26,840	48,050
Accumulated depreciation/amortisation and impairment	(6,326)	(5,470)	(13,528)	(25,324)
<b>Opening net book balance</b>	<b>2,149</b>	<b>7,265</b>	<b>13,312</b>	<b>22,726</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity (a)	-	-	300	300
By purchase - appropriation ordinary annual services	1,370	1,499	2,429	5,298
<b>Total additions</b>	<b>1,370</b>	<b>1,499</b>	<b>2,729</b>	<b>5,598</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(1,370)	(1,509)	(2,429)	(5,308)
<b>Total other movements</b>	<b>(1,370)</b>	<b>(1,509)</b>	<b>(2,429)</b>	<b>(5,308)</b>
<b>As at 30 June 2017</b>				
Gross book value	9,845	14,234	29,569	53,648
Accumulated depreciation/ amortisation and impairment	(7,696)	(6,979)	(15,957)	(30,632)
<b>Closing net book balance</b>	<b>2,149</b>	<b>7,255</b>	<b>13,612</b>	<b>23,016</b>

Prepared on Australian Accounting Standards basis.

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>EXPENSES</b>					
Grants	90,400,123	96,026,210	99,048,261	101,070,249	100,684,291
Interest	4,462	3,038	15,408	39,870	59,415
Suppliers	5,591	1,353	1,142	1,207	1,062
Foreign exchange	1,763	-	-	-	-
Other expenses	675	675	-	-	-
<b>Total expenses administered on behalf of Government</b>	<b>90,412,614</b>	<b>96,031,276</b>	<b>99,064,811</b>	<b>101,111,326</b>	<b>100,744,768</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Sale of goods and rendering of services	746,761	789,338	740,216	721,337	693,343
Interest	3,283	6,638	11,859	17,865	19,502
Dividends	2,806,426	200,500	389,500	476,000	-
COAG revenue from government entities	352,201	622,631	3,036,585	4,683,761	1,461,460
Other revenue	4,371	4,610	4,720	4,800	4,900
<b>Total non-taxation revenue</b>	<b>3,913,042</b>	<b>1,623,717</b>	<b>4,182,880</b>	<b>5,903,763</b>	<b>2,179,205</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>3,913,042</b>	<b>1,623,717</b>	<b>4,182,880</b>	<b>5,903,763</b>	<b>2,179,205</b>
<b>Gains</b>					
Foreign exchange	-	7,522	119,463	149,962	33,255
NDRRA provision - revaluation	240,847	-	-	-	-
<b>Total gains administered on behalf of Government</b>	<b>240,847</b>	<b>7,522</b>	<b>119,463</b>	<b>149,962</b>	<b>33,255</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>4,153,889</b>	<b>1,631,239</b>	<b>4,302,343</b>	<b>6,053,725</b>	<b>2,212,460</b>
<b>Net cost of/(contribution by) services</b>	<b>86,258,725</b>	<b>94,400,037</b>	<b>94,762,468</b>	<b>95,057,601</b>	<b>98,532,308</b>
<b>Total comprehensive income/(loss)</b>	<b>(86,258,725)</b>	<b>(94,400,037)</b>	<b>(94,762,468)</b>	<b>(95,057,601)</b>	<b>(98,532,308)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Advances and loans	795,844	832,310	812,301	660,799	455,256
Receivables	2,819,189	196,915	373,211	505,648	25,087
Investments	39,191,650	39,406,559	39,838,620	40,307,144	40,555,888
<b>Total financial assets</b>	<b>42,806,683</b>	<b>40,435,784</b>	<b>41,024,132</b>	<b>41,473,591</b>	<b>41,036,231</b>
<b>Total assets administered on behalf of Government</b>	<b>42,806,683</b>	<b>40,435,784</b>	<b>41,024,132</b>	<b>41,473,591</b>	<b>41,036,231</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Grants	58,304	42,822	40,819	36,789	37,171
Other payables	5,677,624	5,676,113	5,784,982	5,894,958	5,898,248
Unearned income	53,074	36,451	23,453	11,851	7,138
<b>Total payables</b>	<b>5,789,002</b>	<b>5,755,386</b>	<b>5,849,254</b>	<b>5,943,598</b>	<b>5,942,557</b>
<b>Interest bearing liabilities</b>					
Loans	10,011,204	9,474,333	9,449,974	9,426,302	9,401,948
<b>Total interest bearing liabilities</b>	<b>10,011,204</b>	<b>9,474,333</b>	<b>9,449,974</b>	<b>9,426,302</b>	<b>9,401,948</b>
<b>Provisions</b>					
Provisions for grants	1,517,126	612,643	104	-	-
<b>Total provisions</b>	<b>1,517,126</b>	<b>612,643</b>	<b>104</b>	<b>-</b>	<b>-</b>
<b>Total liabilities administered on behalf of Government</b>	<b>17,317,332</b>	<b>15,842,362</b>	<b>15,299,332</b>	<b>15,369,900</b>	<b>15,344,505</b>
<b>Net assets/(liabilities)</b>	<b>25,489,351</b>	<b>24,593,422</b>	<b>25,724,800</b>	<b>26,103,691</b>	<b>25,691,726</b>

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sales of goods and rendering of services	74,887	107,091	103,750	102,677	95,375
Interest	761	1,110	2,973	8,433	11,540
Dividends	2,558,963	2,806,208	200,500	332,000	476,000
COAG receipts from entities	15,987,500	17,665,399	21,208,095	4,683,759	1,461,460
Other	4,371	4,610	4,720	4,800	4,900
<b>Total cash received</b>	<b>18,626,482</b>	<b>20,584,418</b>	<b>21,520,038</b>	<b>5,131,669</b>	<b>2,049,275</b>
<b>Cash used</b>					
Grant payments	105,962,324	113,306,552	117,197,607	100,455,338	100,085,655
Interest paid	3,060	4,549	12,098	36,688	56,125
Other	6,266	2,028	1,142	1,207	1,062
<b>Total cash used</b>	<b>105,971,650</b>	<b>113,313,129</b>	<b>117,210,847</b>	<b>100,493,233</b>	<b>100,142,842</b>
<b>Net cash from/(used by) operating activities</b>	<b>(87,345,168)</b>	<b>(92,728,711)</b>	<b>(95,690,809)</b>	<b>(95,361,564)</b>	<b>(98,093,567)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Advances and loans	101,179	28,861	53,361	160,512	213,069
<b>Total cash received</b>	<b>101,179</b>	<b>28,861</b>	<b>53,361</b>	<b>160,512</b>	<b>213,069</b>
<b>Cash used</b>					
Purchase of investments	2,011,040	744,258	231,399	235,439	239,842
Advances and loans	79,262	60,000	25,000	-	-
<b>Total cash used</b>	<b>2,090,302</b>	<b>804,258</b>	<b>256,399</b>	<b>235,439</b>	<b>239,842</b>
<b>Net cash from/(used by) investing activities</b>	<b>(1,989,123)</b>	<b>(775,397)</b>	<b>(203,038)</b>	<b>(74,927)</b>	<b>(26,773)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(89,334,291)</b>	<b>(93,504,108)</b>	<b>(95,893,847)</b>	<b>(95,436,491)</b>	<b>(98,120,340)</b>
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	92,426,651	97,074,617	99,295,734	100,728,672	100,382,684
Cash to Official Public Account for:					
- Appropriations	(3,092,360)	(3,570,509)	(3,401,887)	(5,292,181)	(2,262,344)
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.10: Administered capital budget statement (for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Administered assets and liabilities	-	60,000	25,000	-	-
Special appropriations	2,075,302	744,258	227,856	231,502	206,882
<b>Total new capital appropriations</b>	<b>2,075,302</b>	<b>804,258</b>	<b>252,856</b>	<b>231,502</b>	<b>206,882</b>
<i>Provided for:</i>					
James Hardie asbestos compensation fund - loan to NSW Government	-	60,000	25,000	-	-
International financial institutions	2,075,302	804,258	252,856	231,502	206,882
<b>Total items</b>	<b>2,075,302</b>	<b>804,258</b>	<b>252,856</b>	<b>231,502</b>	<b>206,882</b>

Prepared on Australian Accounting Standards basis.