

DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources	15
1.1 Strategic direction	15
1.2 Agency resource statement	15
1.3 Budget measures.....	20
Section 2: Outcomes and planned performance	24
2.1 Outcomes and performance information	24
Section 3: Explanatory tables and budgeted financial statements	51
3.1 Explanatory tables	51
3.2 Budgeted financial statements.....	52

DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

The Australian economy is forecast to grow around trend in 2012-13 and 2013-14, outperforming most of the developed world. While global financial market tensions eased in the early months of 2012 following the acute bout of instability in late 2011, global conditions remain weak, particularly in the major advanced economies, and financial markets are fragile.

Against this backdrop, the global economy is undergoing dramatic structural change as the weight of economic activity shifts towards Asia and this has significant implications for Australia. Strong demand from Asia is expected to continue to support historically high commodity prices, drive record levels of investment in resources and resources-related projects in Australia and underpin solid growth in export volumes.

Nonetheless, conditions in some parts of the economy are likely to remain challenging, with unsettled global conditions, the high Australian dollar, ongoing consumer caution and changes in expenditure patterns all expected to weigh heavily on some sectors.

Despite this, Australia's economic outlook remains positive, with economic growth expected to be solid, the unemployment rate expected to remain low and inflation likely to be well contained.

A continuing focus of the Treasury will be on providing advice on key risks facing the global economy, including sovereign debt concerns in major advanced economies, financial market conditions, higher oil prices, and developments in major emerging markets. Particular focus will be placed on assessing the implications for Australia of economic developments in China and other emerging countries. The outlook for the Australian economy is increasingly tied to the fortunes of the Asian region, with regional growth expected to underpin high commodity prices, strong investment in the resources sector and strong demand for resources and services exports. These

outcomes represent the first instalment of a broader set of opportunities and challenges for Australia from Asia's sustained economic growth, and the Treasury will contribute to the development of the Government's White Paper on Australia in the Asian Century.

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

Over the next year, the Treasury will continue to provide policy advice to the Government on health, aged care, skills and education, disability support, climate change, investment in clean energy, structural adjustment, indigenous policy and water reform (including in the Murray-Darling Basin). The Treasury will also continue to provide policy advice on federal financial relations arrangements, including working with the state and territory governments to deliver the Government's economic and social policy agenda. The Treasury will also support the review of the distribution of revenue from the goods and services tax (GST) to deliver a simpler, fairer, more predictable and more efficient distribution of the GST to the states and territories.

In 2012-13, the Treasury will have the primary role in assisting the Government to implement its tax reform agenda. The Treasury will also support the Business Tax Working Group's deliberations on longer term reform directions for the business tax system.

As its top international engagement priority, the Treasury will continue its deep engagement in the G20 agenda. The G20's priority under Mexico's Presidency in 2012 has been to focus on the immediate challenges to the global economy. This focus necessitates strong Treasury engagement on the Framework for Strong, Sustainable and Balanced Growth, the financial reform agenda (including involvement in the Financial Stability Board) and in Australia's role as co-chair of the working group on reform of the international financial architecture. In the lead up to Australia's G20 host-year in 2014, the Treasury will enhance bilateral engagement and multilateral outreach as part of developing a focused agenda that advocates Australia's values and interests. This will be part of the Treasury's preparations to host the G20 Finance Ministers' and Central Bank Governors' meetings in 2014. The Treasury will also continue to participate in the OECD and the Global Forum to enhance the effectiveness of implementing international standards of tax information and transparency, as well as maintaining close engagement with the International Monetary Fund and the multilateral development banks. The Treasury will continue its efforts to entrench an East Asia Summit Finance Ministers' Meeting and will remain engaged in the APEC Finance Ministers' Process.

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

In addition, the Treasury will provide advice designed to ensure that the financial system remains robust, competitive and dynamic while contributing to macroeconomic stability and market confidence. The Treasury will continue to monitor prudential frameworks applying to the banking sector, insurers and superannuation funds. The Treasury will also continue to implement the Government's Stronger Super reforms.

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

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

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

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Treasury.

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in ⁺ 2012-13 \$'000	Proposed at Budget ⁼ 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	65,745 ⁵	-	65,745	-
Departmental appropriation ³	-	175,348 ¹	175,348	162,506
Receipts from other sources (s31)	-	12,610 ⁴	12,610	12,610
Total departmental	65,745	187,958	253,703	175,116
Administered expenses				
Outcome 1	-	5,175 ¹	5,175	14,987
Total administered expenses	-	5,175	5,175	14,987
Total ordinary annual services	A 65,745	193,133	258,878	190,103
Other services				
Departmental non-operating				
Equity injections	-	1,839 ²	1,839	583
Total	-	1,839	1,839	583
Administered non-operating				
Administered assets and liabilities				
Outcome 1	-	57,000 ²	57,000	62,708
Total	-	57,000	57,000	62,708
Total other services	B -	58,839	58,839	63,291
Total available annual appropriations (A+B)	65,745	251,972	317,717	253,394
Special appropriations				
<i>Asian Development Bank (Additional Subscription) Act 2009</i>	-	15,040	15,040	15,168
<i>Federal Financial Relations Act 2009</i>	-	68,959,642	68,959,642	65,627,132
<i>International Monetary Agreements Act 1947</i>	-	2,029,872	2,029,872	956,257
Total special appropriations	C -	71,004,554	71,004,554	66,598,557
Total appropriations excluding special accounts (A+B+C)	65,745	71,256,526	71,322,271	66,851,951

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2012-13 as at Budget May 2012 (continued)

	Estimate of prior year amounts available in + 2012-13 \$'000	Proposed at Budget = 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Special accounts				
Opening balance ⁶	2,151	-	2,151	-
Non-appropriation receipts to special accounts	-	10,943,686	10,943,686	21,578,589
Total special account	D 2,151	10,943,686	10,945,837	21,578,589
Total resourcing (A+B+C+D)	67,896	82,200,212	82,268,108	88,430,540
Less appropriation drawn from annual or special appropriations and credited to special accounts	-	-	-	-
Total net resourcing for the Treasury	67,896	82,200,212	82,268,108	88,430,540

1. Appropriation Bill (No. 1) 2012-13.

2. Appropriation Bill (No. 2) 2012-13.

3. Includes \$5.2 million in 2012-13 for the Departmental Capital Budget (refer to Table 3.2.5). It also includes \$19.6 million in 2012-13 set aside for the establishment of the Clean Energy Finance Corporation (refer to Table 2.2).

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

5. Estimated adjusted balance carried forward from previous year.

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

1.3 BUDGET MEASURES

Budget measures relating to the Treasury are detailed in Budget Paper No. 2, *Budget Measures 2012-13* and are summarised below.

Table 1.2: Department of the Treasury 2012-13 Budget measures

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures						
Australia to host the						
Group of 20 in 2014	1.1	-	3,436	35,074	4,575	809
Economic Potential of Senior						
Australians - Advisory Panel						
on Positive Ageing	1.1	-	1,161	1,180	1,190	1,201
Official development assistance						
- African Development Bank						
Group membership	1.1	-	375	325	183	260
Stronger Super – implementation of						
SuperStream reforms ¹	1.1	297	536	216	162	162
Company tax cut - do not						
proceed	1.4	-	(16,000)	(31,000)	(46,000)	(61,000)
Duty free allowances -						
cigarettes and tobacco	1.4	-	12,000	15,000	16,000	17,000
Fire Service Levy - reduction	1.4	-	nfp	nfp	nfp	nfp
Fringe benefits tax						
- further reform of living-						
away-from-home						
allowances and benefits	1.4	-	-	2,000	3,000	4,000
- reform of airline transport						
fringe benefits	1.4	..	1,000	1,000	1,000	1,000
GST						
- compliance program - two						
year extension	1.4	-	-	-	235,700	318,400
- Government response to Board						
of Taxation report: GST						
cross-border transactions:						
minor changes	1.4	-	*	-	-	-
- GST-free health supplies -						
minor changes	1.4	-	-	-	-	-
- GST-free nicotine replacement						
therapy	1.4	-	-	-	-	-
- limiting the Commissioner of						
Taxation's ability to backdate						
GST registrations	1.4	-	*	*	*	*
- reduced input tax credits for						
credit unions	1.4
- sale of a corporation's						
property by a mortgagee						
or chargee	1.4	-	-	-	-	-
- treatment of appropriations:						
minor change	1.4	-	-	-	-	-

Table 1.2: Department of the Treasury 2012-13 Budget measures (continued)

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures (continued)						
Tax administration - restore Commissioner's ability to delay paying a refund	1.4	-	-	-	-	-
Tax compliance - managing tax debt in challenging times: a balanced and differentiated approach	1.4	-	104,500	135,600	99,800	51,500
Adelaide Oval Redevelopment - contribution	1.10	30,000	-	-	-	-
Building Australia Fund - Torrens and Goodwood Junctions rail project	1.10	-	-	-	-	232,100
Caring for our Country - continuation	1.10	10,937	10,000	15,000	15,000	15,000
Dental health - alleviating pressure on public dental waiting lists	1.10	-	69,200	155,200	119,600	-
- reallocation of Commonwealth Dental Health Program funding	1.10	-	(94,300)	(96,700)	(99,000)	-
Health and Hospitals Fund - 2011 Regional Priority Round	1.10	-	10,025	43,450	82,758	63,359
Hepatitis C Litigation Settlement Scheme - continuation	1.10	-	700	713	726	740
Intermodal Terminal at Moorebank in Western Sydney - Defence relocation	1.10	-	(118,300)	(269,100)	(158,100)	-
Living Longer, Living Better - supporting long stay older patients	1.10	-	(37,500)	(37,500)	(37,500)	(37,500)
Manuka Oval lighting upgrade - contribution	1.10	2,500	-	-	-	-
Melbourne Royal Exhibition Building - protection and promotion - contribution	1.10	20,000	-	-	-	-
Murdoch University Px2 outreach program - expansion	1.10	(5,028)	-	-	-	-
Nation Building - additional funding for the Pacific Highway	1.10	-	-	231,000	(231,000)	-
- Heavy Vehicle Safety and Productivity Program - continuation	1.10	-	10,000	30,000	20,000	20,000
Nation Building 2 Program - Black Spots program - continuation	1.10	-	-	-	60,000	60,000

Table 1.2: Department of the Treasury 2012-13 Budget measures (continued)

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures (continued)						
Nation Building Program						
- Northern Territory road projects	1.10	50,000	-	-	-	-
- redirection	1.10	-	(24,677)	(8,730)	-	-
National Bowel Cancer Screening Program - expansion						
	1.10	-	-	611	622	1,057
National Health and Hospitals Network - Aged care - expand access to multi purpose services - cessation						
	1.10	(50,000)	(35,000)	(35,000)	-	-
National Immunisation Program - extended listing of Prevenar 13®						
	1.10	-	217	301	309	315
National Transport Regulatory reforms - implementation assistance						
	1.10	6,600	21,250	-	-	-
Natural Disaster Recovery and Rebuilding - donation to Queensland flood appeal						
	1.10	2,000	-	-	-	-
Papua New Guinea - Staged handover of tuberculosis patients by Queensland Health						
	1.10	-	920	20	-	-
Reforming Australia's Biosecurity System - maintaining core biosecurity operations						
	1.10	-	371	379	387	394
Schools						
- Reward Payments for School Improvement - reduction	1.10	-	-	-	(8,125)	(16,150)
- Supporting implementation of the More Support for Students with Disabilities Initiative	1.10	500	300	..	-	-
Social and Community Services						
- Queensland pay equity regulation - back pay	1.10	7,748	-	-	-	-
Stronger Futures in the Northern Territory						
- child, youth, family and community wellbeing	1.10	-	13,400	nfp	nfp	nfp
- community safety and justice	1.10	-	21,300	nfp	nfp	nfp
- Health	1.10	-	9,100	nfp	nfp	nfp
- healthy homes	1.10	-	4,900	nfp	nfp	nfp
- improving Indigenous housing in the Northern Territory	1.10	-	22,400	nfp	nfp	nfp
- municipal and essential services in the Northern Territory - extension	1.10	-	5,000	nfp	nfp	nfp

Table 1.2: Department of the Treasury 2012-13 Budget measures (continued)

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures						
(continued)						
Stronger Futures in the Northern Territory (continued)						
- remote engagement and coordination	1.10	-	4,400	nfp	nfp	nfp
- tackling alcohol abuse	1.10	-	nfp	nfp	nfp	nfp
Sydney Cricket Ground upgrade						
- contribution	1.10	50,000	-	-	-	-
Temporary Assistance to Tasmanian exporters accessing international markets						
	1.10	20,000	-	-	-	-
Water for the Future - National Water Security Plan for Cities and Towns - reduction in funding						
	1.10	(10,000)	-	-	-	-
Related capital						
Australia to host the Group of 20 in 2014						
	1.1	-	1,339	-	-	-
Reforming Australia's Biosecurity System - maintaining core biosecurity operations						
	1.10	-	-	-	-	-
Stronger Futures in the Northern Territory - remote engagement and coordination						
	1.10	-	-	nfp	nfp	nfp
Revenue						
Australian Reinsurance Pool Corporation						
- dividend	1.3	-	75,000	75,000	75,000	75,000
- one-off dividend payment	1.3	-	100,000	-	-	-
GST - compliance program - two year extension						
	1.4	-	-	-	97,200	98,100

1. This measure was included in the 2011-12 Portfolio Additional Estimates Statements. Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

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

- macroeconomic policy, based on careful monitoring and analysis of economic conditions in Australia and overseas;
- fiscal strategy, budget priorities and measures, and debt and balance sheet management, as well as a budget coordination role;
- Commonwealth-State financial policy, industry, environment and defence policy and housing, social and income support policy;
- taxation and retirement income arrangements consistent with the Government's reform priorities;
- policies that promote competitive, efficient markets and that work to enhance consumer wellbeing, a secure financial system and sound corporate practices, and foreign investment consistent with Australia's national interest;

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

Outcome 1 Budgeted Expenses

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

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: Informed decisions 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	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Department of the Treasury		
Departmental expenses		
Departmental appropriations ¹	176,226	181,131
Special accounts	1,629	1,629
Expenses not requiring appropriation ²	11,886	11,885
Administered expenses		
Other services (Appropriation Bill No. 1)	11,739	-
Expenses not requiring appropriation	794,804	-
Total for Program 1.1	996,284	194,645
Program 1.2: Payments to International Financial Institutions		
Administered expenses		
Special appropriations	11,532	6,848
Expenses not requiring appropriation	-	17,125
Total for Program 1.2	11,532	23,973
Program 1.3: Support for Markets and Business		
Administered expenses		
Other services (Appropriation Bill No. 1)	3,248	5,175
Total for Program 1.3	3,248	5,175
Program 1.4: General Revenue Assistance		
Administered expenses		
Special appropriations	45,600,000	48,200,000
Special accounts	1,114,292	1,181,315
Total for Program 1.4	46,714,292	49,381,315

Table 2.1: Budgeted Expenses for Outcome 1 (continued)

Outcome 1 (continued)	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.5: Assistance to the States for Healthcare Services		
Administered expenses		
Special appropriations	12,697,804	13,518,198
Total for Program 1.5	12,697,804	13,518,198
Program 1.6: Assistance to the States for Government Schools		
Administered expenses		
Special appropriations	3,755,800	4,004,692
Total for Program 1.6	3,755,800	4,004,692
Program 1.7: Assistance to the States for Skills and Workforce Development		
Administered expenses		
Special appropriations	1,363,132	1,388,895
Total for Program 1.7	1,363,132	1,388,895
Program 1.8: Assistance to the States for Disabilities Services		
Administered expenses		
Special appropriations	1,204,967	1,263,805
Total for Program 1.8	1,204,967	1,263,805
Program 1.9: Assistance to the States for Affordable Housing		
Administered expenses		
Special appropriations	1,242,603	1,264,969
Total for Program 1.9	1,242,603	1,264,969
Program 1.10: National Partnership Payments to the States		
Administered expenses		
Special accounts	17,927,627	9,567,238
Total for Program 1.10	17,927,627	9,567,238
Outcome 1 Totals by appropriation type		
Administered expenses		
Other services (Appropriation Bill No. 1)	14,987	5,175
Special appropriations	65,875,838	69,647,407
Special accounts	19,041,919	10,748,553
Expenses not requiring appropriation	794,804	17,125
Departmental expenses		
Departmental appropriations ¹	176,226	181,131
Special accounts	1,629	1,629
Expenses not requiring appropriation ²	11,886	11,885
Total expenses for Outcome 1	85,917,289	80,612,905
	2011-12	2012-13
Average staffing level (number)³	1,006	919

1. Departmental appropriations combine ordinary annual services (Appropriation Bill No. 1) and revenue from independent sources (section 31).

2. Expenses not requiring appropriation includes depreciation and resources received free of charge, such as audit fees.

3. The 2012-13 ASL includes 19 ASL for the Australia to host the Group of 20 in 2014 measure.

Contributions to Outcome 1

Program 1.1: Department of the Treasury

Program objective

The objectives of the Treasury are:

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

Program expenses

Changes in departmental estimates for the forward years predominantly reflect the impact of budget measures, including funding for Australia to host the G20 in 2014 and the establishment of the Clean Energy Finance Corporation (CEFC). The funding for CEFC is notionally allocated against program 1.1 and will transfer to the CEFC upon establishment of the entity.

Table 2.2: Program 1.1 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Departmental expenses					
Departmental items	177,855	159,722	153,043	153,950	154,344
Australia to host the Group of 20 in 2014	-	3,436	35,074	4,575	809
Clean Energy Finance Corporation	-	19,602	18,773	18,945	-
Expenses not requiring appropriation	11,886	11,885	11,881	11,881	11,881
Total departmental expenses	189,741	194,645	218,771	189,351	167,034
Administered expenses					
Other services	11,739	-	-	-	-
Expenses not requiring appropriation ¹	794,804	-	-	-	-
Total administered expenses	806,543	-	-	-	-
Total program expenses	996,284	194,645	218,771	189,351	167,034

1. Reflects the upward revision of the estimated cost of natural disasters that occurred in 2010-11.

Program deliverables

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

Macroeconomic Group

In 2012-13, Macroeconomic Group will provide advice on:

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

Macroeconomic Group will also undertake preparations for hosting G20 Finance Ministers' and Central Bank Governors' Meetings as part of Australia's host year in 2014. Macroeconomic Group will also maintain its close engagement with the G20, Financial Stability Board and regional financial forums, support reform of the international financial institutions, particularly the International Monetary Fund and World Bank, and further enhance its engagement with China, India, Indonesia and the south-west Pacific reflecting their importance for Australia.

Fiscal Group

In 2012-13, Fiscal Group will provide advice on:

- fiscal strategy which aims to ensure fiscal sustainability over the economic cycle;
- effective government spending arrangements which contribute to improving the wellbeing of Australians;
- strategies that address intergenerational challenges, including social, fiscal and environmental sustainability;
- a range of policy issues including climate change, employment, education, skills, disability support, health reform, implementation of the clean energy future package, and policies to support regional industry structural adjustment; and
- Commonwealth-State financial relations, including a review of the GST distribution to the States and Territories.

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

Revenue Group

In 2012-13, Revenue Group will provide advice on:

- implementation of the Government's taxation and retirement income reform agenda including decisions in the Government's 2012-13 Budget;
- Australia's participation in international forums, including the OECD, G20 and the Global Forum in relation to international standards of tax information and transparency;
- the impacts of the tax system and retirement income proposals, measures and expenditures, including on government finances, economic growth, and their distributional impact and overall efficiency and effectiveness; and
- supporting the Business Tax Working Group's deliberations on longer term reform directions for the business tax system.

Markets Group

In 2012-13, Markets Group will provide advice on:

- measures to promote competition, macroeconomic stability and market confidence, including advice on prudential frameworks applying to the banking sector, insurers and superannuation funds, and implementation of the Government's Stronger Super reforms;
- measures to enhance protection of retail investors and consumers through the implementation of the Government's Future of Financial Advice reforms and establishing improved regulation and transparency of insurance contracts;
- initiatives arising from the Australian Financial Centre Forum to strengthen Australia as a regional financial services centre;
- measures to promote the efficient use of national infrastructure, including in transport, communication and energy markets, and improve the responsiveness of the supply side of the housing market;
- Australia's competition and consumer policy framework including competition and regulatory reforms as part of COAG's National Partnership Agreement to Deliver a Seamless National Economy;
- foreign investment proposals to ensure that they are not contrary to Australia's national interest, and representing Australia's interests on investment, competition and financial service issues in negotiating free trade agreements;

Department of the Treasury Budget Statements

- the governance and strategic direction of Standard Business Reporting (SBR), including promoting the adoption of SBR and leveraging the SBR capabilities to further reduce the business reporting burden; and
- actuarial matters through the Australian Government Actuary which provides actuarial services to the Government, the Treasury and other agencies.

Program key performance indicators

The Treasury has the following key performance indicators:

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

Program 1.2: Payments to International Financial Institutions

Program objective

Payments are made to the International Monetary Fund (IMF), under the *International Monetary Agreements Act 1947*, to promote international monetary cooperation, exchange stability and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustments.

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

Program expenses

Only expense items are recorded in Table 2.3. Substantial payments are also made to the international financial institutions as administered capital. These payments are shown in Tables 1.1 and 3.2.10.

Table 2.3: Program 1.2 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Administered expenses					
Special appropriations					
<i>International Monetary Agreements Act 1947</i>	11,532	6,848	6,838	6,900	6,935
Expenses not requiring appropriation ¹	-	17,125	-	-	-
Total program expenses	11,532	23,973	6,838	6,900	6,935

1. Expenses not requiring appropriation relates for foreign exchange rate movements.

Program deliverables

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

Program key performance indicators

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

Program 1.3: Support for Markets and Business

Program objective

The Centre for International Finance and Regulation's focus is to put Australia at the forefront of regional and global examination of financial sector developments and the design of regulatory responses. The Centre comprises a consortium of Australian and international universities, research centres and financial organisations and is led by the University of New South Wales.

Payments are made in respect of insurance claims arising from the residual Housing Loans Insurance Company Limited portfolio. The Housing Loans Insurance Company Limited pre-transfer contract portfolio will be managed to ensure all liabilities arising from claims under this portfolio are met and any related debts are recovered.

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

Program expenses

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

Table 2.4: Program 1.3 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Centre for International Finance and Regulation	2,573	4,500	4,000	1,000	-
Housing Loan Insurance Company Limited - payments in respect of insurance claims	675	675	675	675	675
Total program expenses	3,248	5,175	4,675	1,675	675

Program deliverables

The Centre for International Finance and Regulation was established in 2011-12, with the consortium led by the University of New South Wales selected through a competitive tender process.

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

Program key performance indicators

Payments for the Centre for International Finance and Regulation will be made according to the agreed funding schedule.

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

Program 1.4: General Revenue Assistance

Program objective

The Government will make general revenue assistance payments to the States and Territories.

Under the *Intergovernmental Agreement on Federal Financial Relations*, the States are entitled to receive payments from the Commonwealth equivalent to the revenue received from the GST. This funding is provided to the States without conditions, to spend according to their own budget priorities.

In addition, the Government will make payments of other general revenue assistance to the States, to spend without conditions, consisting of:

- payments to the Australian Capital Territory to assist in meeting the additional municipal costs which arise from Canberra's role as the National Capital and to compensate for the additional costs resulting from the national capital planning influences on the provision of water and sewerage services;
- payments to Western Australia to compensate for the loss of royalty revenue resulting from the removal in the 2008-09 Budget of the exemption of condensate from crude oil excise;
- payments to Western Australia as a share of royalties collected by the Commonwealth under the *Offshore Petroleum (Royalty) Act 2006* in respect of the North West Shelf oil and gas project off the coast of Western Australia;
- payments to the Northern Territory in lieu of royalties on uranium mining in the Ranger Project Area due to the Commonwealth's ownership of uranium in the Northern Territory; and
- payments to New South Wales and Victoria to compensate for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the States' shareholdings.

Elements of this program are linked to the Resources, Energy and Tourism portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Table 2.5: Program 1.4 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial Relations Act 2009</i>	45,600,000	48,200,000	50,900,000	53,500,000	56,075,000
Special accounts					
COAG Reform Fund					
ACT Municipal Services	36,110	36,832	37,495	38,208	38,934
Reduced Royalties	75,192	75,403	64,110	63,984	69,701
Royalties	928,589	994,679	963,064	955,450	956,161
Taxation Compensation in Respect of Snowy Hydro Limited	74,401	74,401	74,401	74,401	74,401
Total program expenses	46,714,292	49,381,315	52,039,070	54,632,043	57,214,197

Program deliverables

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

Program key performance indicators

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

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

Program 1.5: Assistance to the States for Healthcare Services

Program objective

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

On 2 August 2011, COAG agreed to the *National Health Reform Agreement*, a nationally significant agreement to improve health outcomes for all Australian's and the financial sustainability of the Australian health system.

Under this Agreement, National Health Reform funding will be provided from 1 July 2012 replacing the National Healthcare Specific Purpose Payment (SPP). This funding will comprise two elements: National Health Reform base funding to be provided from 1 July 2012 sourced from the existing National Healthcare SPP; and efficient growth funding to be provided from 2014-15. National Health Reform funding will be paid into a National Health Funding Pool to support public hospital services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Table 2.6: Program 1.5 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations					
National Healthcare SPP - <i>Federal Financial Relations Act 2009</i>	12,697,804	-	-	-	-
National Health Reform funding - <i>Federal Financial Relations Act 2009</i>	-	13,518,198	14,382,959	15,943,585	17,639,229
Total program expenses	12,697,804	13,518,198	14,382,959	15,943,585	17,639,229

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

Program deliverables

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

Program key performance indicators

From 1 July 2012, the National Healthcare SPP will be replaced by National Health Reform funding and be paid into a National Health Funding Pool. The national efficient price of public hospital services will be determined by the Independent Hospital Pricing Authority, to allow the introduction of activity-based funding for public hospital services from 1 July 2012. This will ensure public hospital funding is more transparent and drive efficiency, as public hospitals will be funded according to the number and kind of services they provide. In addition, the National Health Performance Authority will report on the performance of every Local Hospital

Network, hospital and Medicare Local, through Hospital Performance Reports and Healthy Communities Reports.

To reflect the changed payment arrangements for public hospital and health services under the *National Health Reform Agreement*, amendments have been made to the *Intergovernmental Agreement on Federal Financial Relations* and are underway for the *Federal Financial Relations Act 2009*. An Administrator, which will be jointly established by the Commonwealth and the States, will be responsible for calculating the Commonwealth funding amount for public hospitals, and advising the Treasurer of the level of Commonwealth funding.

The Administrator will be responsible for making payments from the National Health Funding Pool of Commonwealth and State funding to Local Hospital Networks on an activity basis. The Administrator will transparently report each month on the amounts paid through the National Health Funding Pool to Local Hospital Networks, the basis on which payments were made and the number of services provided.

Program 1.6: Assistance to the States for Schools

Program objective

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

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

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Table 2.7: Program 1.6 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations					
National Schools SPP - Government schools <i>Federal Financial Relations Act 2009</i>	3,755,800	4,004,692	4,284,070	4,602,687	4,938,986
Total program expenses	3,755,800	4,004,692	4,284,070	4,602,687	4,938,986

Note: The non-government schools component appears in the Education, Employment and Workplace Relations portfolio and in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Program deliverables

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

Program key performance indicators

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

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

The States and Territories are required to spend the National Schools SPP in the schools sector. Each State and Territory Treasurer will provide a report to the *Standing Council for Federal Financial Relations* demonstrating expenditure of the National Schools SPP within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*.

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

Program objective

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

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Table 2.8: Program 1.7 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations					
National Skills and Workforce Development SPP - <i>Federal Financial Relations Act 2009</i>	1,363,132	1,388,895	1,415,145	1,442,670	1,470,730
Total program expenses	1,363,132	1,388,895	1,415,145	1,442,670	1,470,730

Program deliverables

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

Program key performance indicators

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

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

The States and Territories are required to spend the National Skills and Workforce Development SPP in the skills and workforce sector. Each State and Territory Treasurer will provide a report to the *Standing Council for Federal Financial Relations* demonstrating expenditure of the National Skills and Workforce Development SPP within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*.

Program 1.8: Assistance to the States for Disability Services

Program objective

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

From 2011-12, an adjustment is made to the National Disability SPP to ensure that the changes to Commonwealth and State roles and responsibilities for aged care and disability services, as part of the *National Health Reform* arrangements, are budget neutral.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Table 2.9: Program 1.8 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations Act 2009</i>	1,208,687	1,277,580	1,346,935	1,425,341	1,499,755
Changed roles and responsibilities - adjustment to achieve budget neutrality(a)	(3,720)	(13,775)	(14,738)	(15,437)	(16,079)
Total program expenses	1,204,967	1,263,805	1,332,197	1,409,904	1,483,676

(a) The adjustment to achieve budget neutrality will be made to either the National Healthcare SPP or the National Disability SPP subject to further negotiations on elements of the National Health Reform Arrangements.

Program deliverables

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

Program key performance indicators

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

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

The States and Territories are required to spend the National Disability SPP in the disability services sector. Each State and Territory Treasurer will provide a report to the *Standing Council for Federal Financial Relations* demonstrating expenditure of the National Disability SPP within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*

Program 1.9: Assistance to the States for Affordable Housing

Program objective

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

Program expenses

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

Table 2.10: Program 1.9 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations Act 2009</i>	1,242,603	1,264,969	1,287,739	1,312,206	1,337,138
Total program expenses	1,242,603	1,264,969	1,287,739	1,312,206	1,337,138

Program deliverables

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

Program key performance indicators

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

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

The States and Territories are required to spend the National Affordable Housing SPP in the affordable housing sector. Each State and Territory Treasurer will provide a report to the *Standing Council for Federal Financial Relations* demonstrating expenditure of the National Affordable Housing SPP within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*.

Program 1.10: National Partnership Payments to the States

Program objective

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

This program is linked to the Agriculture, Fisheries and Forestry portfolio, Attorney-General's portfolio; Broadband, Communications and the Digital Economy portfolio; Climate Change and Energy Efficiency portfolio; Defence portfolio; Education, Employment and Workplace Relations portfolio; Families, Housing, Community Services and Indigenous Affairs portfolio; Finance and Deregulation portfolio; Health and Ageing portfolio; Industry, Innovation, Science, Research and Tertiary Education portfolio; Infrastructure and Transport portfolio; Prime Minister and Cabinet portfolio; Regional Australia, Local Government, Arts and Sport portfolio; Resources, Energy and Tourism portfolio; and Sustainability, Environment, Water, Population and Communities portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Table 2.11: Program 1.10 expenses

	Agency PBS Program	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special accounts						
COAG Reform Fund						
Agriculture, Fisheries and Forestry portfolio						
Exceptional Circumstances Assistance	1.1	15,700	-	-	-	-
Pilot of drought reform measures in Western Australia	1.11	16,782	7,772	1,157	-	-
Exotic Disease Preparedness Program	2.2	7,878	-	-	-	-
Animal and plant pest and disease eradication	2.2	14,466	10,000	15,000	15,000	15,000
Total		54,826	17,772	16,157	15,000	15,000

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Attorney-General's portfolio						
Legal assistance services	1.3	194,784	198,087	201,342	205,369	209,271
Natural disaster resilience	1.6	29,988	26,100	26,100	26,100	26,100
Natural Disaster Recovery and Rebuilding – donation to Queensland flood appeal	1.7	3,076	-	-	-	-
Natural Disaster Relief and Recovery Arrangements	1.7	811,920	113,422	105,071	40,466	-
Total		1,039,768	337,609	332,513	271,935	235,371
Broadband, Communications and the Digital Economy portfolio						
Digital Regions Initiative	1.2	21,893	12,118	-	-	-
Remote Indigenous public internet access	1.2	2,013	2,069	2,117	2,165	2,213
Total		23,906	14,187	2,117	2,165	2,213
Department of Climate Change and Energy Efficiency portfolio						
National Solar Schools Program	1.2	33,890	38,803	-	-	-
Renewable remote power generation	1.2	9,243	-	-	-	-
Total		43,133	38,803	-	-	-
Defence portfolio						
School Pathways Program	1.3	1,855	1,704	1,286	-	-
Total		1,855	1,704	1,286	-	-
Education, Employment and Workplace Relations portfolio						
Early childhood education – universal access to early education	1.3	297,000	447,000	-	-	-
Indigenous early childhood development – children and family centres	1.3	115,468	56,535	46,155	-	-
National quality agenda for early childhood education and care	1.3	13,093	21,328	19,080	-	-
TAFE fee waivers for childcare qualifications	1.3	13,188	17,155	17,563	10,724	-
Youth attainment and transitions						
- Maximising engagement, attainment and successful transitions	2.1	37,502	37,502	18,751	-	-
- Year 12 attainment and transitions	2.1	50,000	-	50,000	-	-
More support for students with disabilities	2.1	61,661	61,658	30,715	-	-

Table 2.11: Program 1.10 expenses (continued)

	2011-12	2012-13	2013-14	2014-15	2015-16
Agency	Revised	Budget	Forward	Forward	Forward
PBS	budget	Budget	year 1	year 2	year 3
Program	\$'000	\$'000	\$'000	\$'000	\$'000
Education, Employment and Workplace Relations portfolio (continue)					
Closing the Gap in the Northern Territory					
- Supporting remote schools - additional teachers	2.2	32,300	-	-	-
- Quality teaching, accelerated literacy	2.2	12,289	-	-	-
- Teacher housing	2.2	722	-	-	-
Stronger Futures in the Northern Territory					
- Building a quality school workforce – additional teachers	2.2	-	12,400	-	-
- Expansion of the school enrolment and attendance measure	2.3	-	1,870	-	-
Trade training centres in schools (Government Schools)	2.4	215,348	97,651	70,819	141,072
Digital education revolution (Government Schools)	2.5	126,000	126,000	-	-
Smarter schools					
- Literacy and numeracy	2.6	211,538	-	-	-
- Low socio-economic status school communities	2.8	371,033	362,908	225,770	173,964
- Improving teacher quality	2.9	235,600	193,000	-	-
Building the education revolution – Primary schools for the 21st century (Government Schools)	2.7	312,219	-	-	-
Empowering local schools	2.13	38,549	-	-	287,977
Reward for school improvement	2.14	10,000	10,000	8,988	19,725
Rewards for great teachers	2.15	41,283	8,257	26,035	81,384
Natural Disaster Queensland					
- Community Work Placements	4.1	4,750	-	-	-
Total		2,199,543	1,453,264	513,876	426,869
					704,470
Families, Housing, Community Services and Indigenous Affairs portfolio					
Social and Community Services					
- Queensland pay equity regulation – back pay	1.1	7,748	-	-	-
Closing the Gap in the Northern Territory					
- Community safety family support	1.1	5,476	-	-	-
- Field operations	7.5	4,278	-	-	-
- Food security	7.5	220	-	-	-
- Remote policing	7.5	29,548	-	-	-
- Substance abuse	7.5	7,246	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Families, Housing, Community Services and Indigenous Affairs portfolio (continued)						
Homelessness	2.2	131,501	156,501	-	-	-
Nation Building and Jobs Plan - Social housing – second stage construction	2.2	162,000	-	-	-	-
Certain concessions for pensioners and senior card holders						
- Certain concessions for pensioners	3.5	254,567	270,509	280,314	291,804	304,165
- National reciprocal transport concessions	4.2	13,958	12,500	12,500	12,500	12,500
Remote Indigenous housing	7.2	794,143	303,208	541,078	485,600	368,176
Stronger Futures in the Northern Territory						
- Tackling alcohol abuse	7.5	-	3,971	-	-	-
- Remote engagement and coordination	7.5	-	4,356	-	-	-
- Municipal and essential services	7.5	-	5,000	-	-	-
- Healthy homes	7.5	-	4,927	-	-	-
- Community safety and justice	7.5	-	21,326	-	-	-
- Child, youth, family and community wellbeing	7.5	-	13,363	-	-	-
- Indigenous housing	7.5	-	22,400	-	-	-
Total		1,410,685	818,061	833,892	789,904	684,841
Finance and Deregulation portfolio						
Seamless national economy	1.1	200,000	250,000	-	-	-
Total		200,000	250,000	-	-	-
Health and Ageing portfolio						
National bowel cancer screening program - participant follow-up function	1.1	1,400	2,000	2,647	2,695	3,169
Early intervention pilot program	1.3	125	222	-	-	-
Essential vaccines	1.5	401,414	255,782	314,029	309,402	308,705
BreastScreen Australia radiography workforce initiatives	1.6	253	249	-	-	-
Victorian cytology service	1.6	7,700	8,085	8,489	8,914	9,359
Health and Hospitals Fund	1.6	960,697	564,416	434,713	395,595	504,101

Table 2.11: Program 1.10 expenses (continued)

	2011-12	2012-13	2013-14	2014-15	2015-16
Agency PBS Program	Revised budget \$'000	Budget \$'000	Forward year 1 \$'000	Forward year 2 \$'000	Forward year 3 \$'000
Health and Ageing portfolio (continued)					
Preventive health					
- Enabling infrastructure	1.6	2,500	2,500	-	-
- Healthy children	1.6	32,455	64,912	97,367	130,790
- Healthy workers	1.6	33,552	62,556	88,161	105,150
- Social marketing	1.6	6,001	6,001	-	-
Other Health infrastructure payment					
- Tasmanian health package					
- Radiation oncology services in North / North West Tasmania	3.5	430	400	-	-
- Cairns integrated cancer centre	3.5	2,000	-	-	-
- Children's cancer centre, Adelaide	10.1	1,500	-	-	-
- Tasmanian health package					
- Patient transport and accommodation services	13.3	1,150	-	-	-
- Health infrastructure projects in Tasmania	13.3	1,400	-	-	-
- Funding for Grafton Hospital	13.3	3,000	2,000	-	-
Aged care assessment	4.1	89,875	8,670	-	-
Transitioning responsibilities for aged care and disability services					
- Basic Community care maintenance and support services	4.2	1,507,201	503,129	544,516	-
- Specialist disability services	4.3	125,292	109,368	113,475	117,239
Home and Community Care					
- services for veterans	4.2	17,762	8,307	8,169	8,288
Financial assistance for long stay older patients	4.4	106,145	92,429	78,231	-
Healthy kids health checks	5.2	2,092	1,976	1,990	1,990
Closing the Gap in the Northern Territory - Indigenous health and related services	8.1	4,120	-	-	-
Indigenous early childhood development - antenatal and reproductive health	8.1	23,540	24,257	24,363	5,954
Reducing acute rheumatic heart fever among Indigenous children	8.1	2,430	2,523	2,571	2,622
Satellite renal dialysis facilities in remote Northern Territory communities	8.1	131	-	-	-
Sexual assault counselling in remote Northern Territory areas	8.1	1,075	1,290	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
Improving ear health services for Indigenous Australian children	8.1	6,104	6,531	677	-	-
Improving trachoma control services for Indigenous Australians	8.1	2,947	3,925	389	-	-
Family centric renal accommodation for Aboriginal and Torres Strait Islander people in the Northern Territory	8.1	3,000	9,000	1,000	-	-
Torres Strait health protection strategy - Saibai Island Health Clinic	8.1	1,200	1,500	500	500	-
Renal dialysis services in Central Australia	8.1	-	1,600	1,700	1,700	-
Stronger Futures in the Northern Territory - Oral health services component	8.1	-	2,343	-	-	-
- Mobile Outreach Service plus component	8.1	-	4,300	-	-	-
- Hearing health services component	8.1	-	2,416	-	-	-
National antimicrobial utilisation surveillance program	10.5	150	150	150	-	-
Vaccine-preventable diseases surveillance	10.5	1,859	781	799	817	834
Supporting National Mental Health Reform	11.1	9,049	43,298	50,604	51,560	45,251
Expanding the Early Psychosis Prevention and Intervention Centre model	11.1	-	28,200	50,200	70,200	80,200
National perinatal depression initiative	11.1	15,456	6,090	11,310	8,700	8,700
Northern Territory medical school - funding contribution	12.2	1,628	2,212	2,250	2,297	2,341
Hepatitis C settlement fund	13.1	696	700	713	726	740
Extension of the COAG Long Stay Older Patients Initiative	13.3	44,965	-	-	-	-
Public dental waiting list program	13.3	-	69,200	155,200	119,600	-
Elective surgery waiting list reduction plan - Reward funding	13.3	135,700	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
Health care grants for the Torres Strait	13.3	8,135	5,289	4,467	4,532	4,618
Hospital and health workforce reform - activity based funding	13.3	41,400	55,520	-	-	-
Improving Public Hospital Services						
- Flexible funding for emergency departments, elective surgery and subacute care	13.3	25,000	25,000	-	-	-
- National elective surgery target						
- Capital funding	13.3	31,577	-	-	-	-
- Facilitation and reward funding	13.3	171,514	-	49,490	49,490	49,490
- National emergency access target for emergency departments						
- Capital funding	13.3	59,760	50,000	-	-	-
- Facilitation and reward funding	13.3	98,785	50,002	49,999	49,999	49,999
- New subacute beds guarantee funding	13.3	387,867	446,500	625,500	-	-
Health infrastructure - Indigenous mobile dental program	13.3	1,953	-	-	-	-
OzFoodNet	14.1	1,628	1,644	1,670	1,703	1,735
Royal Darwin hospital - equipped, prepared, and ready	14.1	14,481	14,756	15,007	15,307	15,598
Torres Strait health protection strategy - mosquito control	14.1	1,089	929	946	964	982
National public health - human quarantine services	14.1	708	481	491	501	510
Total		4,401,891	2,553,439	2,741,783	1,467,235	1,220,408
Infrastructure and Transport portfolio						
Nation Building Plan for the Future						
- Building Australia Fund	1.1	2,236,700	890,400	949,000	564,500	752,100
- Major Cities	1.1	97,600	101,200	-	-	-
Managed motorways	1.1	9,952	10,046	20,042	20,000	-
Nation Building Program						
- Black spot projects	1.1	74,500	59,500	59,500	60,000	60,000
- Heavy vehicle safety and productivity	1.1	22,682	10,000	30,000	20,000	20,000
- Improving the national network	1.1	14,526	-	-	-	-
- Investment	1.1	4,100,935	1,821,105	3,063,942	1,804,600	1,645,200
- Off-network projects	1.1	188,590	194,131	251,311	38,000	59,000

Table 2.11: Program 1.10 expenses (continued)

	2011-12	2012-13	2013-14	2014-15	2015-16	
Agency	Revised		Forward	Forward	Forward	
PBS	budget	Budget	year 1	year 2	year 3	
Program	\$'000	\$'000	\$'000	\$'000	\$'000	
Infrastructure and Transport portfolio (continued)						
Liveable cities	1.1	3,540	3,540	-	-	-
Regional Infrastructure Fund - Stream 1 - Committed infrastructure projects	1.1	111,400	77,300	183,700	333,600	198,000
Regional Infrastructure Fund - Stream 2 - Economic infrastructure projects	1.1	4,000	6,000	300,001	350,000	450,000
Local Government and Regional Development - Infrastructure employment projects	1.1	19,500	-	-	-	-
National transport regulator reforms						
- National Heavy Vehicles Transport Regulator	2.2	3,500	14,865	-	-	-
- National Rail Safety Regulator	2.2	3,270	7,985	-	-	-
- Transitional assistance	2.2	3,000	-	-	-	-
Interstate road transport Temporary assistance for Tasmanian exporters	2.2	84,715	92,594	101,204	110,615	120,900
Fort Street High School noise insulation	2.4	20,000	-	-	-	-
		7,500	-	-	-	-
Total		7,005,910	3,288,666	4,958,700	3,301,315	3,305,200
Innovation, Science, Research and Tertiary Education						
Productivity Places Program	3.5	375,863	-	-	-	-
Education Investment Fund	3.5	24,877	3,769	-	-	-
Building Australia's Future Workforce						
- Training places for single and teen parents	3.5	6,666	20,000	26,667	26,667	-
- Skills Reform	3.5	-	238,351	238,351	377,212	377,439
Commonwealth/State and Territory Joint Group Training Program	3.5	13,956	-	-	-	-
Total		421,362	262,120	265,018	403,879	377,439
Prime Minister and Cabinet portfolio						
Commonwealth Heads of Government Meeting 2011	1.1	43,300	-	-	-	-
Total		43,300	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Regional Australia, Local Government, Arts and Sport portfolio						
East Kimberley development package						
- Education-related projects	1.1	16,830	4,210	-	-	-
- Health-related projects	1.1	18,570	2,830	-	-	-
- Social and transitional housing projects	1.1	360	-	-	-	-
- Other infrastructure projects	1.1	1,450	-	-	-	-
Northern Australia Sustainable Futures	1.1	291	300	-	-	-
Intergovernmental Agreement – Economic diversification projects	1.1	16,000	-	-	-	-
Local Government and Regional Development - Local Government Reform Fund						
	1.2	9,783	3,301	-	-	-
Centenary of Canberra 2013						
- A gift to the national capital	2.1	52,000	-	-	10,000	-
- Joint National Program	2.1	2,600	2,040	991	-	-
Sydney Cricket Ground redevelopment						
	4.1	50,000	-	-	-	-
Adelaide Oval redevelopment and precinct works						
	4.1	30,000	-	-	-	-
Manuka Oval lighting upgrade	4.1	2,500	-	-	-	-
World sailing championships	4.1	3,600	-	-	-	-
Total		203,984	12,681	991	10,000	-
Resources, Energy and Tourism portfolio						
Environmental management of the former Rum Jungle mine site						
	1.0	2,400	1,474	-	-	-
Total		2,400	1,474	-	-	-
Sustainability, Environment, Water, Population and Communities portfolio						
Caring for our Country						
	1.1	144,576	144,717	-	-	-
Tasmanian Forests Intergovernmental Agreement - Implementation of the Intergovernmental Agreement						
	1.1	50,000	7,217	7,405	7,590	7,780
Great Artesian Basin Sustainability Initiative						
	4.1	18,919	9,985	39,658	-	-

Table 2.11: Program 1.10 expenses (continued)

		2011-12	2012-13	2013-14	2014-15	2015-16
	Agency	Revised	Budget	Forward	Forward	Forward
	PBS	budget	Budget	year 1	year 2	year 3
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Sustainability, Environment, Water, Population and Communities portfolio (continued)						
Water for the Future	4.1					
- National Urban Water and Desalination Plan	4.1	231,300	50,960	5,590	1,550	-
- National Water Security Plan for Cities and Towns	4.1	26,493	38,176	4,282	-	-
- Sustainable Rural Water Use and Infrastructure	4.1	336,372	249,512	204,915	267,610	252,006
Coal seam gas and large coal mining development	4.1	20,000	10,000	20,000	-	-
Protection and promotion of the Melbourne Royal Exhibition Building world heritage property	5.1	20,000	-	-	-	-
Total		847,660	510,567	281,850	276,750	259,786
Treasury portfolio						
Helping Our Kids Understand Finances – Professional Learning and MoneySmart schools (ASIC)	1.1	1,041	1,041	-	-	-
First Home Owners Boost	1.10	26,363	5,850	(91)	-	-
Total		27,404	6,891	(91)	-	-
Total program expenses		17,927,627	9,567,238	9,948,092	6,965,052	6,804,728

Note: These items can also be found in Budget Paper No. 3, *Australia's Federal Relations 2012-13*.

Program deliverables

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

Program key performance indicators

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

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the Treasury's finances for 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Treasury does not have any movements of annual administered appropriations between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Treasury.

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance	Receipts non-appropriated	Receipts appropriated	Payments	Closing balance
		2012-13 2011-12	2012-13 2011-12	2012-13 2011-12	2012-13 2011-12	2012-13 2011-12
		\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account(D)	1	2,151	1,629	-	1,629	2,151
		2,151	1,629	-	1,629	2,151
COAG Reform Fund Special Account(A)	1		10,942,057	-	10,942,057	-
			21,576,960	-	21,576,960	-
Financial System Stability Special Account(A)	1		-	-	-	-
Other Trust Moneys Account(D)	1		-	-	-	-
			-	-	-	-
Total special accounts						
2012-13 Budget estimate		2,151	10,943,686	-	10,943,686	2,151
Total special accounts						
2011-12 estimate actual		2,151	21,578,589	-	21,578,589	2,151

(A) Administered.

(D) Departmental.

3.1.3 Australian Government Indigenous Expenditure

The Treasury does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

No material differences exist between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The Treasury is budgeting for an approved operating deficit of \$9.2 million for 2011-12. This is mainly associated with the Treasury offering voluntary redundancies and incentives to retire, and the revaluation of employee provisions due to the change in the government bond rate.

The Treasury is budgeting for a break-even operating result, after non-appropriated expenses such as depreciation are removed, in 2012-13 and 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.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES					
Employee benefits	130,849	122,907	122,245	120,982	111,682
Supplier	46,456	58,303	83,089	54,958	42,941
Grants	1,100	2,100	2,106	2,080	1,080
Depreciation and amortisation	11,336	11,335	11,331	11,331	11,331
Total expenses	189,741	194,645	218,771	189,351	167,034
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	11,868	11,888	11,868	11,868	11,868
Other revenue	927	742	768	742	742
Total revenue	12,795	12,630	12,636	12,610	12,610
Gains					
Other gains	550	550	550	550	550
Total gains	550	550	550	550	550
Total own-source income	13,345	13,180	13,186	13,160	13,160
Net cost of (contribution by) services	176,396	181,465	205,585	176,191	153,874
Appropriation revenue	155,860	170,130	194,254	164,860	142,543
Surplus (deficit) attributable to the Australian Government	(20,536)	(11,335)	(11,331)	(11,331)	(11,331)
Note: Impact of Net Cash Appropriation Arrangements					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(9,200)	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations ¹	(11,336)	(11,335)	(11,331)	(11,331)	(11,331)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(20,536)	(11,335)	(11,331)	(11,331)	(11,331)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS					
Financial assets					
Cash and equivalents	836	836	836	836	836
Trade and other receivables	69,729	71,729	73,729	75,729	77,729
Total financial assets	70,565	72,565	74,565	76,565	78,565
Non-financial assets					
Land and buildings	6,854	5,840	4,836	3,842	2,858
Infrastructure, plant and equipment	9,298	11,186	11,772	12,401	13,047
Intangibles	26,970	21,818	16,780	11,876	6,993
Other	2,336	2,336	2,336	2,336	2,336
Total non-financial assets	45,458	41,180	35,724	30,455	25,234
Total assets	116,023	113,745	110,289	107,020	103,799
LIABILITIES					
Provisions					
Employees	42,006	44,006	46,006	48,006	50,006
Total provisions	42,006	44,006	46,006	48,006	50,006
Payables					
Suppliers	3,204	3,204	3,204	3,204	3,204
Other	5,619	5,619	5,619	5,619	5,619
Total payables	8,823	8,823	8,823	8,823	8,823
Total liabilities	50,829	52,829	54,829	56,829	58,829
Net assets	65,194	60,916	55,460	50,191	44,970
EQUITY					
Parent entity interest					
Contributed equity	53,689	60,746	66,621	72,683	78,793
Reserves	5,246	5,246	5,246	5,246	5,246
Retained surpluses or accumulated deficits	6,259	(5,076)	(16,407)	(27,738)	(39,069)
Total equity	65,194	60,916	55,460	50,191	44,970
Current assets	72,901	74,901	76,901	78,901	80,901
Non-current assets	43,122	38,844	33,388	28,119	22,898
Current liabilities	46,763	48,603	50,443	52,283	54,123
Non-current liabilities	4,066	4,226	4,386	4,546	4,706

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	11,868	11,868	11,868	11,868	11,868
Appropriations	164,342	168,130	192,254	162,860	140,543
Other	927	742	768	742	742
Total cash received	177,137	180,740	204,890	175,470	153,153
Cash used					
Employees	130,131	120,907	120,245	118,982	109,682
Suppliers	45,906	57,733	82,539	54,408	42,391
Grants	1,100	2,100	2,106	2,080	1,080
Total cash used	177,137	180,740	204,890	175,470	153,153
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	7,068	7,057	5,875	6,062	6,110
Total cash used	7,068	7,057	5,875	6,062	6,110
Net cash from or (used by) investing activities	(7,068)	(7,057)	(5,875)	(6,062)	(6,110)
FINANCING ACTIVITIES					
Cash received					
Appropriations - equity injections	583	1,839	583	583	583
Appropriations - DCB	6,485	5,218	5,292	5,479	5,527
Total cash received	7,068	7,057	5,875	6,062	6,110
Net cash from or (used by) financing activities	7,068	7,057	5,875	6,062	6,110
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	836	836	836	836	836
Cash at the end of the reporting period	836	836	836	836	836

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	6,259	5,246	-	53,689	65,194
Adjusted opening balance	6,259	5,246	-	53,689	65,194
Comprehensive income					
Surplus (deficit) for the period	(11,335)	-	-	-	(11,335)
Total comprehensive income recognised directly in equity	(11,335)	-	-	-	(11,335)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,839	1,839
Appropriation (departmental capital budget)	-	-	-	5,218	5,218
Total transactions with owners	-	-	-	7,057	7,057
Estimated closing balance as at 30 June 2013	(5,076)	5,246	-	60,746	60,916

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	6,485	5,218	5,292	5,479	5,527
Total equity injections	583	1,839	583	583	583
Total new capital appropriations	7,068	7,057	5,875	6,062	6,110
Provided for:					
Purchase of non-financial assets	7,068	7,057	5,875	6,062	6,110
Total Items	7,068	7,057	5,875	6,062	6,110
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	583	1,839	583	583	583
Funded by capital appropriation - DCB	6,485	5,218	5,292	5,479	5,527
TOTAL	7,068	7,057	5,875	6,062	6,110
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	7,068	7,057	5,875	6,062	6,110
Total cash used to acquire assets	7,068	7,057	5,875	6,062	6,110

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements – departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2012				
Gross book value	20,153	16,609	45,022	81,784
Accumulated depreciation/amortisation and impairment	13,299	7,311	18,052	38,662
Opening net book balance	6,854	9,298	26,970	43,122
Capital asset additions				
By purchase - appropriation equity	-	1,339	500	1,839
By purchase - appropriation DCB	510	2,599	2,109	5,218
Total additions	510	3,938	2,609	7,057
Other movements				
Depreciation/amortisation expense	1,524	2,050	7,761	11,335
Total other movements	1,524	2,050	7,761	11,335
As at 30 June 2013				
Gross book value	20,663	20,547	47,631	88,841
Accumulated depreciation/amortisation and impairment	14,823	9,361	25,813	49,997
Closing net book balance	5,840	11,186	21,818	38,844

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	84,908,798	80,393,612	84,693,272	86,309,147	90,888,684
Interest	11,532	6,848	6,838	6,900	6,935
Other	12,414	675	675	675	675
Fair value loss on NDRRA provision	794,804	-	-	-	-
Foreign exchange losses	-	17,125	-	-	-
Total expenses administered on behalf of government	85,727,548	80,418,260	84,700,785	86,316,722	90,896,294
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Goods and services	1,581,880	1,356,893	1,157,280	796,963	716,018
Interest	4,540	5,944	14,775	30,645	47,412
Dividends		175,000	75,000	75,000	75,000
Nation Building and COAG transfers	3,306,989	1,551,179	1,484,917	1,070,710	1,377,101
Other sources of non-taxation revenues	31,680	4,060	7,000	4,000	4,000
Total non-taxation revenue	4,925,089	3,093,076	2,738,972	1,977,318	2,219,531
Total own-source revenues administered on behalf of Government	4,925,089	3,093,076	2,738,972	1,977,318	2,219,531
Gains					
Foreign exchange	69,400	-	10,278	66,988	57,239
Total gains administered on behalf of government	69,400	-	10,278	66,988	57,239
Total own-sourced income administered on behalf of Government	4,994,489	3,093,076	2,749,250	2,044,306	2,276,770
Net Cost of (contribution by) services	80,733,059	77,325,184	81,951,535	84,272,416	88,619,524
Surplus (Deficit)	(80,733,059)	(77,325,184)	(81,951,535)	(84,272,416)	(88,619,524)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,763	4,763	4,763	4,763	4,763
Advances and loans	853,523	1,260,749	1,438,763	1,614,075	1,776,995
Receivables	1,339,851	718,437	272,468	182,459	178,072
Investments	10,685,668	15,502,438	15,559,491	15,710,161	15,813,284
Total financial assets	12,883,805	17,486,387	17,275,485	17,511,458	17,773,114
Non financial assets					
Prepayments	26,900	-	-	-	-
Total non financial assets	26,900	-	-	-	-
Total assets administered on behalf of government	12,910,705	17,486,387	17,275,485	17,511,458	17,773,114
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	3,228,919	6,481,204	6,021,449	6,044,587	6,016,941
Other	3,739,479	3,637,095	3,637,095	3,677,632	3,718,222
Total interest bearing liabilities	6,968,398	10,118,299	9,658,544	9,722,219	9,735,163
Payables					
Grants and subsidies	3,168,471	2,937,561	1,196,432	108,313	108,924
Other payables	1,264,601	652,585	232,882	139,662	100,488
Total payables	4,433,072	3,590,146	1,429,314	247,975	209,412
Total liabilities administered on behalf of government	11,401,470	13,708,445	11,087,858	9,970,194	9,944,575
Net assets/(liabilities)	1,509,235	3,777,942	6,187,627	7,541,264	7,828,539

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	927,101	685,374	507,748	124,926	45,172
Interest	4,613	2,788	2,788	2,812	2,822
Dividends	-	175,000	75,000	75,000	75,000
Grants	10,889,864	9,726,065	10,314,919	10,612,153	11,681,579
Other	31,680	4,060	7,000	4,000	4,000
Total cash received	11,853,258	10,593,287	10,907,455	10,818,891	11,808,573
Cash used					
Grant payments	94,786,293	88,076,591	94,578,485	96,249,428	100,521,008
Interest paid	14,269	6,848	6,848	6,910	6,935
Other	19,023	15,675	4,675	1,675	675
Total cash used	94,819,585	88,099,114	94,590,008	96,258,013	100,528,618
Net cash from or (used by) operating activities	(82,966,327)	(77,505,827)	(83,682,553)	(85,439,122)	(88,720,045)
INVESTING ACTIVITIES					
Cash received					
Other investing activities	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of investments	324,227	1,672,820	506,530	24,431	37,370
Advances and loans	662,735	415,244	172,137	162,500	149,384
Other	-	-	-	-	-
Total cash used	986,962	2,088,064	678,667	186,931	186,754
Net cash from or (used by) investing activities	(986,962)	(2,088,064)	(678,667)	(186,931)	(186,754)
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Net cash from or (used by) financing activities					
Net increase or (decrease) in cash held	(83,953,289)	(79,593,891)	(84,361,220)	(85,626,053)	(88,906,799)
Cash at beginning of reporting period	4,763	4,763	4,763	4,763	4,763
Cash from Official Public Account - appropriations	88,223,666	82,012,286	86,438,667	86,903,495	90,410,888
Cash to Official Public Account	4,270,377	2,418,395	2,077,447	1,277,442	1,504,089
Cash at end of reporting period	4,763	4,763	4,763	4,763	4,763

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
NEW CAPITAL APPROPRIATIONS					
Administered assets and liabilities	56,500	57,000	47,500	-	-
Special appropriations	957,112	2,038,064	628,667	156,781	186,754
Total new capital appropriations	1,013,612	2,095,064	676,167	156,781	186,754
Provided for:					
International Financial Institutions	957,112	2,038,064	628,667	156,781	186,754
Other	56,500	57,000	47,500	-	-
Total Items	1,013,612	2,095,064	676,167	156,781	186,754

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The Treasury's budgeted statements are prepared on an accrual basis.

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

Departmental assets, liabilities, revenues and expenses are controlled by the department. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the department in providing goods and services.

Administered items are revenues, expenses, assets or liabilities which are managed by the department on behalf of the Government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments, and administered revenues include taxes, fines and excises.

