



# **BUDGET**

**PORTFOLIO BUDGET STATEMENTS 2012-13  
BUDGET RELATED PAPER NO. 1.19**

**TREASURY PORTFOLIO**

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

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ISBN 978-0-642-74813-3

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President of the Senate  
Australian Senate  
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Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2012-13 Budget for the Treasury portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wayne Swan', written in a cursive style.

WAYNE SWAN

## Abbreviations and conventions

The following notation may be used:

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nfp	not for publication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

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

## Enquiries

Should you have any enquiries regarding this publication please contact Mr Brendan O'Connell in the Department of the Treasury on 02 6263 2111.

A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>.

**USER GUIDE  
TO THE  
PORTFOLIO BUDGET  
STATEMENTS**



# USER GUIDE

The purpose of the 2012-13 Portfolio Budget Statements (PBS) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PBS is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2012-13. In this sense the PBS are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PBS provides information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PBS.





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# **PORTFOLIO OVERVIEW**



# TREASURY PORTFOLIO OVERVIEW

## Ministers and portfolio responsibilities

The Treasury portfolio undertakes a range of activities aimed at achieving strong sustainable economic growth and the improved wellbeing of Australians. This entails the provision of policy advice to portfolio Ministers and the effective implementation and administration of policies that fall within the portfolio Ministers' responsibilities.

The Treasury portfolio comprises 15 agencies.

The **Department of the Treasury's** mission is to improve the wellbeing of the Australian people by providing sound and timely advice to the Government, based on objective and thorough analysis of options, and by assisting Treasury ministers in the administration of their responsibilities and the implementation of government decisions. Its outcome is: informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations.

The **Australian Bureau of Statistics** is Australia's official statistical agency. It provides statistics on a wide range of economic, environmental and social matters, covering government, business and the community in general. Its outcome is: informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information.

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

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

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for the prudential regulation of the banking, other deposit taking, insurance and superannuation industries. Its outcome is: enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality.

The **Australian Securities and Investments Commission** is the independent government body that enforces and administers corporate and financial services law and has responsibilities for consumer protection in relation to investments, life and general insurance, superannuation and banking (except lending). Its outcome is: improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

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

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

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

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

The **National Competition Council** is an independent advisory body for all Australian governments that advises and makes recommendations under the National Access Regime and recommendations and decisions in relation to natural gas pipelines. Its outcome is: competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure.

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

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

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

The **Royal Australian Mint** manufactures and sells circulating coins to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries. Its outcome is: the coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.

**Figure 1: Treasury portfolio structure and outcomes**





**Figure 1: Treasury portfolio structure and outcomes (continued)**



## PORTFOLIO RESOURCES

Table 1 shows the total resources provided to the portfolio in the 2012-13 budget year, by agency.

**Table 1: Portfolio resources 2012-13**

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
<b>Department of the Treasury</b>					
Administered appropriations	5,175	57,000	71,004,554	10,943,686	82,010,415
Departmental appropriations	175,348	1,839	-	12,610	189,797
<b>Total:</b>	<b>180,523</b>	<b>58,839</b>	<b>71,004,554</b>	<b>10,956,296</b>	<b>82,200,212</b>
<b>Australian Bureau of Statistics</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	332,030	429	-	38,588	371,047
<b>Total:</b>	<b>332,030</b>	<b>429</b>	<b>-</b>	<b>38,588</b>	<b>371,047</b>
<b>Australian Competition and Consumer Commission</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	152,949	60	-	500	153,509
<b>Total:</b>	<b>152,949</b>	<b>60</b>	<b>-</b>	<b>500</b>	<b>153,509</b>
<b>Australian Office of Financial Management</b>					
Administered appropriations	10	-	577,136,228	-	577,136,238
Departmental appropriations	11,867	-	-	828	12,695
<b>Total:</b>	<b>11,877</b>	<b>-</b>	<b>577,136,228</b>	<b>828</b>	<b>577,148,933</b>
<b>Australian Prudential Regulation Authority</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,356	4,810	112,870	5,210	125,246
<b>Total:</b>	<b>2,356</b>	<b>4,810</b>	<b>112,870</b>	<b>5,210</b>	<b>125,246</b>
<b>Australian Securities and Investments Commission</b>					
Administered appropriations	3,566	-	43,808	109,000	156,374
Departmental appropriations	363,674	13,934	-	3,536	381,144
<b>Total:</b>	<b>367,240</b>	<b>13,934</b>	<b>43,808</b>	<b>112,536</b>	<b>537,518</b>
<b>Australian Taxation Office</b>					
Administered appropriations	4,286	-	9,205,720	52,832	9,262,838
Departmental appropriations	3,333,657	62,975	-	47,329	3,443,961
<b>Total:</b>	<b>3,337,943</b>	<b>62,975</b>	<b>9,205,720</b>	<b>100,161</b>	<b>12,706,799</b>

**Table 1: Portfolio resources 2012-13 (continued)**

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
<b>Commonwealth Grants Commission</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	6,510	-	-	-	6,510
<b>Total:</b>	<b>6,510</b>	-	-	-	<b>6,510</b>
<b>Corporations and Markets</b>					
<b>Advisory Committee</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,006	-	-	-	1,006
<b>Total:</b>	<b>1,006</b>	-	-	-	<b>1,006</b>
<b>Inspector-General of Taxation</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,664	-	-	-	2,664
<b>Total:</b>	<b>2,664</b>	-	-	-	<b>2,664</b>
<b>National Competition Council</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,787	-	-	-	2,787
<b>Total:</b>	<b>2,787</b>	-	-	-	<b>2,787</b>
<b>Office of the Auditing and Assurance Standards Board</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,249	-	-	32	2,281
<b>Total:</b>	<b>2,249</b>	-	-	<b>32</b>	<b>2,281</b>
<b>Office of the Australian Accounting Standards Board</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,827	-	-	885	4,712
<b>Total:</b>	<b>3,827</b>	-	-	<b>885</b>	<b>4,712</b>
<b>Productivity Commission</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	37,881	-	-	10	37,891
<b>Total:</b>	<b>37,881</b>	-	-	<b>10</b>	<b>37,891</b>
<b>Royal Australian Mint</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	-	176,987	176,987
<b>Total:</b>	-	-	-	<b>176,987</b>	<b>176,987</b>
Resources available within the Treasury portfolio:					<b>673,478,102</b>



# **AGENCY RESOURCES AND PLANNED PERFORMANCE**



# DEPARTMENT OF THE TREASURY

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# DEPARTMENT OF THE TREASURY

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION 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
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	65,745 <sup>5</sup>	-	65,745	-
Departmental appropriation <sup>3</sup>	-	175,348 <sup>1</sup>	175,348	162,506
Receipts from other sources (s31)	-	12,610 <sup>4</sup>	12,610	12,610
<b>Total departmental</b>	<b>65,745</b>	<b>187,958</b>	<b>253,703</b>	<b>175,116</b>
<b>Administered expenses</b>				
Outcome 1	-	5,175 <sup>1</sup>	5,175	14,987
<b>Total administered expenses</b>	<b>-</b>	<b>5,175</b>	<b>5,175</b>	<b>14,987</b>
<b>Total ordinary annual services</b>	<b>A 65,745</b>	<b>193,133</b>	<b>258,878</b>	<b>190,103</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	-	1,839 <sup>2</sup>	1,839	583
<b>Total</b>	<b>-</b>	<b>1,839</b>	<b>1,839</b>	<b>583</b>
<b>Administered non-operating</b>				
Administered assets and liabilities				
Outcome 1	-	57,000 <sup>2</sup>	57,000	62,708
<b>Total</b>	<b>-</b>	<b>57,000</b>	<b>57,000</b>	<b>62,708</b>
<b>Total other services</b>	<b>B -</b>	<b>58,839</b>	<b>58,839</b>	<b>63,291</b>
<b>Total available annual appropriations (A+B)</b>	<b>65,745</b>	<b>251,972</b>	<b>317,717</b>	<b>253,394</b>
<b>Special appropriations</b>				
<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
<b>Total special appropriations</b>	<b>C -</b>	<b>71,004,554</b>	<b>71,004,554</b>	<b>66,598,557</b>
<b>Total appropriations excluding special accounts (A+B+C)</b>	<b>65,745</b>	<b>71,256,526</b>	<b>71,322,271</b>	<b>66,851,951</b>

**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
<b>Special accounts</b>				
Opening balance <sup>6</sup>	2,151	-	2,151	-
Non-appropriation receipts to special accounts	-	10,943,686	10,943,686	21,578,589
<b>Total special account</b>	<b>D</b> 2,151	10,943,686	10,945,837	21,578,589
<b>Total resourcing (A+B+C+D)</b>	67,896	82,200,212	82,268,108	88,430,540
Less appropriation drawn from annual or special appropriations and credited to special accounts	-	-	-	-
<b>Total net resourcing for the Treasury</b>	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**

		2011-12	2012-13	2013-14	2014-15	2015-16	
	Program	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Expense measures</b>							
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 <sup>1</sup>	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
<b>Expense measures</b>						
<b>(continued)</b>						
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
<b>Expense measures</b>						
<b>(continued)</b>						
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
<b>Expense measures</b>						
<b>(continued)</b>						
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)	-	-	-	-
<b>Related capital</b>						
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
<b>Revenue</b>						
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
<b>Program 1.1: Department of the Treasury</b>		
Departmental expenses		
Departmental appropriations <sup>1</sup>	176,226	181,131
Special accounts	1,629	1,629
Expenses not requiring appropriation <sup>2</sup>	11,886	11,885
Administered expenses		
Other services (Appropriation Bill No. 1)	11,739	-
Expenses not requiring appropriation	794,804	-
<b>Total for Program 1.1</b>	996,284	194,645
<b>Program 1.2: Payments to International Financial Institutions</b>		
Administered expenses		
Special appropriations	11,532	6,848
Expenses not requiring appropriation	-	17,125
<b>Total for Program 1.2</b>	11,532	23,973
<b>Program 1.3: Support for Markets and Business</b>		
Administered expenses		
Other services (Appropriation Bill No. 1)	3,248	5,175
<b>Total for Program 1.3</b>	3,248	5,175
<b>Program 1.4: General Revenue Assistance</b>		
Administered expenses		
Special appropriations	45,600,000	48,200,000
Special accounts	1,114,292	1,181,315
<b>Total for Program 1.4</b>	46,714,292	49,381,315

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

<b>Outcome 1 (continued)</b>	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1.5: Assistance to the States for Healthcare Services</b>		
Administered expenses		
Special appropriations	12,697,804	13,518,198
<b>Total for Program 1.5</b>	<b>12,697,804</b>	<b>13,518,198</b>
<b>Program 1.6: Assistance to the States for Government Schools</b>		
Administered expenses		
Special appropriations	3,755,800	4,004,692
<b>Total for Program 1.6</b>	<b>3,755,800</b>	<b>4,004,692</b>
<b>Program 1.7: Assistance to the States for Skills and Workforce Development</b>		
Administered expenses		
Special appropriations	1,363,132	1,388,895
<b>Total for Program 1.7</b>	<b>1,363,132</b>	<b>1,388,895</b>
<b>Program 1.8: Assistance to the States for Disabilities Services</b>		
Administered expenses		
Special appropriations	1,204,967	1,263,805
<b>Total for Program 1.8</b>	<b>1,204,967</b>	<b>1,263,805</b>
<b>Program 1.9: Assistance to the States for Affordable Housing</b>		
Administered expenses		
Special appropriations	1,242,603	1,264,969
<b>Total for Program 1.9</b>	<b>1,242,603</b>	<b>1,264,969</b>
<b>Program 1.10: National Partnership Payments to the States</b>		
Administered expenses		
Special accounts	17,927,627	9,567,238
<b>Total for Program 1.10</b>	<b>17,927,627</b>	<b>9,567,238</b>
<b>Outcome 1 Totals by appropriation type</b>		
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 <sup>1</sup>	176,226	181,131
Special accounts	1,629	1,629
Expenses not requiring appropriation <sup>2</sup>	11,886	11,885
<b>Total expenses for Outcome 1</b>	<b>85,917,289</b>	<b>80,612,905</b>
	2011-12	2012-13
<b>Average staffing level (number)<sup>3</sup></b>	<b>1,006</b>	<b>919</b>

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 <sup>1</sup>	794,804	-	-	-	-
Total administered expenses	806,543	-	-	-	-
<b>Total program expenses</b>	<b>996,284</b>	<b>194,645</b>	<b>218,771</b>	<b>189,351</b>	<b>167,034</b>

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;

- 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 <sup>1</sup>	-	17,125	-	-	-
<b>Total program expenses</b>	<b>11,532</b>	<b>23,973</b>	<b>6,838</b>	<b>6,900</b>	<b>6,935</b>

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

### Program expenses

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
<b>Total program expenses</b>	<b>3,248</b>	<b>5,175</b>	<b>4,675</b>	<b>1,675</b>	<b>675</b>

### 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 HIH 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
<b>Total program expenses</b>	<b>46,714,292</b>	<b>49,381,315</b>	<b>52,039,070</b>	<b>54,632,043</b>	<b>57,214,197</b>

## 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
<b>Total program expenses</b>	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
<b>Total program expenses</b>	<b>3,755,800</b>	<b>4,004,692</b>	<b>4,284,070</b>	<b>4,602,687</b>	<b>4,938,986</b>

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
<b>Total program expenses</b>	<b>1,363,132</b>	<b>1,388,895</b>	<b>1,415,145</b>	<b>1,442,670</b>	<b>1,470,730</b>

### **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)
<b>Total program expenses</b>	<b>1,204,967</b>	<b>1,263,805</b>	<b>1,332,197</b>	<b>1,409,904</b>	<b>1,483,676</b>

(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</i> <i>Act 2009</i>	1,242,603	1,264,969	1,287,739	1,312,206	1,337,138
<b>Total program expenses</b>	<b>1,242,603</b>	<b>1,264,969</b>	<b>1,287,739</b>	<b>1,312,206</b>	<b>1,337,138</b>

**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**

		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
Special accounts						
COAG Reform Fund						
<b>Agriculture, Fisheries and Forestry portfolio</b>						
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
<b>Total</b>		<b>54,826</b>	<b>17,772</b>	<b>16,157</b>	<b>15,000</b>	<b>15,000</b>

**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
<b>Attorney-General's portfolio</b>						
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	-
<b>Total</b>		<b>1,039,768</b>	<b>337,609</b>	<b>332,513</b>	<b>271,935</b>	<b>235,371</b>
<b>Broadband, Communications and the Digital Economy portfolio</b>						
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
<b>Total</b>		<b>23,906</b>	<b>14,187</b>	<b>2,117</b>	<b>2,165</b>	<b>2,213</b>
<b>Department of Climate Change and Energy Efficiency portfolio</b>						
National Solar Schools Program	1.2	33,890	38,803	-	-	-
Renewable remote power generation	1.2	9,243	-	-	-	-
<b>Total</b>		<b>43,133</b>	<b>38,803</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Defence portfolio</b>						
School Pathways Program	1.3	1,855	1,704	1,286	-	-
<b>Total</b>		<b>1,855</b>	<b>1,704</b>	<b>1,286</b>	<b>-</b>	<b>-</b>
<b>Education, Employment and Workplace Relations portfolio</b>						
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)**

	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
<b>Education, Employment and Workplace Relations portfolio (continue)</b>						
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	214,175
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	39,550
Rewards for great teachers	2.15	41,283	8,257	26,035	81,384	162,768
Natural Disaster Queensland						
- Community Work Placements	4.1	4,750	-	-	-	-
<b>Total</b>		<b>2,199,543</b>	<b>1,453,264</b>	<b>513,876</b>	<b>426,869</b>	<b>704,470</b>
<b>Families, Housing, Community Services and Indigenous Affairs portfolio</b>						
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
<b>Families, Housing, Community Services and Indigenous Affairs portfolio (continued)</b>						
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	-	-	-
<b>Total</b>		<b>1,410,685</b>	<b>818,061</b>	<b>833,892</b>	<b>789,904</b>	<b>684,841</b>
<b>Finance and Deregulation portfolio</b>						
Seamless national economy	1.1	200,000	250,000	-	-	-
<b>Total</b>		<b>200,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Health and Ageing portfolio</b>						
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 BreastScreen Australia radiography workforce initiatives	1.5	401,414	255,782	314,029	309,402	308,705
	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	Revised	Budget	Forward	Forward	Forward
	PBS	budget	Budget	year 1	year 2	year 3
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Health and Ageing portfolio (continued)</b>						
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	120,957
Home and Community Care						
- services for veterans	4.2	17,762	8,307	8,169	8,288	8,402
Financial assistance for long stay older patients						
Healthy kids health checks	4.4	106,145	92,429	78,231	-	-
	5.2	2,092	1,976	1,990	1,990	2,038
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	2,679
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)**

	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	
<b>Health and Ageing portfolio (continued)</b>						
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)**

	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	
<b>Health and Ageing portfolio (continued)</b>						
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
<b>Total</b>		<b>4,401,891</b>	<b>2,553,439</b>	<b>2,741,783</b>	<b>1,467,235</b>	<b>1,220,408</b>
<b>Infrastructure and Transport portfolio</b>						
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
<b>Infrastructure and Transport portfolio (continued)</b>						
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	2.2	84,715	92,594	101,204	110,615	120,900
Temporary assistance for Tasmanian exporters	2.2	20,000	-	-	-	-
Fort Street High School noise insulation	2.4	7,500	-	-	-	-
<b>Total</b>		<b>7,005,910</b>	<b>3,288,666</b>	<b>4,958,700</b>	<b>3,301,315</b>	<b>3,305,200</b>
<b>Innovation, Science, Research and Tertiary Education</b>						
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	-	-	-	-
<b>Total</b>		<b>421,362</b>	<b>262,120</b>	<b>265,018</b>	<b>403,879</b>	<b>377,439</b>
<b>Prime Minister and Cabinet portfolio</b>						
Commonwealth Heads of Government Meeting 2011	1.1	43,300	-	-	-	-
<b>Total</b>		<b>43,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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
<b>Regional Australia, Local Government, Arts and Sport portfolio</b>						
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	-	-	-	-
<b>Total</b>		<b>203,984</b>	<b>12,681</b>	<b>991</b>	<b>10,000</b>	<b>-</b>
<b>Resources, Energy and Tourism portfolio</b>						
Environmental management of the former Rum Jungle mine site						
	1.0	2,400	1,474	-	-	-
<b>Total</b>		<b>2,400</b>	<b>1,474</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sustainability, Environment, Water, Population and Communities portfolio</b>						
Caring for our Country						
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
<b>Sustainability, Environment, Water, Population and Communities portfolio (continued)</b>						
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	-	-	-	-
<b>Total</b>		<b>847,660</b>	<b>510,567</b>	<b>281,850</b>	<b>276,750</b>	<b>259,786</b>
<b>Treasury portfolio</b>						
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)	-	-
<b>Total</b>		<b>27,404</b>	<b>6,891</b>	<b>(91)</b>	<b>-</b>	<b>-</b>
<b>Total program expenses</b>		<b>17,927,627</b>	<b>9,567,238</b>	<b>9,948,092</b>	<b>6,965,052</b>	<b>6,804,728</b>

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 <b>2012-13</b> 2011-12 \$'000	Receipts			Closing balance <b>2012-13</b> 2011-12 \$'000
			non- appropriated <b>2012-13</b> 2011-12 \$'000	Receipts appropriated <b>2012-13</b> 2011-12 \$'000	Payments <b>2012-13</b> 2011-12 \$'000	
Actuarial Services Special Account(D)	1	<b>2,151</b> 2,151	<b>1,629</b> 1,629	- -	<b>1,629</b> 1,629	<b>2,151</b> 2,151
COAG Reform Fund Special Account(A)	1		<b>10,942,057</b> 21,576,960	- -	<b>10,942,057</b> 21,576,960	- -
Financial System Stability Special Account(A)	1		-	-	-	-
Other Trust Moneys Account(D)	1		-	-	-	-
<b>Total special accounts 2012-13 Budget estimate</b>		<b>2,151</b>	<b>10,943,686</b>	-	<b>10,943,686</b>	<b>2,151</b>
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
<b>EXPENSES</b>					
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
<b>Total expenses</b>	<b>189,741</b>	<b>194,645</b>	<b>218,771</b>	<b>189,351</b>	<b>167,034</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	11,868	11,888	11,868	11,868	11,868
Other revenue	927	742	768	742	742
<b>Total revenue</b>	<b>12,795</b>	<b>12,630</b>	<b>12,636</b>	<b>12,610</b>	<b>12,610</b>
<b>Gains</b>					
Other gains	550	550	550	550	550
<b>Total gains</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>
<b>Total own-source income</b>	<b>13,345</b>	<b>13,180</b>	<b>13,186</b>	<b>13,160</b>	<b>13,160</b>
<b>Net cost of (contribution by) services</b>	<b>176,396</b>	<b>181,465</b>	<b>205,585</b>	<b>176,191</b>	<b>153,874</b>
Appropriation revenue	155,860	170,130	194,254	164,860	142,543
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(20,536)</b>	<b>(11,335)</b>	<b>(11,331)</b>	<b>(11,331)</b>	<b>(11,331)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(9,200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations <sup>1</sup>	(11,336)	(11,335)	(11,331)	(11,331)	(11,331)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(20,536)</b>	<b>(11,335)</b>	<b>(11,331)</b>	<b>(11,331)</b>	<b>(11,331)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	836	836	836	836	836
Trade and other receivables	69,729	71,729	73,729	75,729	77,729
<b>Total financial assets</b>	<b>70,565</b>	<b>72,565</b>	<b>74,565</b>	<b>76,565</b>	<b>78,565</b>
<b>Non-financial assets</b>					
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
<b>Total non-financial assets</b>	<b>45,458</b>	<b>41,180</b>	<b>35,724</b>	<b>30,455</b>	<b>25,234</b>
<b>Total assets</b>	<b>116,023</b>	<b>113,745</b>	<b>110,289</b>	<b>107,020</b>	<b>103,799</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	42,006	44,006	46,006	48,006	50,006
<b>Total provisions</b>	<b>42,006</b>	<b>44,006</b>	<b>46,006</b>	<b>48,006</b>	<b>50,006</b>
<b>Payables</b>					
Suppliers	3,204	3,204	3,204	3,204	3,204
Other	5,619	5,619	5,619	5,619	5,619
<b>Total payables</b>	<b>8,823</b>	<b>8,823</b>	<b>8,823</b>	<b>8,823</b>	<b>8,823</b>
<b>Total liabilities</b>	<b>50,829</b>	<b>52,829</b>	<b>54,829</b>	<b>56,829</b>	<b>58,829</b>
<b>Net assets</b>	<b>65,194</b>	<b>60,916</b>	<b>55,460</b>	<b>50,191</b>	<b>44,970</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
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)
<b>Total equity</b>	<b>65,194</b>	<b>60,916</b>	<b>55,460</b>	<b>50,191</b>	<b>44,970</b>
<b>Current assets</b>	<b>72,901</b>	<b>74,901</b>	<b>76,901</b>	<b>78,901</b>	<b>80,901</b>
<b>Non-current assets</b>	<b>43,122</b>	<b>38,844</b>	<b>33,388</b>	<b>28,119</b>	<b>22,898</b>
<b>Current liabilities</b>	<b>46,763</b>	<b>48,603</b>	<b>50,443</b>	<b>52,283</b>	<b>54,123</b>
<b>Non-current liabilities</b>	<b>4,066</b>	<b>4,226</b>	<b>4,386</b>	<b>4,546</b>	<b>4,706</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
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
<b>Total cash received</b>	<b>177,137</b>	<b>180,740</b>	<b>204,890</b>	<b>175,470</b>	<b>153,153</b>
<b>Cash used</b>					
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
<b>Total cash used</b>	<b>177,137</b>	<b>180,740</b>	<b>204,890</b>	<b>175,470</b>	<b>153,153</b>
<b>Net cash from or (used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	7,068	7,057	5,875	6,062	6,110
<b>Total cash used</b>	<b>7,068</b>	<b>7,057</b>	<b>5,875</b>	<b>6,062</b>	<b>6,110</b>
<b>Net cash from or (used by) investing activities</b>	<b>(7,068)</b>	<b>(7,057)</b>	<b>(5,875)</b>	<b>(6,062)</b>	<b>(6,110)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - equity injections	583	1,839	583	583	583
Appropriations - DCB	6,485	5,218	5,292	5,479	5,527
<b>Total cash received</b>	<b>7,068</b>	<b>7,057</b>	<b>5,875</b>	<b>6,062</b>	<b>6,110</b>
<b>Net cash from or (used by) financing activities</b>	<b>7,068</b>	<b>7,057</b>	<b>5,875</b>	<b>6,062</b>	<b>6,110</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	836	836	836	836	836
<b>Cash at the end of the reporting period</b>	<b>836</b>	<b>836</b>	<b>836</b>	<b>836</b>	<b>836</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	6,259	5,246	-	53,689	65,194
<b>Adjusted opening balance</b>	6,259	5,246	-	53,689	65,194
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(11,335)	-	-	-	(11,335)
<b>Total comprehensive income recognised directly in equity</b>	(11,335)	-	-	-	(11,335)
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,839	1,839
Appropriation (departmental capital budget)	-	-	-	5,218	5,218
<b>Total transactions with owners</b>	-	-	-	7,057	7,057
<b>Estimated closing balance as at 30 June 2013</b>	(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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	6,485	5,218	5,292	5,479	5,527
Total equity injections	583	1,839	583	583	583
<b>Total new capital appropriations</b>	7,068	7,057	5,875	6,062	6,110
<b>Provided for:</b>					
Purchase of non-financial assets	7,068	7,057	5,875	6,062	6,110
<b>Total Items</b>	7,068	7,057	5,875	6,062	6,110
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
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
<b>TOTAL</b>	7,068	7,057	5,875	6,062	6,110
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	7,068	7,057	5,875	6,062	6,110
<b>Total cash used to acquire assets</b>	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
<b>As at 1 July 2012</b>				
Gross book value	20,153	16,609	45,022	81,784
Accumulated depreciation/amortisation and impairment	13,299	7,311	18,052	38,662
<b>Opening net book balance</b>	<b>6,854</b>	<b>9,298</b>	<b>26,970</b>	<b>43,122</b>
<b>Capital asset additions</b>				
By purchase - appropriation equity	-	1,339	500	1,839
By purchase - appropriation DCB	510	2,599	2,109	5,218
<b>Total additions</b>	<b>510</b>	<b>3,938</b>	<b>2,609</b>	<b>7,057</b>
<b>Other movements</b>				
Depreciation/amortisation expense	1,524	2,050	7,761	11,335
<b>Total other movements</b>	<b>1,524</b>	<b>2,050</b>	<b>7,761</b>	<b>11,335</b>
<b>As at 30 June 2013</b>				
Gross book value	20,663	20,547	47,631	88,841
Accumulated depreciation/amortisation and impairment	14,823	9,361	25,813	49,997
<b>Closing net book balance</b>	<b>5,840</b>	<b>11,186</b>	<b>21,818</b>	<b>38,844</b>

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
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
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	-	-	-
<b>Total expenses administered on behalf of government</b>	<b>85,727,548</b>	<b>80,418,260</b>	<b>84,700,785</b>	<b>86,316,722</b>	<b>90,896,294</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
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
<b>Total non-taxation revenue</b>	<b>4,925,089</b>	<b>3,093,076</b>	<b>2,738,972</b>	<b>1,977,318</b>	<b>2,219,531</b>
<b>Total own-source revenues administered on behalf of Government</b>	<b>4,925,089</b>	<b>3,093,076</b>	<b>2,738,972</b>	<b>1,977,318</b>	<b>2,219,531</b>
<b>Gains</b>					
Foreign exchange	69,400	-	10,278	66,988	57,239
<b>Total gains administered on behalf of government</b>	<b>69,400</b>	<b>-</b>	<b>10,278</b>	<b>66,988</b>	<b>57,239</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>4,994,489</b>	<b>3,093,076</b>	<b>2,749,250</b>	<b>2,044,306</b>	<b>2,276,770</b>
<b>Net Cost of (contribution by) services</b>	<b>80,733,059</b>	<b>77,325,184</b>	<b>81,951,535</b>	<b>84,272,416</b>	<b>88,619,524</b>
<b>Surplus (Deficit)</b>	<b>(80,733,059)</b>	<b>(77,325,184)</b>	<b>(81,951,535)</b>	<b>(84,272,416)</b>	<b>(88,619,524)</b>

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
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
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
<b>Total financial assets</b>	<b>12,883,805</b>	<b>17,486,387</b>	<b>17,275,485</b>	<b>17,511,458</b>	<b>17,773,114</b>
<b>Non financial assets</b>					
Prepayments	26,900	-	-	-	-
<b>Total non financial assets</b>	<b>26,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of government</b>	<b>12,910,705</b>	<b>17,486,387</b>	<b>17,275,485</b>	<b>17,511,458</b>	<b>17,773,114</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
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
<b>Total interest bearing liabilities</b>	<b>6,968,398</b>	<b>10,118,299</b>	<b>9,658,544</b>	<b>9,722,219</b>	<b>9,735,163</b>
<b>Payables</b>					
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
<b>Total payables</b>	<b>4,433,072</b>	<b>3,590,146</b>	<b>1,429,314</b>	<b>247,975</b>	<b>209,412</b>
<b>Total liabilities administered on behalf of government</b>	<b>11,401,470</b>	<b>13,708,445</b>	<b>11,087,858</b>	<b>9,970,194</b>	<b>9,944,575</b>
<b>Net assets/(liabilities)</b>	<b>1,509,235</b>	<b>3,777,942</b>	<b>6,187,627</b>	<b>7,541,264</b>	<b>7,828,539</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
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
<b>Total cash received</b>	<b>11,853,258</b>	<b>10,593,287</b>	<b>10,907,455</b>	<b>10,818,891</b>	<b>11,808,573</b>
<b>Cash used</b>					
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
<b>Total cash used</b>	<b>94,819,585</b>	<b>88,099,114</b>	<b>94,590,008</b>	<b>96,258,013</b>	<b>100,528,618</b>
<b>Net cash from or (used by) operating activities</b>	<b>(82,966,327)</b>	<b>(77,505,827)</b>	<b>(83,682,553)</b>	<b>(85,439,122)</b>	<b>(88,720,045)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Other investing activities	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
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	-	-	-	-	-
<b>Total cash used</b>	<b>986,962</b>	<b>2,088,064</b>	<b>678,667</b>	<b>186,931</b>	<b>186,754</b>
<b>Net cash from or (used by) investing activities</b>	<b>(986,962)</b>	<b>(2,088,064)</b>	<b>(678,667)</b>	<b>(186,931)</b>	<b>(186,754)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>					
<b>Net increase or (decrease) in cash held</b>	<b>(83,953,289)</b>	<b>(79,593,891)</b>	<b>(84,361,220)</b>	<b>(85,626,053)</b>	<b>(88,906,799)</b>
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
<b>Cash at end of reporting period</b>	<b>4,763</b>	<b>4,763</b>	<b>4,763</b>	<b>4,763</b>	<b>4,763</b>

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Administered assets and liabilities	56,500	57,000	47,500	-	-
Special appropriations	957,112	2,038,064	628,667	156,781	186,754
<b>Total new capital appropriations</b>	<b>1,013,612</b>	<b>2,095,064</b>	<b>676,167</b>	<b>156,781</b>	<b>186,754</b>
<b>Provided for:</b>					
International Financial Institutions	957,112	2,038,064	628,667	156,781	186,754
Other	56,500	57,000	47,500	-	-
<b>Total Items</b>	<b>1,013,612</b>	<b>2,095,064</b>	<b>676,167</b>	<b>156,781</b>	<b>186,754</b>

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.





# AUSTRALIAN BUREAU OF STATISTICS

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# AUSTRALIAN BUREAU OF STATISTICS

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Bureau of Statistics (ABS) is Australia's central statistical agency. It provides statistics on a wide range of economic, environmental and social matters covering government, business and the community. The ABS's mission is to assist and encourage informed decision making, research and discussion within governments and the community by leading a high quality, objective and responsive national statistical service.

The ABS's legislated functions include:

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

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

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

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

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

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

The key external drivers of and challenges for the ABS work program include:

- the need for evidence-based and coordinated policy and program delivery initiatives across departments and jurisdictions driven by organisations such as the Council of Australian Governments;
- increasing complexity of the Australian economy and society which complicates the production of existing statistics (for example, issues such as globalisation are placing additional demands on the production of relevant economic and social statistics);
- increasing pressure to produce new and or more detailed outputs which must be balanced with the need to maintain stable time series for longitudinal analysis and with the need to maintain the trust of providers;
- a wider range of sources of statistical data driving a need to ensure that the overall NSS is coordinated and the ABS's role is clearly defined;

- increasing demands for simplified interactions with government, including with the ABS. This is supported by a federal government agenda that emphasises reductions in ‘red tape’ and greater information sharing (create-once, use-many);
- increasing demands for access to microdata, data relating to particular population groups, longitudinal data and linked data (while acknowledging concerns about individual privacy); and
- pressures to improve productivity and to create a staff profile more appropriate to the ABS’s future skill needs in an increasingly tight labour market where attraction and retention issues are presenting significant challenges.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from the ABS.

**Table 1.1: Australian Bureau of Statistics 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
<b>Ordinary annual services</b>				
<b>Departmental appropriations</b>				
Prior year departmental appropriation	57,834 <sup>5</sup>	-	57,834	-
Departmental appropriation <sup>4</sup>	-	332,030 <sup>1</sup>	332,030	566,670
Receipts from other sources (s31)	-	38,588 <sup>3</sup>	38,588	56,388
<b>Total ordinary annual services</b> <b>A</b>	<b>57,834</b>	<b>370,618</b>	<b>428,452</b>	<b>623,058</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	-	429 <sup>2</sup>	429	1,068
<b>Total other services</b> <b>B</b>	<b>-</b>	<b>429</b>	<b>429</b>	<b>1,068</b>
<b>Total net resourcing for the ABS (A+B)</b>	<b>57,834</b>	<b>371,047</b>	<b>428,881</b>	<b>624,126</b>

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

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

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

4. Includes an amount of \$18.0 million in 2012-13 for the Departmental Capital Budget (refer to table 3.2.5 for further details).

5. Estimated adjusted balance carried forward from previous year.

### 1.3 BUDGET MEASURES

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

**Table 1.2: Australian Bureau of Statistics 2012-13 Budget measures**

		2011-12	2012-13	2013-14	2014-15	2015-16
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>						
Australian wine industry						
- support	1.1	-	213	213	-	-
Statistics on foreign ownership in the agricultural sector	1.1	-	762	499	99	365
<b>Total expense measures</b>		-	975	712	99	365

Prepared on a government finance statistics (fiscal) basis.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

#### Outcome 1 strategy

Key strategies for 2012-13 to 2014-15 are set out in the ABS Forward Work Program. The major initiatives that will contribute to this outcome over this period include:

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

## Outcome expense statement

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

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

Outcome 1: Informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information	2011-12	2012-13
	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Program 1.1: Australian Bureau of Statistics</b>		
Departmental expenses		
Departmental appropriation	603,809	350,168
Expenses not requiring appropriation in the budget year	35,960	34,373
<b>Total expenses for Outcome 1</b>	<b>639,769</b>	<b>384,541</b>
	2011-12	2012-13
<b>Average staffing level (number)<sup>1</sup></b>	<b>3,530</b>	<b>2,850</b>

1. The decrease in ASL is predominantly due to the cyclical nature of activities for the 2011 Census.

## Contributions to Outcome 1

### Program 1.1: Australian Bureau of Statistics

#### Program objective

The ABS has the following objectives:

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



## Program expenses

The decrease in expenses in 2012-13 is predominately due to the cyclical nature of activities for the 2011 Census of Population and Housing (2011 Census).

**Table 2.2 Program 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
Annual departmental expenses					
Departmental items	639,769	384,541	362,194	373,207	441,696
<b>Total departmental expenses</b>	<b>639,769</b>	<b>384,541</b>	<b>362,194</b>	<b>373,207</b>	<b>441,696</b>

## Program deliverables

The ABS deliverables are:

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

## Program key performance indicators

The ABS key performance indicators are:

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

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

## Section 3: Explanatory tables and budgeted financial statements

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

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

The ABS does not have any administered funds.

#### 3.1.2 Special Accounts

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

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

	Outcome	Opening	Receipts	Payments	Adjustments	Closing
		balance	2012-13	2012-13	2012-13	balance
		2011-12	2011-12	2011-12	2011-12	2011-12
		\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Australian Bureau of Statistics Special Account	1	-	-	-	-	-
<b>Total special accounts 2012-13 Budget estimate</b>		-	-	-	-	-
Total special accounts 2011-12 estimate actual		-	-	-	-	-

#### 3.1.3 Australian Government Indigenous Expenditure

The ABS does not have any Australian Government Indigenous Expenditure.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

The difference between the agency level resource statement and the sum of all outcome resource statements is the expected carry-forward amount of resources for the 2012-13 budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

### **3.2.2 Analysis of budgeted financial statements**

#### **Budgeted financial statements**

The change in appropriation in 2012-13 reflects a decrease in activity relating to the 2011 Census as part of the normal Census cycle. Goods and services revenue in 2012-13 and the forward years reflects the expected services to be rendered.

The ABS is budgeting for a departmental break-even operating result for 2012-13 and the forward estimates after adjustment for non-appropriated expenses and for user funded capital items.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	456,115	258,110	244,346	254,443	308,670
Supplier	147,218	91,558	84,569	86,554	102,701
Depreciation and amortisation	35,960	34,373	32,779	31,710	29,825
Other	476	500	500	500	500
<b>Total expenses</b>	<b>639,769</b>	<b>384,541</b>	<b>362,194</b>	<b>373,207</b>	<b>441,696</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	56,388	37,703	34,939	34,000	35,000
<b>Total revenue</b>	<b>56,388</b>	<b>37,703</b>	<b>34,939</b>	<b>34,000</b>	<b>35,000</b>
<b>Gains</b>					
Sale of assets	100	100	100	100	100
Other gains	120	120	120	120	120
<b>Total gains</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>
<b>Total own-source income</b>	<b>56,608</b>	<b>37,923</b>	<b>35,159</b>	<b>34,220</b>	<b>35,220</b>
<b>Net cost of (contribution by) services</b>	<b>583,161</b>	<b>346,618</b>	<b>327,035</b>	<b>338,987</b>	<b>406,476</b>
Appropriation revenue	548,632	313,983	295,347	307,714	376,889
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(34,529)</b>	<b>(32,635)</b>	<b>(31,688)</b>	<b>(31,273)</b>	<b>(29,587)</b>

**Note: Impact of Net Cash Appropriation Arrangements**

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>1,431</b>	<b>1,738</b>	<b>1,091</b>	<b>437</b>	<b>238</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations	(35,960)	(34,373)	(32,779)	(31,710)	(29,825)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(34,529)</b>	<b>(32,635)</b>	<b>(31,688)</b>	<b>(31,273)</b>	<b>(29,587)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	4,037	4,037	4,037	4,037	4,037
Trade and other receivables	60,738	52,020	50,810	53,810	53,810
<b>Total financial assets</b>	<b>64,775</b>	<b>56,057</b>	<b>54,847</b>	<b>57,847</b>	<b>57,847</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	53,611	47,703	44,318	42,172	40,561
Intangibles	73,802	65,551	57,593	50,253	43,870
Other non-financial assets	8,168	10,151	10,151	10,151	10,151
<b>Total non-financial assets</b>	<b>135,581</b>	<b>123,405</b>	<b>112,062</b>	<b>102,576</b>	<b>94,582</b>
<b>Total assets</b>	<b>200,356</b>	<b>179,462</b>	<b>166,909</b>	<b>160,423</b>	<b>152,429</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	3,155	3,155	3,155	3,155	3,155
<b>Total interest bearing liabilities</b>	<b>3,155</b>	<b>3,155</b>	<b>3,155</b>	<b>3,155</b>	<b>3,155</b>
<b>Provisions</b>					
Employees	80,411	83,101	85,697	87,697	87,697
Other	5,785	5,785	5,785	5,785	5,785
<b>Total provisions</b>	<b>86,196</b>	<b>88,886</b>	<b>91,482</b>	<b>93,482</b>	<b>93,482</b>
<b>Payables</b>					
Suppliers	31,939	25,567	22,322	23,322	23,322
Other	32,568	29,515	28,953	28,953	28,953
<b>Total payables</b>	<b>64,507</b>	<b>55,082</b>	<b>51,275</b>	<b>52,275</b>	<b>52,275</b>
<b>Total liabilities</b>	<b>153,858</b>	<b>147,123</b>	<b>145,912</b>	<b>148,912</b>	<b>148,912</b>
<b>Net assets</b>	<b>46,498</b>	<b>32,339</b>	<b>20,997</b>	<b>11,511</b>	<b>3,517</b>
<b>EQUITY</b>					
Contributed equity	83,000	101,476	121,821	143,608	165,201
Reserves	18,075	18,075	18,075	18,075	18,075
Retained surpluses or accumulated deficits	(54,577)	(87,212)	(118,899)	(150,172)	(179,759)
<b>Total equity</b>	<b>46,498</b>	<b>32,339</b>	<b>20,997</b>	<b>11,511</b>	<b>3,517</b>
<b>Current assets</b>	<b>73,173</b>	<b>65,542</b>	<b>60,958</b>	<b>58,589</b>	<b>55,669</b>
<b>Non-current assets</b>	<b>127,183</b>	<b>113,920</b>	<b>105,951</b>	<b>101,834</b>	<b>96,760</b>
<b>Current liabilities</b>	<b>67,610</b>	<b>64,651</b>	<b>64,119</b>	<b>65,437</b>	<b>65,437</b>
<b>Non-current liabilities</b>	<b>86,248</b>	<b>82,472</b>	<b>81,793</b>	<b>83,475</b>	<b>83,475</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	56,388	38,588	34,939	34,000	35,000
Appropriations	543,515	327,449	299,258	304,714	376,889
Net GST received	12,585	6,949	6,686	6,256	7,528
<b>Total cash received</b>	<b>612,488</b>	<b>372,986</b>	<b>340,883</b>	<b>344,970</b>	<b>419,417</b>
<b>Cash used</b>					
Employees	454,834	260,360	242,311	252,443	308,670
Suppliers	140,283	100,839	87,695	83,179	99,862
Net GST paid	15,564	9,649	9,386	8,511	10,247
Other cash used	476	500	500	500	500
<b>Total cash used</b>	<b>611,157</b>	<b>371,348</b>	<b>339,892</b>	<b>344,633</b>	<b>419,279</b>
<b>Net cash from or (used by) operating activities</b>	<b>1,331</b>	<b>1,638</b>	<b>991</b>	<b>337</b>	<b>138</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	100	100	100	100	100
<b>Total cash received</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	32,224	20,214	21,436	22,224	21,831
<b>Total cash used</b>	<b>32,224</b>	<b>20,214</b>	<b>21,436</b>	<b>22,224</b>	<b>21,831</b>
<b>Net cash from or (used by) investing activities</b>	<b>(32,124)</b>	<b>(20,114)</b>	<b>(21,336)</b>	<b>(22,124)</b>	<b>(21,731)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	30,793	18,476	20,345	21,787	21,593
<b>Total cash received</b>	<b>30,793</b>	<b>18,476</b>	<b>20,345</b>	<b>21,787</b>	<b>21,593</b>
<b>Net cash from or (used by) financing activities</b>	<b>30,793</b>	<b>18,476</b>	<b>20,345</b>	<b>21,787</b>	<b>21,593</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	4,037	4,037	4,037	4,037	4,037
<b>Cash at the end of the reporting period</b>	<b>4,037</b>	<b>4,037</b>	<b>4,037</b>	<b>4,037</b>	<b>4,037</b>

Prepared on Australian Accounting Standards basis.

**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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	(54,577)	18,075	-	83,000	46,498
<b>Adjusted opening balance</b>	(54,577)	18,075	-	83,000	46,498
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(32,635)	-	-	-	(32,635)
<b>Total comprehensive income recognised directly in equity</b>	(32,635)	-	-	-	(32,635)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	429	429
Appropriation (departmental capital budget)	-	-	-	18,047	18,047
<b>Total transactions with owners</b>	-	-	-	18,476	18,476
<b>Estimated closing balance as at 30 June 2013</b>	(87,212)	18,075	-	101,476	32,339

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	18,038	18,047	20,289	21,731	21,593
Total equity injections	1,068	429	56	56	-
<b>Total new capital appropriations</b>	19,106	18,476	20,345	21,787	21,593
<b>Provided for:</b>					
Purchase of non-financial assets	19,106	18,476	20,345	21,787	21,593
<b>Total Items</b>	19,106	18,476	20,345	21,787	21,593
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	1,068	429	56	56	-
Funded by capital appropriation - DCB	29,725	18,047	20,289	21,731	21,593
Funded internally from departmental resources	1,431	1,738	1,091	437	238
<b>TOTAL</b>	32,224	20,214	21,436	22,224	21,831
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	32,224	20,214	21,436	22,224	21,831
<b>Total cash used to acquire assets</b>	32,224	20,214	21,436	22,224	21,831

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	L&B, IP&E held for sale \$'000	Total \$'000
<b>As at 1 July 2012</b>					
Gross book value	-	83,347	195,132	-	278,479
Accumulated depreciation/amortisation and impairment	-	29,736	121,330	-	151,066
<b>Opening net book balance</b>	-	53,611	73,802	-	127,413
<b>Capital asset additions</b>					
By purchase - appropriation equity	-	-	429	-	429
By purchase - departmental resource	-	477	1,261	-	1,738
By purchase - appropriation ordinary annual services	-	7,771	10,276	-	18,047
<b>Total asset additions</b>	-	8,248	11,966	-	20,214
<b>Other movements</b>					
Depreciation/amortisation expense	-	14,156	20,217	-	34,373
<b>Total other movements</b>	-	14,156	20,217	-	34,373
<b>As at 30 June 2013</b>					
Gross book value	-	91,595	207,098	-	298,693
Accumulated depreciation/amortisation and impairment	-	43,892	141,547	-	185,439
<b>Closing net book balance</b>	-	47,703	65,551	-	113,254

Prepared on Australian Accounting Standards basis.

### 3.2.4 Notes to the financial statements

#### Basis of accounting

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

#### Budgeted departmental financial statements

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

Agency assets, liabilities, revenues and expenses in relation to an agency are those that are controlled by the agency. Agency expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

## **Budgeted departmental income statement**

### **Revenues**

#### Appropriations

The ABS is appropriated from government for its program.

#### Sale of goods and rendering of services

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

#### Other gains

This category includes resources received free of charge.

### **Expenses**

#### Employee benefits

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

#### Depreciation and amortisation

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

## **Budgeted departmental balance sheet**

### Non-financial assets - Intangibles

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

### Non-financial assets - Other

This category includes prepayments.

### Interest bearing liabilities

These include lease incentives in the form of a rent free period and/or a contribution to fitout costs. Lease incentives are recognised as a liability, which is reduced by allocating lease rental payments between interest, rental expense and reduction of the liability. Rent free lease periods are taken up as a liability during the rent free period and amortised over the remaining term of the lease. The full amount of the lease is therefore allocated evenly over the total term of the lease.

### Provisions - Employees

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting.

The non current portion of the liability for annual leave and long service leave is recognised and measured at the present value of the estimated future cash flows in respect of all employees.

### Payables

Supplier and other payables reflect the amounts owed to trade and other creditors by the ABS at the end of each financial year.

### Asset valuation

Australian Government agencies and authorities are required to value property, plant and equipment and other infrastructure assets using the fair value method of valuation. This essentially reflects the current cost the entity would face in replacing that asset.



# AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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# AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

## Section 1: Agency overview and resources

### 1.1 Strategic direction statement

The Australian Competition and Consumer Commission (ACCC) is an independent statutory authority which enforces compliance with the *Competition and Consumer Act 2010* (CCA) and performs functions under other Commonwealth legislation and State and Territory competition policy reform Acts.

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

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

In performing its role, the ACCC is alert to market conduct that may impact adversely on competition and consumers, including where there is widespread consumer detriment.

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

## 1.2 Agency resource statement

Table 1.1 shows the total resources for the ACCC.

**Table 1.1: Australian Competition and Consumer Commission 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
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	1,645 <sup>4</sup>	-	1,645	-
Departmental appropriation <sup>6</sup>	-	152,949 <sup>1</sup>	152,949	154,283
Receipts from other sources (s31)	-	500 <sup>3</sup>	500	500
<b>Total ordinary annual services</b>	<b>A</b> 1,645	153,449	155,094	154,783
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	21,300 <sup>4</sup>	60 <sup>2</sup>	21,360	55
<b>Total other services</b>	<b>B</b> 21,300	60	21,360	55
<b>Total available annual appropriations (A+B)</b>	22,945	153,509	176,454	154,838
<b>Special accounts</b>				
Opening balance <sup>5</sup>	54	-	54	54
Non-appropriation receipts to special accounts	-	-	-	-
<b>Total special accounts</b>	<b>C</b> 54	-	54	54
<b>Total net resourcing for ACCC (A+B+C)</b>	<b>22,999</b>	<b>153,509</b>	<b>176,508</b>	<b>154,892</b>

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

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

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

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

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

6. Includes \$2.0 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

### Third party payments from and on behalf of other agencies

	2011-12 \$'000	2012-13 \$'000
Payments made on behalf of the National Competition Council (NCC)	2,850	2,787

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



### 1.3 Budget measures

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

**Table 1.2: Australian Competition and Consumer Commission 2012-13 Budget measures**

		2011-12	2012-13	2013-14	2014-15	2015-16
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>						
Australian Competition and Consumer Commission - additional legal expense funding	1.1	-	4,250	-	-	-
Petrol Commissioner and formal monitoring of petrol prices - continuation	1.1	-	850	850	-	-
<b>Total expense measures</b>		-	5,100	850	-	-

Prepared on a Government finance statistics (fiscal) basis.

## Section 2: Outcomes and planned performance

### 2.1 Outcomes and performance information

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

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

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

#### **Outcome 1 strategy**

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

- promote vigorous, lawful competition and informed markets;
- encourage fair trading, protection of consumers and product safety; and
- regulate bottleneck monopoly industries to promote efficiency and infrastructure investment, increase competition in markets depending on that infrastructure and promote the interests of end-users.

In support of these strategies, the ACCC will undertake the following actions:

- deter, detect, pursue and stop anti-competitive conduct;
- assess mergers efficiently and take action where a merger presents competition concerns;
- deliver consistent, informed and efficient authorisation and notification decisions to ensure competition laws do not prevent arrangements that are in the public interest;

- minimise harm to businesses from unfair trading practices and take enforcement action where needed;
- deliver increased consumer welfare through the Australian Consumer Law;
- minimise harm to consumers from unsafe consumer products and services;
- provide robust and independent regulation of natural monopoly markets;
- monitor and advise on industries where market structures are changing; and
- monitor prices and quality of specified goods and services to assess and advise on the effect of market conditions.

### Outcome Expense Statement

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

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

Outcome 1: Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1.1: Australian Competition and Consumer Commission</b>		
Departmental expenses		
Departmental appropriation	151,275	150,931
Revenues from independent sources (s31)	500	500
Expenses not requiring appropriation in budget year	20,543	3,544
<b>Total expenses for Outcome 1</b>	<b>172,318</b>	<b>154,975</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	800	745

### Contributions to Outcome 1

#### Program 1.1: Australian Competition and Consumer Commission

##### Program objectives

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

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

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

### **Program expenses**

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

**Table 2.2: Program expenses**

	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
Annual departmental expenses					
Departmental items	172,318	154,975	147,427	144,909	144,197
<b>Total departmental expenses</b>	<b>172,318</b>	<b>154,975</b>	<b>147,427</b>	<b>144,909</b>	<b>144,197</b>

### **Program deliverables**

To promote compliance with federal competition, fair trading, consumer protection and product safety laws, and to regulate markets where there is limited competition, the ACCC will deliver:

- timely and effective identification, investigation and action responses to address instances of anti-competitive conduct:
  - effective remedies achieved through court action;
  - effective remedies achieved through non-court action; and
  - effective education and communication about anti-competitive conduct.
- mergers assessed within statutory and organisational timeframes;
- action taken to address competition issues as a result of public or confidential merger reviews;
- media and industry monitoring identifies relevant merger intelligence activity;
- authorisation and notification decisions made within statutory timeframes;
- collective bargaining notification decisions made within statutory timeframes;
- timely and effective identification and investigation of unfair business to business areas, to determine and action responses most likely to address unfairness in line with the Competition and Consumer Act;

- collective bargaining notification decisions affecting small business made within statutory timeframes;
- fair trading outcomes achieved through enforcement of mandatory codes of conduct;
- effective education and communication to inform businesses about their rights and obligations under the Competition and Consumer Act;
- timely and effective identification, investigation and action responses to breaches of the Australian Consumer Law;
  - Enforcement outcomes achieved through court action;
  - Non-court based remedies used; and
  - Effective education and communications to inform consumers about their rights and responsibilities under the Australian Consumer Law.
- timely identification and responses to product safety hazards;
- product safety activities to effectively assess and address product safety hazards;
- effective education and communication to reduce product safety related injury and maximise industry compliance;
- reasonable access terms and conditions (including prices) determined for nationally significant infrastructure services in a timely and transparent manner after appropriate consultation with stakeholders;
- industry-specific laws (technical, pro-competitive, consumer protection) monitored and enforced in a transparent and consistent way;
- prices and quality of goods and services monitored and reported on to provide relevant information to the community about the effects of market conditions;
- relevant information disseminated to assist stakeholders in understanding the regulatory frameworks and the structure and operation of infrastructure markets so that they can more effectively engage in the regulatory process;
- timely advice provided to governments and policy agencies on how efficient regulatory outcomes and competitive, well-functioning markets can be achieved;
- enhanced use of data analysis and intelligence to inform our regulatory approaches and interventions; and

- collaboration and partnerships with international and domestic regulators and stakeholders.

### **Program 1.1 Key Performance Indicators**

In order to assess the effectiveness of the ACCC in delivering its objectives, the ACCC has the following key performance indicators:

- obtain positive outcomes from an expected 25 court cases and an expected 40 court enforceable undertakings in matters relating to competition, fair trading and consumer protection;
- monitor media and industry on a daily basis for possible Mergers and Acquisition reviews;
- assessment of mergers within statutory and organisational timelines and in accordance with published guidelines;
- publication on [acc.gov.au](http://acc.gov.au) of all public merger decisions;
- authorisation and notification decisions within statutory and organisational timeframes and promptly communicated;
- collective bargaining notification decisions within statutory timeframes and communicated promptly;
- websites that are accessible and a source of relevant and up-to-date information;
- make regulatory determinations within statutory timeframes;
- make price notification decisions within statutory timeframes;
- make arbitration determinations within statutory timeframes;
- make access undertaking decisions and access determinations within statutory timeframes;
- establish initial access arrangements for the NBN;
- review of declarations of declared services under the telecommunications access regime within statutory timeframes;
- inform relevant stakeholders in relation to ACCC functions under Part IIIA of the Competition and Consumer Act;
- compliance with statutory reporting requirements to the Minister for Broadband, Communications and the Digital Economy (including annual reports on

telecommunications competitive safeguards and retail prices, and Telstra's compliance with the retail price control arrangements);

- provide annual monitoring report to the Minister for Sustainability, Environment, Water, Populations and Culture on compliance with water rules in the Murray Darling Basin;
- complete Petrol Monitoring Report in order to provide to the Minister on an annual basis;
- publish weekly electricity and gas reports and wholesale market high-price event reports in accordance with statutory timelines; publish State of the Energy Market Report;
- publish Australia Post Cross-subsidy Report on an annual basis;
- provide Container Stevedoring Monitoring Report to Treasurer on an annual basis;
- publish Price Monitoring and Quality of Service Report for five major airports on an annual basis;
- timely and accessible regulatory reports, determinations, and issues papers; and
- assistance to parliamentary inquiries and government agencies to develop policies and processes.

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

### 3.1 Explanatory tables

#### 3.1.1 Movement of administered funds between years

The ACCC does not have any movement of administered funds between years.

#### 3.1.2 Special accounts

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

Special public moneys are held by the ACCC in a trustee capacity. The trust moneys are a result of court orders of which payments to the beneficiaries are pending. These moneys are temporarily held for the benefit of a person or entity other than the Australian Government. This special account is departmental in nature and is governed by section 20 of the FMA Act.

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

		Opening balance 2012-13	Receipts 2012-13	Payments 2012-13	Adjustments 2012-13	Closing balance 2012-13
		2011-12	2011-12	2011-12	2011-12	2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys Account	1	54	-	-	-	54
		54	-	-	-	54
<b>Total special accounts 2012-13 Budget estimate</b>		<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>
Total special accounts 2011-12 estimated actual		54	-	-	-	54

#### 3.1.3 Australian Government Indigenous Expenditure

The ACCC does not have any Australian Government Indigenous Expenditure.



## **3.2 Budgeted financial statements**

The budgeted financial statements contain estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, as well as specific guidelines issued by the Department of Finance and Deregulation. The statements show the planned financial performance for the 2012-13 budget year and estimated actual for 2011-12 for comparative purposes.

### **3.2.1 Differences in agency resourcing and financial statements**

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

### **3.2.2 Analysis of budgeted financial statements**

#### **Departmental**

#### **Comprehensive income statement**

The ACCC is budgeting for an approved operating loss of \$17.0 million for 2011-12 and break-even results for the forward estimates. This operating loss is a result of higher than anticipated legal expenditure, investment in IT, and accessing the Litigation Contingency Fund as per the approved process. These results will occur after adding back non-appropriated depreciation and amortisation expenses under the net cash appropriation arrangements, which began in the 2010-11 Budget.

#### **Operating revenues**

Total appropriation revenue for 2012-13 is estimated to be \$152.9 million. This figure includes \$2.0 million for Departmental Capital Budget funding under the new appropriation framework arrangements.

#### **Operating expenses**

Total expenses in 2012-13 are estimated to be \$155.0 million. This is a decrease of \$17.3 million from the 2011-12 estimated actual. This decrease is primarily attributable to the increased expenditure in 2011-12, as outlined above.

#### **Balance sheet**

The ACCC's budgeted net asset position of \$18.9 million represents a decrease of \$1.4 million from the 2011-12 estimated actual. This is the difference between the ACCC depreciation charge and funding for capital acquisitions.

The total assets are expected to be \$59.5 million, a decrease of \$1.4 million from 2010-11 primarily as a result of a decrease in value of non-financial assets.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$20.0 million.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	90,191	90,940	88,847	87,861	88,407
Suppliers	78,659	60,566	55,111	53,579	52,321
Depreciation and amortisation	3,468	3,469	3,469	3,469	3,469
<b>Total expenses</b>	<b>172,318</b>	<b>154,975</b>	<b>147,427</b>	<b>144,909</b>	<b>144,197</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	500	500	500	500	500
<b>Total revenue</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Gains</b>					
Other gains	75	75	75	75	75
<b>Total gains</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>
<b>Total own-source income</b>	<b>575</b>	<b>575</b>	<b>575</b>	<b>575</b>	<b>575</b>
<b>Net cost of (contribution by) services</b>	<b>171,743</b>	<b>154,400</b>	<b>146,852</b>	<b>144,334</b>	<b>143,622</b>
Appropriation revenue	151,275	150,931	143,383	140,865	140,153
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(20,468)</b>	<b>(3,469)</b>	<b>(3,469)</b>	<b>(3,469)</b>	<b>(3,469)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(17,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations	(3,468)	(3,469)	(3,469)	(3,469)	(3,469)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(20,468)</b>	<b>(3,469)</b>	<b>(3,469)</b>	<b>(3,469)</b>	<b>(3,469)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	2,126	2,126	2,126	2,126	2,126
Trade and other receivables	34,367	34,367	34,367	34,367	34,367
<b>Total financial assets</b>	<b>36,493</b>	<b>36,493</b>	<b>36,493</b>	<b>36,493</b>	<b>36,493</b>
<b>Non-financial assets</b>					
Land and buildings	12,821	11,435	10,074	9,633	8,796
Infrastructure, plant and equipment	8,093	7,961	7,821	6,275	5,549
Inventories	28	28	28	28	28
Intangibles	2,124	2,231	2,338	2,724	2,891
Other	1,313	1,313	1,313	1,313	1,313
<b>Total non-financial assets</b>	<b>24,379</b>	<b>22,968</b>	<b>21,574</b>	<b>19,973</b>	<b>18,577</b>
<b>Total assets</b>	<b>60,872</b>	<b>59,461</b>	<b>58,067</b>	<b>56,466</b>	<b>55,070</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	20,063	20,063	20,063	20,063	20,063
Other	1,407	1,407	1,407	1,407	1,407
<b>Total provisions</b>	<b>21,470</b>	<b>21,470</b>	<b>21,470</b>	<b>21,470</b>	<b>21,470</b>
<b>Payables</b>					
Suppliers	7,236	7,236	7,236	7,236	7,236
Other	11,816	11,816	11,816	11,816	11,816
<b>Total payables</b>	<b>19,052</b>	<b>19,052</b>	<b>19,052</b>	<b>19,052</b>	<b>19,052</b>
<b>Total liabilities</b>	<b>40,522</b>	<b>40,522</b>	<b>40,522</b>	<b>40,522</b>	<b>40,522</b>
<b>Net assets</b>	<b>20,350</b>	<b>18,939</b>	<b>17,545</b>	<b>15,944</b>	<b>14,548</b>
<b>EQUITY</b>					
Contributed equity	45,205	47,283	49,378	51,246	53,319
Reserves	3,538	3,538	3,538	3,538	3,538
Retained surpluses or accumulated deficits	(28,393)	(31,882)	(35,371)	(38,840)	(42,309)
<b>Total equity</b>	<b>20,350</b>	<b>18,939</b>	<b>17,545</b>	<b>15,944</b>	<b>14,548</b>
<b>Current assets</b>	<b>37,150</b>	<b>37,150</b>	<b>37,150</b>	<b>37,150</b>	<b>37,150</b>
<b>Non-current assets</b>	<b>23,723</b>	<b>22,312</b>	<b>20,918</b>	<b>19,317</b>	<b>17,921</b>
<b>Current liabilities</b>	<b>19,052</b>	<b>19,052</b>	<b>19,052</b>	<b>19,052</b>	<b>19,052</b>
<b>Non-current liabilities</b>	<b>21,470</b>	<b>21,470</b>	<b>21,470</b>	<b>21,470</b>	<b>21,470</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	500	500	500	500	500
Appropriations	168,775	150,931	143,383	140,865	140,153
Other	-	-	-	-	-
<b>Total cash received</b>	<b>169,275</b>	<b>151,431</b>	<b>143,883</b>	<b>141,365</b>	<b>140,653</b>
<b>Cash used</b>					
Employees	90,191	90,940	88,847	87,861	88,407
Suppliers	78,584	60,491	55,036	53,504	52,246
Other	-	-	-	-	-
<b>Total cash used</b>	<b>168,775</b>	<b>151,431</b>	<b>143,883</b>	<b>141,365</b>	<b>140,653</b>
<b>Net cash from or (used by) operating activities</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	2,563	2,078	2,095	2,053	2,073
<b>Total cash used</b>	<b>2,563</b>	<b>2,078</b>	<b>2,095</b>	<b>2,053</b>	<b>2,073</b>
<b>Net cash from or (used by) investing activities</b>	<b>(2,563)</b>	<b>(2,078)</b>	<b>(2,095)</b>	<b>(2,053)</b>	<b>(2,073)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	2,563	2,078	2,095	2,053	2,073
<b>Total cash received</b>	<b>2,563</b>	<b>2,078</b>	<b>2,095</b>	<b>2,053</b>	<b>2,073</b>
<b>Net cash from or (used by) financing activities</b>	<b>2,563</b>	<b>2,078</b>	<b>2,095</b>	<b>2,053</b>	<b>2,073</b>
<b>Net increase or (decrease) in cash held</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	1,626	2,126	2,126	2,126	2,126
<b>Cash at the end of the reporting period</b>	<b>2,126</b>	<b>2,126</b>	<b>2,126</b>	<b>2,126</b>	<b>2,126</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	(28,413)	3,538	-	45,205	20,330
<b>Adjusted opening balance</b>	(28,413)	3,538	-	45,205	20,330
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(3,469)	-	-	-	(3,469)
<b>Total comprehensive income recognised directly in equity</b>	(3,469)	-	-	-	(3,469)
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	60	60
Appropriation (departmental capital budget)	-	-	-	2,018	2,018
<b>Total transactions with owners</b>	-	-	-	2,078	2,078
<b>Estimated closing balance as at 30 June 2013</b>	(31,882)	3,538	-	47,283	18,939

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	2,508	2,018	2,035	2,053	2,073
Equity injections - Bill 2	55	60	60	-	-
<b>Total new capital appropriations</b>	2,563	2,078	2,095	2,053	2,073
<b>Provided for:</b>					
Purchase of non-financial assets	2,563	2,078	2,095	2,053	2,073
<b>Total Items</b>	2,563	2,078	2,095	2,053	2,073
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	2,508	2,018	2,035	2,053	2,073
Funded by capital appropriations	55	60	60	-	-
<b>TOTAL</b>	2,563	2,078	2,095	2,053	2,073
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	2,563	2,078	2,095	2,053	2,073
<b>Total cash used to acquire assets</b>	2,563	2,078	2,095	2,053	2,073

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
<b>As at 1 July 2012</b>				
Gross book value	17,148	13,089	6,679	36,916
Accumulated depreciation/amortisation and impairment	(4,347)	(4,996)	(4,555)	(13,898)
<b>Opening net book balance</b>	12,801	8,093	2,124	23,018
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services	71	1,767	240	2,078
<b>Total additions</b>	71	1,767	240	2,078
<b>Other movements</b>				
Depreciation/amortisation expense	(1,437)	(1,899)	(133)	(3,469)
<b>Total other movements</b>	(1,437)	(1,899)	(133)	(3,469)
<b>As at 30 June 2013</b>				
Gross book value	17,219	14,856	6,919	38,994
Accumulated depreciation/amortisation and impairment	(5,784)	(6,895)	(4,688)	(17,367)
<b>Closing net book balance</b>	11,435	7,961	2,231	21,627

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
<b>OWN-SOURCE INCOME</b>					
<b>Non-taxation revenue</b>					
Fees and fines	20,000	20,000	20,000	20,000	20,000
<b>Total non-taxation revenue</b>	20,000	20,000	20,000	20,000	20,000
<b>Total own-sourced income administered on behalf of Government</b>	20,000	20,000	20,000	20,000	20,000

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	18	18	18	18	18
Receivables	8,943	8,943	8,943	8,943	8,943
<b>Total financial assets</b>	<b>8,961</b>	<b>8,961</b>	<b>8,961</b>	<b>8,961</b>	<b>8,961</b>
<b>Total assets administered on behalf of Government</b>	<b>8,961</b>	<b>8,961</b>	<b>8,961</b>	<b>8,961</b>	<b>8,961</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Fees	20,000	20,000	20,000	20,000	20,000
<b>Total cash received</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Cash used</b>					
Other	20,000	20,000	20,000	20,000	20,000
<b>Total cash used</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Net cash from or (used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	18	18	18	18	18
<b>Cash at end of reporting period</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>

Prepared on Australian Accounting Standards basis.

### **3.2.4 Notes to the financial statements**

#### **Accounting policy**

The budgeted financial statements have been prepared on an accrual accounting basis having regard to statements of accounting concepts, and in accordance with:

- the Government's financial budgeting and reporting framework; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

#### **Departmental and administered items**

Agency assets, liabilities, revenues and expenses are those items that are controlled by the ACCC that are used by the ACCC in producing its program and include:

- computers, plant and equipment and building fitout used in providing goods and services;
- liabilities for employee entitlements;
- revenue from appropriations or independent sources in payment for the departmental program; and
- employee, supplier and depreciation expenses incurred in providing agency program.

Administered items are those items incurred in providing programs that are controlled by the Government and managed, or oversighted by the ACCC on behalf of the government. Administered revenues include fees and fines.

#### **Departmental revenue**

Revenue from government represents the purchase of outputs from the ACCC by the Government and is recognised to the extent that it has been received into the ACCC's bank account.

Revenue from other sources, representing sales from goods and services, is recognised at the time that it is imposed on customers.

#### **Departmental expenses — employees**

Payments and net increases in entitlements to employees for services rendered in the financial year.

#### **Departmental expenses — suppliers**

Payments to suppliers for goods and services used in providing agency programs.



**Departmental expenses — depreciation and amortisation**

Depreciable property, plant and equipment, buildings and intangible assets are written-off to their estimated residual values over their estimated useful life, using the straight-line calculation method.

**Departmental assets — financial assets**

The primary financial asset relates to receivables. Financial assets are used to fund the ACCC's capital program, employee entitlements, creditors and to provide working capital.

**Departmental assets — non-financial assets**

These items represent future benefits that the ACCC will consume in producing outputs. The reported value represents the purchase paid less depreciation incurred to date in using the asset.

**Departmental liabilities — provisions and payables**

Provision has been made for the ACCC's liability for employee entitlements arising from services rendered by employees. The liability includes unpaid annual leave and long service leave.

Provision has also been made for unpaid expenses as at balance date.



# AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

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# AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Office of Financial Management (AOFM) is responsible for the management of Australian Government debt and certain financial assets. It issues Treasury Bonds, Treasury Indexed Bonds and Treasury Notes, manages the Government's cash balances and invests from time to time in high quality financial assets including residential mortgage-backed securities, term deposits and investment grade fixed interest investments.

The AOFM aims to meet the Government's financing needs in a cost-effective manner subject to acceptable risk and to meet the Government's policy objectives of maintaining liquid and efficient Bond and Bond futures markets. Treasury Bonds are the main issuance instrument used by the AOFM. The use of Treasury Indexed Bonds facilitates the diversification of the investor base by tapping into additional sources of investor demand.

In managing the Government's cash balances, the AOFM aims to minimise the net cost of funding while ensuring that the Government is able to meet its financial obligations when they fall due. Treasury Notes and financial assets are used to manage the Government's within-year financing task.

In accordance with the Government's Competitive and Sustainable Banking Package, the AOFM invests in AAA rated residential mortgage-backed securities to support competition in residential mortgage lending and to support lending to small business. Subject to market conditions and reverse enquiry requests for its involvement, in 2012-13, the AOFM will continue to acquire residential mortgage-backed securities in accordance with the terms of the program and will encourage a transition towards a sustainable and innovative securitisation market. The total to be made available for investment under the program is \$20 billion.

In the 2011-12 Budget, the AOFM received additional funding to implement the trading of Commonwealth Government Securities (CGS) on a financial market. Trading of CGS on a financial market aims to facilitate broader access to the Government's debt products and may assist further development of the corporate bond market in Australia. During 2012-13 the AOFM will continue to work with the Treasury to finalise the implementation of this initiative.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AOFM.

**Table 1.1: Australian Office of Financial Management 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
<b>Ordinary annual services</b>						
<b>Departmental</b>						
Prior year departmental appropriation	23,214 <sup>4</sup>		-		23,214	-
Departmental appropriation <sup>3</sup>	-		11,867 <sup>1</sup>		11,867	15,442
Receipts from other sources (s31)	-		828 <sup>2</sup>		828	828
<b>Total departmental</b>	23,214		12,695		35,909	16,270
<b>Administered expenses</b>						
Outcome 1			10 <sup>1</sup>		10	10
<b>Total ordinary annual services</b> <b>A</b>	23,214		12,705		35,919	16,280
<b>Other services</b>						
<b>Departmental non-operating</b>						
Equity injections	662		-		662	-
<b>Total other services</b> <b>B</b>	662		-		662	-
<b>Total available annual appropriations (A+B)</b>	23,876		12,705		36,581	16,280
<b>Special appropriations expenses</b>						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		12,017,200		12,017,200	11,525,172
<i>Financial Agreement Act 1994</i>	-		28		28	28
<i>Loans Securities Act 1919</i>	-		400		400	400
<b>Subtotal</b>	-		12,017,628		12,017,628	11,525,600
<b>Special appropriations capital</b>						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		179,163,500		179,163,500	77,221,683
<i>Financial Management and Accountability Act 1997</i>	-		385,955,100		385,955,100	664,088,500
<b>Subtotal</b>	-		565,118,600		565,118,600	741,310,183
<b>Total special appropriations</b> <b>C</b>	-		577,136,228		577,136,228	752,835,783

**Table 1.1: Australian Office of Financial Management 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
<b>Total appropriations excluding special accounts</b>	23,876		577,148,933		577,172,809	752,852,063
<b>Special accounts</b>						
Opening balance <sup>5</sup>	566		-		566	-
<b>Total special account</b>	566	<b>D</b>	-		566	-
<b>Total net resourcing for the AOFM (A+B+C+D)</b>	<b>24,442</b>		<b>577,148,933</b>		<b>577,173,375</b>	<b>752,852,063</b>

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

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

3. Includes \$0.4 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

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

### 1.3 BUDGET MEASURES

The AOFM does not have any budget measures for 2012-13.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

#### **Outcome 1 strategy**

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

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

The within-year cash management task results from differences in the timing of receipts and payments in the Official Public Account. In managing the Government's cash balances, the AOFM will continue to issue Treasury Notes and make short-term term deposits with the Reserve Bank of Australia. The AOFM may also from time to time invest in fixed interest investments and may raise funds by entering into repurchase agreements using its fixed interest investments as collateral.

The AOFM will continue to utilise a reverse enquiry approach for considering investment proposals from issuers of residential mortgage-backed securities and will continue to review its approach in light of changing market conditions.



Over the course of 2012-13, the AOFM will continue its work to implement the trading of CGS on a financial market. This will entail working with one or more financial market operators to implement a trading model for CGS, and working with the appointed registry provider to establish stock registry arrangements for CGS.

The AOFM's financial assets and financial liabilities are managed in accordance with legislative requirements; delegations and directions from the Treasurer; and instructions from the Secretary to the Treasury and the AOFM Chief Executive.

## Outcome Expense Statement

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

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

Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1.1: Australian Office of Financial Management</b>		
Departmental expenses		
Departmental appropriation	11,271	12,289
Expenses not requiring appropriation in budget year	621	761
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	10	10
Special appropriations		
<i>Commonwealth Inscribed Stock Act 1911</i>	11,525,172	12,017,200
<i>Financial Agreement Act 1994</i>	28	28
<i>Loans Securities Act 1919</i>	400	400
<b>Total expenses for Outcome 1</b>	<b>11,537,502</b>	<b>12,030,688</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	40	44

## Contributions to Outcome 1

### Program 1.1: Australian Office of Financial Management

#### Program objective

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

#### Program expenses

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

**Table 2.2: Program 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
Annual departmental expenses:					
Departmental items	11,892	13,050	9,868	9,942	10,029
Annual administered expenses:					
Administered item	10	10	10	10	10
Special Appropriations:					
<i>Commonwealth Inscribed Stock   Act 1911</i>	11,525,172	12,017,200	12,013,200	11,635,600	11,416,300
<i>Financial Agreement Act 1994</i>	28	28	28	28	28
<i>Loans Securities Act 1919</i>	400	400	400	400	400
<b>Total program expenses</b>	<b>11,537,502</b>	<b>12,030,688</b>	<b>12,023,506</b>	<b>11,645,980</b>	<b>11,426,767</b>

#### Program deliverables

The AOFM has the following key deliverables:

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

#### Program key performance indicators

The AOFM has the following key performance indicators:

- debt issuance
  - volume and efficiency of issuance; and

- meeting the planned debt issuance program.
- efficient management of the Government's cash balances;
  - maintaining the 91 day moving average of the Government's cash balances within operational limits and within the Ministerial limit throughout the year; and
  - only using the overdraft facility with the Reserve Bank of Australia to cover unexpected events.
- promote investors' take up of Commonwealth Government Securities by intermediaries and investors;
  - liaise with the CGS investor community to improve investor understanding of the CGS market through face-to-face meetings and conference presentations.
- investment in residential mortgage-backed securities; and
  - the extent of participation by other investors and the quality of the securities acquired.
- operating within legal and policy limits;
  - compliance with legislative and policy limits.

## Section 3: Explanatory tables and budgeted financial statements

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

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

The AOFM has not moved any administered funds between years.

#### 3.1.2 Special accounts

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

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

		Opening balance <b>2012-13</b> 2011-12	Receipts <b>2012-13</b> 2011-12	Payments <b>2012-13</b> 2011-12	Adjustments <b>2012-13</b> 2011-12	Closing balance <b>2012-13</b> 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust Account	1	<b>566</b> 566	- -	- -	- -	<b>566</b> 566
<b>Total special accounts</b>						
<b>2012-13 Budget estimate</b>		<b>566</b>	-	-	-	<b>566</b>
Total special accounts 2011-12 estimated actual		566	-	-	-	566

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

The annual funding to meet the redemption of debt allocated to the States and the Northern Territory is governed by the *Financial Agreement Act 1994*, which requires the

Australian Government to establish and maintain the Debt Retirement Reserve Trust Account for the States and the Northern Territory. Monies standing to the credit of a State or the Northern Territory are applied by the Australian Government in connection with the repurchase and repayment of the debt of that State or the Northern Territory.

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

### **3.1.3 Australian Government Indigenous Expenditure**

The AOFM does not have any Australian Government Indigenous Expenditure.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

#### **Departmental**

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

#### **Administered**

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

### **3.2.2 Analysis of budgeted financial statements**

#### **Departmental**

The AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in agency infrastructure. Capital expenditure on the AOFM's specialist debt management systems, both for development and replacement, represents the majority of this expenditure. Expected capital expenditure on specialist debt management systems has been deferred from 2011-12 to 2012-13.

#### **Administered**

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

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

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(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
<b>EXPENSES</b>					
Employee benefits	6,732	7,155	4,882	5,131	5,309
Supplier	4,800	5,395	4,486	4,311	4,220
Depreciation and amortisation	360	500	500	500	500
<b>Total expenses</b>	<b>11,892</b>	<b>13,050</b>	<b>9,868</b>	<b>9,942</b>	<b>10,029</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Sale of goods and rendering of services	1,089	1,089	1,089	1,089	1,089
<b>Total own-source income</b>	<b>1,089</b>	<b>1,089</b>	<b>1,089</b>	<b>1,089</b>	<b>1,089</b>
<b>Net cost of (contribution by) services</b>	<b>10,803</b>	<b>11,961</b>	<b>8,779</b>	<b>8,853</b>	<b>8,940</b>
Appropriation revenue	12,413	11,461	8,279	8,353	8,440
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>1,610</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>1,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations	(360)	(500)	(500)	(500)	(500)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>1,610</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	1,811	1,091	449	149	299
Trade and other receivables	22,201	20,301	21,101	21,601	21,601
<b>Total financial assets</b>	<b>24,012</b>	<b>21,392</b>	<b>21,550</b>	<b>21,750</b>	<b>21,900</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	506	542	573	1,118	1,437
Intangibles	270	3,040	2,920	2,620	2,554
Other	140	140	140	140	140
<b>Total non-financial assets</b>	<b>916</b>	<b>3,722</b>	<b>3,633</b>	<b>3,878</b>	<b>4,131</b>
<b>Total assets</b>	<b>24,928</b>	<b>25,114</b>	<b>25,183</b>	<b>25,628</b>	<b>26,031</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	1,748	2,028	2,186	2,386	2,536
Other	133	133	133	133	133
<b>Total provisions</b>	<b>1,881</b>	<b>2,161</b>	<b>2,319</b>	<b>2,519</b>	<b>2,669</b>
<b>Payables</b>					
Suppliers	332	332	332	332	332
<b>Total payables</b>	<b>332</b>	<b>332</b>	<b>332</b>	<b>332</b>	<b>332</b>
<b>Total liabilities</b>	<b>2,213</b>	<b>2,493</b>	<b>2,651</b>	<b>2,851</b>	<b>3,001</b>
<b>Net assets</b>	<b>22,715</b>	<b>22,621</b>	<b>22,532</b>	<b>22,777</b>	<b>23,030</b>
<b>EQUITY</b>					
Contributed equity	4,525	4,931	5,342	6,087	6,840
Retained surpluses	18,190	17,690	17,190	16,690	16,190
<b>Total equity</b>	<b>22,715</b>	<b>22,621</b>	<b>22,532</b>	<b>22,777</b>	<b>23,030</b>
<b>Current assets</b>	<b>3,176</b>	<b>1,367</b>	<b>725</b>	<b>425</b>	<b>575</b>
<b>Non-current assets</b>	<b>21,752</b>	<b>23,747</b>	<b>24,458</b>	<b>25,203</b>	<b>25,456</b>
<b>Current liabilities</b>	<b>856</b>	<b>940</b>	<b>988</b>	<b>1,048</b>	<b>1,226</b>
<b>Non-current liabilities</b>	<b>1,357</b>	<b>1,553</b>	<b>1,663</b>	<b>1,803</b>	<b>1,775</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	828	828	828	828	828
Appropriations	9,013	13,361	7,479	7,853	8,440
<b>Total cash received</b>	<b>9,841</b>	<b>14,189</b>	<b>8,307</b>	<b>8,681</b>	<b>9,268</b>
<b>Cash used</b>					
Employees	6,491	6,875	4,724	4,931	5,159
Suppliers	4,539	5,134	4,225	4,050	3,959
<b>Total cash used</b>	<b>11,030</b>	<b>12,009</b>	<b>8,949</b>	<b>8,981</b>	<b>9,118</b>
<b>Net cash from or (used by) operating activities</b>	<b>(1,189)</b>	<b>2,180</b>	<b>(642)</b>	<b>(300)</b>	<b>150</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	129	3,306	411	745	753
<b>Total cash used</b>	<b>129</b>	<b>3,306</b>	<b>411</b>	<b>745</b>	<b>753</b>
<b>Net cash from or (used by) investing activities</b>	<b>(129)</b>	<b>(3,306)</b>	<b>(411)</b>	<b>(745)</b>	<b>(753)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	3,029	406	411	745	753
<b>Total cash received</b>	<b>3,029</b>	<b>406</b>	<b>411</b>	<b>745</b>	<b>753</b>
<b>Net cash from or (used by) financing activities</b>	<b>3,029</b>	<b>406</b>	<b>411</b>	<b>745</b>	<b>753</b>
<b>Net increase or (decrease) in cash held</b>	<b>1,711</b>	<b>(720)</b>	<b>(642)</b>	<b>(300)</b>	<b>150</b>
Cash at the beginning of the reporting period	100	1,811	1,091	449	149
<b>Cash at the end of the reporting period</b>	<b>1,811</b>	<b>1,091</b>	<b>449</b>	<b>149</b>	<b>299</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	18,190	-	-	4,525	22,715
<b>Adjusted opening balance</b>	18,190	-	-	4,525	22,715
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(500)	-	-	-	(500)
<b>Total comprehensive income recognised directly in equity</b>	(500)	-	-	-	(500)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	406	406
<b>Total transactions with owners</b>	-	-	-	406	406
<b>Estimated closing balance as at 30 June 2013</b>	17,690	-	-	4,931	22,621

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	3,029	406	411	745	753
<b>Total new capital appropriations</b>	3,029	406	411	745	753
<b>Provided for:</b>					
Purchase of non-financial assets	3,029	406	411	745	753
<b>Total Items</b>	3,029	406	411	745	753
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	3,029	406	411	745	753
Funded by prior year equity injections					
<b>TOTAL</b>	3,029	406	411	745	753
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	129	3,306	411	745	753
<b>Total cash used to acquire assets</b>	129	3,306	411	745	753

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2012</b>				
Gross book value	-	1,554	3,320	4,874
Accumulated depreciation/amortisation and impairment	-	1,048	3,050	4,098
<b>Opening net book balance</b>	-	506	270	776
<b>Capital Asset Additions/Disposals</b>				
By purchase - appropriation ordinary annual services	-	236	3,070	3,306
Disposals - gross value	-	-	(3,000)	(3,000)
<b>Total asset additions/disposals</b>	-	236	70	306
<b>Other movements</b>				
Depreciation/amortisation expense	-	200	300	500
Disposals - accumulated depreciation/amortisation	-	-	(3,000)	(3,000)
<b>Total other movements</b>	-	200	(2,700)	(2,500)
<b>As at 30 June 2013</b>				
Gross book value	-	1,790	3,390	5,180
Accumulated depreciation/amortisation and impairment	-	1,248	350	1,598
<b>Closing net book balance</b>	-	542	3,040	3,582

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
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	28	28	28	28	28
Interest costs	11,518,582	12,016,610	12,012,610	11,635,010	11,415,710
Other	7,000	1,000	1,000	1,000	1,000
<b>Total expenses before re-measurements</b>	<b>11,525,610</b>	<b>12,017,638</b>	<b>12,013,638</b>	<b>11,636,038</b>	<b>11,416,738</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Revenue before re-measurements</b>					
<b>Non-taxation revenue</b>					
Interest	1,396,727	1,337,023	1,375,850	1,070,131	929,033
<b>Total revenues before re-measurements</b>	<b>1,396,727</b>	<b>1,337,023</b>	<b>1,375,850</b>	<b>1,070,131</b>	<b>929,033</b>
<b>Operating result before re-measurements</b>	<b>(10,128,883)</b>	<b>(10,680,615)</b>	<b>(10,637,788)</b>	<b>(10,565,907)</b>	<b>(10,487,705)</b>
<b>Re-measurements</b>					
Net market valuation gains (losses)	(15,512,295)	2,674,300	2,370,700	1,961,800	1,625,800
<b>Total re-measurements</b>	<b>(15,512,295)</b>	<b>2,674,300</b>	<b>2,370,700</b>	<b>1,961,800</b>	<b>1,625,800</b>
<b>Net income</b>	<b>(25,641,178)</b>	<b>(8,006,315)</b>	<b>(8,267,088)</b>	<b>(8,604,107)</b>	<b>(8,861,905)</b>

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
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	622	622	622	622	622
Receivables	2,541,786	2,462,337	2,380,305	2,295,369	2,207,910
Investments (s39 FMA Act)	25,608,600	27,787,100	26,350,500	23,634,200	21,362,900
<b>Total assets administered on behalf of government</b>	<b>28,151,008</b>	<b>30,250,059</b>	<b>28,731,427</b>	<b>25,930,191</b>	<b>23,571,432</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Commonwealth Government Securities	265,855,100	274,237,800	281,335,200	281,351,200	279,235,800
<b>Total liabilities administered on behalf of government</b>	<b>265,855,100</b>	<b>274,237,800</b>	<b>281,335,200</b>	<b>281,351,200</b>	<b>279,235,800</b>
<b>Net assets/(liabilities)</b>	<b>(237,704,092)</b>	<b>(243,987,741)</b>	<b>(252,603,773)</b>	<b>(255,421,009)</b>	<b>(255,664,368)</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest	1,356,512	1,315,823	1,359,217	1,054,703	918,062
<b>Total cash received</b>	1,356,512	1,315,823	1,359,217	1,054,703	918,062
<b>Cash used</b>					
Interest paid	11,041,285	12,573,083	12,608,662	12,650,893	13,981,592
Grants	28	28	28	28	28
<b>Total cash used</b>	11,041,313	12,573,111	12,608,690	12,650,921	13,981,620
<b>Net cash from or (used by) operating activities</b>	(9,684,801)	(11,257,288)	(11,249,473)	(11,596,218)	(13,063,558)
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Repayments of advances	97,871	100,249	102,565	105,164	107,330
<b>Total cash received</b>	97,871	100,249	102,565	105,164	107,330
<b>Net cash from or (used by) investing activities</b>	97,871	100,249	102,565	105,164	107,330
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	125,444,546	190,736,773	165,788,552	166,425,683	170,768,982
Investment redemptions	663,395,600	383,816,200	381,532,400	324,893,100	343,137,200
<b>Total cash received</b>	788,840,146	574,552,973	547,320,952	491,318,783	513,906,182
<b>Cash used</b>					
Repayments of borrowings	77,221,683	179,163,500	155,767,100	163,465,100	168,715,700
Investments made	664,088,500	385,955,100	380,058,000	322,149,500	340,852,800
<b>Total cash used</b>	741,310,183	565,118,600	535,825,100	485,614,600	509,568,500
<b>Net cash from or (used by) financing activities</b>	47,529,963	9,434,373	11,495,852	5,704,183	4,337,682
<b>Net increase or (decrease) in cash held</b>	37,943,033	(1,722,666)	348,944	(5,786,871)	(8,618,546)
Cash at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for: appropriations	753,428,696	578,581,711	549,034,190	498,915,121	524,294,520
Cash to Official Public Account for: receipts	(791,371,729)	(576,859,045)	(549,383,134)	(493,128,250)	(515,675,974)
<b>Cash at end of reporting period</b>	622	622	622	622	622

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Special appropriations	741,310,183	565,118,600	535,825,100	485,614,600	509,568,500
<b>Total new capital appropriations</b>	741,310,183	565,118,600	535,825,100	485,614,600	509,568,500
<b>Provided for:</b>					
Repayments of borrowings and purchase of investments	741,310,183	565,118,600	535,825,100	485,614,600	509,568,500
<b>Total Items</b>	741,310,183	565,118,600	535,825,100	485,614,600	509,568,500

Prepared on Australian Accounting Standards basis.

### 3.2.4 Notes to the financial statements

The financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Deregulation.

The departmental financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for infrastructure, plant and equipment assets and employee entitlements.

With the exception of loans to the States and the Northern Territory, the administered financial statements have been prepared on a fair value basis in accordance with Australian Accounting Standards. Loans to the States and the Northern Territory are measured on an amortised cost basis, after initial recognition at fair value.

Fair value is synonymous with market value and represents the estimated exchange equivalent price using relevant inputs from reference markets and valuation techniques. Fair value is determined on the presumption of normal market conditions and that the reporting entity is not undertaking transactions on adverse terms.

#### **Budgeted departmental and administered financial statements**

Under the Australian Government's accrual budgeting framework, transactions that agencies control (agency transactions) are separately budgeted for and reported from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

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

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

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

### **Administered internal transactions**

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

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

### **Goods and services tax**

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

### **Budgeted departmental comprehensive income statement**

#### **Appropriations**

Under the net cash appropriation framework the AOFM receives an output appropriation to meet budgeted expenses (except depreciation). The output appropriation is recognised in revenue.

The AOFM also receives a capital appropriation for the replacement of infrastructure, plant and equipment and intangibles. The capital appropriation is not recognised in revenue. It is recognised as contributed equity in the departmental balance sheet in the year the appropriation takes effect.



## Budgeted departmental balance sheet

### Cash and undrawn appropriations

The estimated cash reserves and undrawn appropriations will be maintained to ensure that the AOFM is well placed to:

- settle employee liabilities as they fall due;
- fund future asset replacements; and
- repay liabilities.

### Administered schedule of budgeted income and expenses

#### Non-taxation revenue — interest

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>Interest revenue</b>					
Interest on housing agreements	153,639	149,123	144,450	139,631	134,633
Interest from investments	1,243,088	1,187,900	1,231,400	930,500	794,400
<b>Total interest revenue</b>	<b>1,396,727</b>	<b>1,337,023</b>	<b>1,375,850</b>	<b>1,070,131</b>	<b>929,033</b>

#### Expenses — interest costs

	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
<b>Interest costs</b>					
Interest on Commonwealth Government Securities	11,518,582	12,016,610	12,012,610	11,635,010	11,415,710
<b>Total interest costs</b>	<b>11,518,582</b>	<b>12,016,610</b>	<b>12,012,610</b>	<b>11,635,010</b>	<b>11,415,710</b>

### Net market valuation gains (losses)

Net market valuation gains (losses) represent the estimated unrealised fair value gains or losses on the financial asset and financial liability portfolio. The revaluation effect represents the change in financial exposures due to changes in market conditions and the passage of time.

In a passive 'issue and hold to maturity' strategy, such as that relating to the AOFM's debt issuance and management activities, the revaluation effect will net to zero over the life of a financial instrument.

**Administered schedule of budgeted assets and liabilities**

**Financial assets — investments**

The AOFM manages the cash balances in the Official Public Account and invests surplus funds in deposits and fixed interest securities. Investments also include holdings of residential mortgage-backed securities. Estimates of the fair value of these asset holdings are disclosed as administered investments. The asset holdings of the Future Fund and other government agencies are not included in these estimates.

**Interest bearing liabilities — Commonwealth Government Securities**

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>Commonwealth Government Securities (at fair value)</b>					
Treasury Bonds	226,407,000	235,475,000	241,075,000	239,584,000	241,569,000
Treasury Indexed Bonds	25,063,000	27,666,000	29,161,000	30,668,000	26,567,000
Treasury Notes	14,368,000	11,081,000	11,083,000	11,083,000	11,083,000
Other	17,100	15,800	16,200	16,200	16,800
<b>Total Commonwealth Government Securities (at fair value)</b>	<b>265,855,100</b>	<b>274,237,800</b>	<b>281,335,200</b>	<b>281,351,200</b>	<b>279,235,800</b>

# AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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# AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

## Section 1: Agency overview and resources

### 1.1 Strategic direction statement

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

Prudential regulation focuses on the quality of an institution's systems for identifying, measuring and managing the various risks in its business.

In carrying out this role, APRA will enhance public confidence in Australia's financial institutions through a prudential framework that balances financial safety and efficiency, competition, contestability and competitive neutrality. This is achieved by:

- the development and implementation of prudential requirements to be observed by regulated institutions;
- a risk-based approach to the supervision of regulated institutions, and remediation or enforcement measures, to ensure that risk-taking is conducted within reasonable bounds and that risks are clearly identified and managed; and
- advice to the Australian Government on the development of regulation and legislation affecting regulated institutions and the financial markets in which they operate.

Prudential regulation can not and should not seek to guarantee a zero failure rate of prudentially regulated institutions or provide absolute protection for market participants (including consumers). Rather, the objective of the prudential regulation regime is to maintain a low incidence of failure of regulated institutions while not impeding continued improvement in efficiency or hindering competition.

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

In 2012-13, APRA's main strategic objectives are to:

- conduct effective, ongoing supervision of all APRA-regulated institutions in accordance with a consistent APRA-wide supervisory approach;
- consolidate the prudential framework by enhancing prudential standards where appropriate, in line with the global reform initiatives endorsed by the G20 and overseen by the Financial Stability Board;
- enhance the efficiency and effectiveness of APRA's supervisory tools and systems through better integration of and greater analytical support for its risk-rating systems, including workflow and document management;
- enhance APRA's effectiveness by continuing to ensure it recruits and retains the right people for the job, develops the skills and knowledge of its staff and deploys them where they are most needed in APRA; and
- remain well prepared for a crisis affecting APRA's own operations, a financial crisis in a regulated institution or a systemic crisis.

APRA's supervisory activities in 2011-12 have been conducted against a backdrop of renewed turbulence in global financial markets as the global financial crisis that had begun in 2007 entered a new phase. In the first half of this period, in particular, markets rapidly lost confidence that policymakers in the United States and a number of European countries had the capacity to restore their public finances and, in the European case, their banking systems to a more sustainable footing within a reasonable timeframe. Global growth forecasts were wound back as a consequence. More recently however, global market sentiment has improved in response to monetary and fiscal initiatives in Europe and more positive growth signals emerging from the United States, although sentiment remains fragile. The Australian financial system has been well placed to deal with the more adverse global environment in 2011-12 and it has continued to display underlying strength. APRA has maintained its heightened level of supervisory intensity throughout this period and has also pursued a substantial prudential policy agenda.

APRA's activities will continue at this tempo in 2012-13. Its supervisory oversight will focus, in particular, on how regulated institutions adapt to the continued caution of households and much of the business sector, which is likely to result in only modest growth in business volumes. This will test the strategic ambitions of regulated institutions accustomed to more buoyant conditions. On the policy front, APRA will be implementing major reforms in ADI capital adequacy and liquidity, as part of the global response to the G20 Declaration *Strengthening the Financial System* (April 2009). In addition, APRA will be implementing relevant aspects of the Government's *Stronger Super* reforms and updating and harmonising capital standards in the general and life insurance industries.

## 1.2 Agency resource statement

Table 1.1 shows the total resources for APRA.

**Table 1.1: Australian Prudential Regulation Authority 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
<b>Ordinary annual services</b>							
<b>Departmental appropriation</b>							
Departmental appropriation	-		2,356	<sup>1</sup>	2,356		13,289
Receipts from other sources (s31)	-		5,210	<sup>2</sup>	5,210		4,579
<b>Total ordinary annual services</b>	<b>A</b>		<b>7,566</b>		<b>7,566</b>		<b>17,868</b>
<b>Other services</b>							
<b>Departmental non-operating</b>							
Equity injections	-		4,810	<sup>3</sup>	4,810		-
<b>Total other services</b>	<b>B</b>		<b>4,810</b>		<b>4,810</b>		<b>-</b>
<b>Total available annual appropriations (A+B)</b>			<b>12,376</b>		<b>12,376</b>		<b>17,821</b>
<b>Special appropriations</b>							
<i>Financial Management and Accountability Act 1997</i>	-		-		-		-
<b>Total special appropriations</b>	<b>C</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>Total appropriations excluding special accounts (A+B+C)</b>			<b>12,376</b>		<b>12,376</b>		<b>17,821</b>
<b>Special accounts</b>							
Opening balance <sup>4</sup>	47,092		-		47,092		-
Appropriation receipts	-		2,356		2,356		13,289
Non-appropriation receipts to special accounts	-		112,870		112,870		97,921
<b>Total special accounts</b>	<b>D</b>		<b>115,226</b>		<b>162,318</b>		<b>111,210</b>
<b>Total resourcing (A+B+C+D)</b>			<b>127,602</b>		<b>174,694</b>		<b>129,078</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-		2,356		2,356		13,289
<b>Total net resourcing for APRA</b>	<b>47,092</b>		<b>125,246</b>		<b>172,338</b>		<b>115,789</b>

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

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

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

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

### 1.3 Budget measures

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

**Table 1.2: Australian Prudential Regulation Authority 2012-13 Budget measures**

		2011-12	2012-13	2013-14	2014-15	2015-16	
	Program	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Expense measure</b>							
Australian Prudential Regulation							
	Authority - sustaining capacity	1.1	-	15,694	16,243	19,715	23,792
<b>Total expense measures</b>			-	15,694	16,243	19,715	23,792
<b>Related capital</b>							
Australian Prudential Regulation							
	Authority - sustaining capacity	1.1	-	3,197	3,735	-	-
<b>Total related capital</b>			-	3,197	3,735	-	-
<b>Related revenue</b>							
Australian Prudential Regulation							
	Authority - sustaining capacity	1.1	-	18,891	19,978	19,715	23,792
	Stronger Super - implementation of SuperStream reforms	1.1	-	121,500	111,100	83,100	69,300
<b>Total related revenue</b>			-	140,391	131,078	102,815	93,092

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 that contribute to Government outcomes over the budget and forward years.

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

**Outcome 1: Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation that balances financial safety and efficiency, competition, contestability and competitive neutrality**

#### **Outcome 1 Strategy**

The role of APRA is developing and enforcing a robust prudential framework that promotes prudent behaviour by ADIs, insurance companies, superannuation funds and other financial institutions it supervises, with the key aim of protecting the interests of their depositors, policyholders and superannuation fund members.

Prudential regulation focuses on the quality of an institution's systems for identifying, measuring and managing the various risks in its business.

## Outcome Expense Statement

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

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

	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Outcome 1:</b> Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality		
<b>Program 1.1: Australian Prudential Regulation Authority</b>		
Departmental expenses		
Special accounts	101,480	112,870
Departmental appropriation	17,821	12,376
Expenses not requiring appropriation in budget year	-	-
Administered expenses		
Special appropriations - waivers and write off	-	-
<b>Total expenses for Outcome 1</b>	<b>119,301</b>	<b>125,246</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	<b>606</b>	<b>613</b>

## Contributions to Outcome 1

### Program 1.1: Australian Prudential Regulation Authority

#### Program objective

To enhance public confidence in Australia's financial institutions through a framework of prudential regulation that balances financial safety and efficiency, competition, contestability and competitive neutrality.

#### Program expenses

The Government will provide additional funding to enable APRA to sustain its core staffing and capability during a period of intensive supervisory and prudential policy development, and to strengthen its crisis readiness.

**Table 2.2: Program 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
Annual departmental expenses					
Departmental items	119,538	120,436	122,166	125,396	130,355
<b>Total departmental expenses</b>	<b>119,538</b>	<b>120,436</b>	<b>122,166</b>	<b>125,396</b>	<b>130,355</b>

### **Program deliverables**

APRA has the following program deliverables:

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

### **Program key performance indicators**

APRA has the following key performance indicators:

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

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive snapshot of APRA's finances for the budget year 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, and special accounts.

### 3.1 Explanatory tables

#### 3.1.1 Movement of administered funds between years

APRA has not moved any administered funds between years.

#### 3.1.2 Special accounts

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

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

		Opening balance	Receipts non- appropriated	Receipts appropriated	Payments	Closing balance
		<b>2012-13</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2012-13</b>
		2011-12	2011-12	2011-12	2011-12	2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Prudential Regulation Authority Special Account	1	<b>44,738</b>	<b>112,870</b>	<b>12,376</b>	<b>126,937</b>	<b>43,047</b>
Financial Claims Scheme Special Account	1	<b>354</b>	-	-	-	<b>354</b>
Lloyd's Deposit Trust Special Account	-	<b>2,000</b>	-	-	-	<b>2,000</b>
<b>Total special accounts</b>						-
<b>2012-13 Budget estimate</b>		<b>47,092</b>	<b>112,870</b>	<b>12,376</b>	<b>126,937</b>	<b>45,401</b>
Total special accounts 2011-12 estimate actual		45,207	97,921	18,068	114,104	47,092

### **3.1.3 Australian Government Indigenous Expenditure**

APRA does not have any Australian Government Indigenous Expenditure.

## **3.2 Budgeted financial statements**

### **3.2.1 Differences in agency resourcing and financial statements**

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

### **3.2.2 Analysis of budgeted financial statements**

While the departmental comprehensive income statement (Table 3.2.1) indicates only marginal change, year on year, in available appropriation revenue, the 2011-12 result is inflated by \$3.6 million in over collected levies. Net underlying funding has increased from \$111.2 million in 2011-12 to \$115.2 million in 2012-13, reflecting the Government's measure to sustain the capacity of APRA.

Employee expenses of \$88.2 million support an average staffing level (ASL) of 613 (606 in 2011-12). The additional staffing will enable APRA to maintain the current intensity of its supervisory and prudential policy activities, improve its crisis readiness and implement the *Stronger Super – MySuper* measure.

Supplier costs in 2012-13 take into account savings on premises leasing costs and reductions in technology, travel and property expenditures in line with whole-of-government requirements.

The budgeted departmental balance sheet (Table 3.2.2) shows that APRA will maintain sufficient financial assets to meet all known employee and supplier commitments as and when they fall due.

Non-financial asset balances will increase by \$6.5 million in 2012-13 mainly reflecting reinvestment in core supervision and information management systems. Further investment in key statistical data collection, analytical capability and corporate infrastructure will see APRA's non-financial assets peak at \$30 million in 2015-16.

Contributed equity will increase by \$4.8 million in 2012-13 and a further \$4.4 million over the forward estimates in support of APRA's infrastructure investment plans.

Retained surpluses are set to maintain general reserves at a level sufficient to accommodate unforeseen business needs that may arise from supervision of at-risk institutions.

The budgeted departmental statement of cash flows (Table 3.2.3) reflects the source and application of appropriations and other revenue, as detailed in Table 3.2.1.

Table 3.2.4 shows the expected change in equity from 2011-12 to 2012-13. The only change is the injection of capital to support APRA's infrastructure investment plan.

The departmental capital budget statement (Table 3.2.5) indicates APRA's capital needs will be partly met by equity injections of \$9.2 million over three years, reflecting approved 2012-13 and 2013-14 measures, and partly by internally generated resources. The planned movement of fixed assets and intangibles between 2011-2012 and 2012-13 is shown in Table 3.2.6.

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

The Government has approved the collection of levies totalling \$467.2 million over six years, starting with \$121.5 million in 2012-13, to support the *Stronger Super – SuperStream* initiative being implemented by the ATO.

Administration of claims for early release of superannuation benefits on compassionate grounds was transferred from APRA to the Department of Human Services (DHS) in late 2011. As a result, costs assessed at \$4.2 million in 2012-13 are included in the 2012-13 financial sector levies collection and will be retained by Government to fund DHS for this function. APRA's funding has been reduced commensurately.

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

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

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	86,801	88,200	89,414	93,766	99,195
Supplier	27,530	26,971	24,953	24,087	25,360
Depreciation and amortisation	5,207	5,265	7,799	7,543	5,800
<b>Total expenses</b>	<b>119,538</b>	<b>120,436</b>	<b>122,166</b>	<b>125,396</b>	<b>130,355</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	3,763	4,160	4,160	4,160	4,160
Other revenue	769	1,050	1,050	1,050	1,050
<b>Total revenue</b>	<b>4,532</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>
<b>Total own-source income</b>	<b>4,532</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>	<b>5,210</b>
<b>Net cost of (contribution by) services</b>	<b>115,006</b>	<b>115,226</b>	<b>116,956</b>	<b>120,186</b>	<b>125,145</b>
Appropriation revenue	114,769	115,226	116,956	120,186	125,145
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(237)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	44,740	43,049	43,798	43,790	43,790
Receivables	3,831	3,831	3,831	3,831	3,831
<b>Total financial assets</b>	48,571	46,880	47,629	47,621	47,621
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	6,411	4,451	3,468	3,091	4,234
Intangibles	11,168	19,629	24,133	24,626	23,483
Other	2,197	2,231	2,231	2,231	2,231
<b>Total non-financial assets</b>	19,776	26,311	29,832	29,948	29,948
<b>Total assets</b>	68,347	73,191	77,461	77,569	77,569
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	29,173	29,058	29,058	29,058	29,058
Other	2,125	2,167	2,167	2,167	2,167
<b>Total provisions</b>	31,298	31,225	31,225	31,225	31,225
<b>Payables</b>					
Suppliers	5,958	6,065	6,065	6,065	6,065
<b>Total payables</b>	5,958	6,065	6,065	6,065	6,065
<b>Total liabilities</b>	37,256	37,290	37,290	37,290	37,290
<b>Net assets</b>	31,091	35,901	40,171	40,279	40,279
<b>EQUITY</b>					
Contributed equity	7,469	12,279	16,549	16,657	16,657
Reserves	12,637	12,637	12,637	12,637	12,637
Retained surpluses or accumulated deficits	10,985	10,985	10,985	10,985	10,985
<b>Total equity</b>	31,091	35,901	40,171	40,279	40,279
<b>Current assets</b>	50,768	49,111	49,860	49,852	49,852
<b>Non-current assets</b>	17,579	24,080	27,601	27,717	27,717
<b>Current liabilities</b>	29,432	29,484	29,484	29,484	29,484
<b>Non-current liabilities</b>	7,825	7,806	7,806	7,806	7,806

Prepared on Australian Accounting Standards basis.



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

	Actual estimate 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	3,763	4,160	4,160	4,160	4,160
Appropriations	114,769	115,226	116,956	120,186	125,145
Other	816	1,050	1,050	1,050	1,050
<b>Total cash received</b>	<b>119,348</b>	<b>120,436</b>	<b>122,166</b>	<b>125,396</b>	<b>130,355</b>
<b>Cash used</b>					
Employees	83,763	88,200	89,414	93,766	99,195
Suppliers	27,603	26,971	24,953	24,087	25,360
<b>Total cash used</b>	<b>111,366</b>	<b>115,171</b>	<b>114,367</b>	<b>117,853</b>	<b>124,555</b>
<b>Net cash from or (used by) operating activities</b>	<b>7,982</b>	<b>5,265</b>	<b>7,799</b>	<b>7,543</b>	<b>5,800</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment/intangibles	5,000	11,766	11,320	7,659	5,800
<b>Total cash used</b>	<b>5,000</b>	<b>11,766</b>	<b>11,320</b>	<b>7,659</b>	<b>5,800</b>
<b>Net cash from or (used by) investing activities</b>	<b>(5,000)</b>	<b>(11,766)</b>	<b>(11,320)</b>	<b>(7,659)</b>	<b>(5,800)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	-	4,810	4,270	108	-
<b>Total cash received</b>	<b>-</b>	<b>4,810</b>	<b>4,270</b>	<b>108</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>-</b>	<b>4,810</b>	<b>4,270</b>	<b>108</b>	<b>-</b>
<b>Net increase (or decrease) in cash held</b>	<b>2,982</b>	<b>(1,691)</b>	<b>749</b>	<b>(8)</b>	<b>-</b>
Cash at the beginning of the reporting period	41,758	44,740	43,049	43,798	43,790
<b>Cash at the end of the reporting period</b>	<b>44,740</b>	<b>43,049</b>	<b>43,798</b>	<b>43,790</b>	<b>43,790</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	10,985	6,637	6,000	7,469	31,091
<b>Adjusted opening balance</b>	10,985	6,637	6,000	7,469	31,091
<b>Comprehensive income</b>					
Surplus (deficit) for the period	-	-	-	-	-
<b>Total comprehensive income recognised directly in equity</b>	-	-	-	-	-
<b>Transactions with owners</b>					
Equity Injection	-	-	-	4,810	4,810
<b>Estimated closing balance as at 30 June 2013</b>	10,985	6,637	6,000	12,279	35,901

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	4,810	4,270	108	-
<b>Total new capital appropriations</b>	-	4,810	4,270	108	-
<b>Provided for:</b>					
Purchase of non-financial assets	-	4,810	4,270	108	-
<b>Total Items</b>	-	4,810	4,270	108	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	4,810	4,270	108	-
Funded internally from departmental resources	5,000	6,956	7,050	7,551	5,800
<b>TOTAL</b>	5,000	11,766	11,320	7,659	5,800
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	5,000	11,766	11,320	7,659	5,800
<b>Total cash used to acquire assets</b>	5,000	11,766	11,320	7,659	5,800

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Other, infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2012</b>			
Gross book value	9,935	26,752	36,687
Accumulated depreciation/amortisation and impairment	3,524	15,584	19,108
<b>Opening net book balance</b>	<b>6,411</b>	<b>11,168</b>	<b>17,579</b>
<b>Capital asset additions</b>			
By purchase - other	1,570	10,196	11,766
<b>Total additions</b>	<b>1,570</b>	<b>10,196</b>	<b>11,766</b>
<b>Other movements</b>			
Depreciation/amortisation expense	3,530	1,735	5,265
<b>Total other movements</b>	<b>3,530</b>	<b>1,735</b>	<b>5,265</b>
<b>As at 30 June 2013</b>			
Gross book value	11,505	36,948	48,453
Accumulated depreciation/amortisation and impairment	7,054	17,319	24,373
<b>Closing net book balance</b>	<b>4,451</b>	<b>19,629</b>	<b>24,080</b>

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Waivers and write-offs	963	-	-	-	-
<b>Total expenses administered on behalf of government</b>	963	-	-	-	-
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other sources of non-taxation					
<i>Financial Institutions Supervisory</i>					
<i>Levies Collection Act 1998</i>	129,905	269,818	262,207	233,933	225,117
<b>Total non-taxation revenue</b>	129,905	269,818	262,207	233,933	225,117
<b>Total revenues administered on behalf of Government</b>	129,905	269,818	262,207	233,933	225,117
<b>Total own-sourced income administered on behalf of Government</b>	129,905	269,818	262,207	233,933	225,117
<b>Net Cost of (contribution by) services</b>	(128,942)	(269,818)	(262,207)	(233,933)	(225,117)
<b>Surplus (Deficit)</b>	128,942	269,818	262,207	233,933	225,117

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash - Financial Claims Scheme special account	354	354	-	-	-
Receivables	-	-	-	-	-
<b>Total financial assets</b>	354	354	-	-	-
<b>Total assets administered on behalf of government</b>	354	354	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash or equivalents received</b>					
Transfer from Official Public Account	-	-	-	-	-
Administered revenue	129,905	269,818	262,207	233,933	225,117
<b>Total cash or equivalents received</b>	129,905	269,818	262,207	233,933	225,117
<b>Cash or equivalents used</b>					
Cash to Official Public Account	128,942	269,818	262,207	233,933	225,117
Administered expenses	963	-	-	-	-
<b>Total cash or equivalents used</b>	129,905	269,818	262,207	233,933	225,117
<b>Net cash or equivalents from or (used by) operating activities</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

### **3.2.4 Notes to the financial statements**

#### **Basis of accounting**

The financial statements have been prepared on an accrual basis in accordance with historical cost convention.

#### **Budgeted departmental statement of financial performance**

##### **Revenues from Government**

APRA is funded by appropriation to its special account for levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported by APRA is net of the levies retained in the OPA to fund ASIC for consumer protection and market integrity functions, the ATO for superannuation administration, unclaimed moneys and lost member functions and the DHS for administration of early release of superannuation benefits on compassionate grounds.

##### **Other revenue**

Revenue from rendering of specific services is recognised by reference to the stage of completion of contracts or other agreements. Revenue from licence fees is recognised on receipt of the application and licence fee.

##### **Depreciation and amortisation**

APRA's depreciation expense is applied to supporting the capital program that aims to maintain APRA's processes and infrastructure at an appropriate standard.

#### **Budgeted departmental statement of financial position**

##### **Financial assets**

Receivables include levies invoiced but still outstanding at the financial year-end and accrued revenues, being fees prorated over the periods to which they relate.

All accounts receivable are recorded at their estimated recoverable amount.

##### **Non-financial assets**

Non-financial assets include leasehold improvements, furniture and fittings, computer hardware and office equipment. All of the foregoing assets are shown at fair value. Intangible assets comprise capitalised software, including works in progress and are shown at cost. APRA does not own any land or buildings.

Other non-financial assets include prepayments.

##### **Provisions and payables**

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making good leased premises and payments to trade creditors.

## **Equity**

The opening balance of contributed equity includes the net value of assets and liabilities transferred from the Reserve Bank of Australia and the Insurance and Superannuation Commission on the formation of APRA on 1 July 1998, less an amount of \$2.1 million returned to the Consolidated Revenue Fund as a return of unused appropriation in 2004-05.

## **Budgeted departmental statement of cash flows**

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

## **Schedule of budgeted revenues and expenses administered on behalf of Government**

### **Revenues**

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

### **Write down and impairment of assets**

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

## **Schedule of budgeted assets and liabilities administered on behalf of Government**

### **Financial assets**

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

### **Schedule of budgeted administered cash flows**

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





# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

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

ASIC's objectives, as set out in the *Australian Securities and Investments Commission Act 2001* are to:

- maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
- promote the confident and informed participation of investors and consumers in the financial system;
- administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements;
- receive, process and store, efficiently and quickly, the information given to ASIC under the laws that confer functions and powers on it;
- ensure that information is available as soon as practicable for access by the public; and
- take whatever action it can take, and is necessary, in order to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC's areas of regulatory responsibility include consumer protection and market integrity in the financial services sector, investment management (including superannuation), capital markets (including primary and secondary capital markets), corporations and their auditors and liquidators, and oversight of the Australian Stock Exchange.

ASIC also operates a major public register function that provides information about Australia's 1.9 million companies, financial services licensees and other professionals registered with ASIC.

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

ASIC will continue to focus on the following priorities:

- confident and informed investors and financial consumers;
- fair and efficient financial markets; and
- efficient registration and licensing.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for ASIC.

**Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2012-13 as at Budget May 2012**

	Estimate of prior year amounts available in <sup>+</sup> 2012-13 \$'000	Proposed at Budget <sup>=</sup> 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	54,360 <sup>5</sup>	-	54,360	-
Departmental appropriation <sup>3</sup>	-	363,674 <sup>1</sup>	363,674	387,550
Receipts from other sources (s31)	-	3,536 <sup>4</sup>	3,536	22,746
<b>Total departmental</b>	54,360	367,210	421,570	410,296
<b>Administered expenses</b>				
Outcome 1 - Assetless Administration fund	-	3,566 <sup>1</sup>	3,566	3,471
<b>Total administered</b>	-	3,566	3,566	3,471
<b>Total ordinary annual services</b>	<b>A</b> 54,360	370,776	425,136	413,767
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	-	13,934 <sup>2</sup>	13,934	6,462
<b>Total other services</b>	<b>B</b> -	13,934	13,934	6,462
<b>Total available annual appropriations (A+B)</b>	54,360	384,710	439,070	420,229
<b>Special appropriations</b>				
<i>Banking Act 1959</i>	-	39,693	39,693	36,416
<i>Life Insurance Act 1995</i>	-	4,115	4,115	3,775
<b>Total special appropriations</b>	<b>C</b> -	43,808	43,808	40,191
<b>Total appropriations excluding special accounts (A+B+C)</b>	54,360	428,518	482,878	460,420

**Table 1.1: Australian Securities and Investments Commission 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
<b>Special accounts</b>				
Opening balance <sup>6</sup>	40,452	-	40,452	99,729
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to special accounts	-	109,000	109,000	52,508
<b>Total special account</b>	<b>40,452</b>	<b>139,000</b>	<b>179,452</b>	<b>182,237</b>
<b>Total resourcing (A+B+C+D)</b>	<b>94,812</b>	<b>567,518</b>	<b>662,330</b>	<b>642,657</b>
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
<b>Total net resourcing for ASIC</b>	<b>94,812</b>	<b>537,518</b>	<b>632,330</b>	<b>612,657</b>

1. Appropriation Bill (No. 1) 2012-13.
2. Appropriation Bill (No. 2) 2012-13.
3. Includes \$15.8 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).
4. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
5. Estimated adjusted balance carried from previous year for annual appropriations.
6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

### 1.3 BUDGET MEASURES

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

**Table 1.2: Australian Securities and Investments Commission 2012-13 Budget measures**

Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Expense measures</b>					
Australian Securities and Investments Commission					
- enhanced market supervision	1.1	- 12,327	5,451	4,596	5,040
- operational funding	1.1	- 15,500	28,800	28,800	28,800
Future of Financial Advice Reform	1.1	- 3,147	7,678	6,650	5,364
Insolvency practitioners - modernisation and harmonisation of the regulatory framework	1.1	- 1,063	1,487	1,203	1,214
Stronger Super - self managed superannuation funds auditor registration	1.1	- 2,069	1,273	1,168	1,176

**Table 1.2: Australian Securities and Investments Commission 2012-13 Budget measures (continued)**

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Expense measures (continued)</b>						
Tax compliance – maintaining the cross agency approach to preventing abuse of secrecy jurisdictions (Project Wickenby)	1.1	-	-	702	603	-
<b>Total expense measures</b>		-	34,106	45,391	43,020	41,594
<b>Related capital</b>						
Australian Securities and Investments Commission - enhanced market supervision	1.1	-	2,217	7,673	5,950	441
Future of Financial Advice Reform	1.1	-	1,038	-	-	-
Insolvency practitioners - modernisation and harmonisation of the regulatory framework	1.1	-	5,257	1,200	-	-
Stronger Super - self managed superannuation funds auditor registration	1.1	-	5,034	-	-	-
<b>Total related capital</b>		-	13,546	8,873	5,950	441
<b>Related revenue</b>						
Australian Securities and Investments Commission - enhanced market supervision	1.1	-	1,465	6,952	9,418	15,168
Future of Financial Advice Reform	1.1	-	4,021	10,418	5,304	5,304
Insolvency practitioners - modernisation and harmonisation of the regulatory framework	1.1	-	6,350	3,717	2,704	2,797
Stronger Super - self managed superannuation funds auditor registration	1.1	-	(496)	37	(163)	(150)
<b>Total related revenue</b>		-	11,340	21,124	17,263	23,119

Prepared on a Government Finance Statistics (fiscal) basis.

## 1.4 CHANGES TO THE PROGRAM STRUCTURE

The following table outlines changes to ASIC's outcome and program structure since the 2011-12 Budget.

**Figure 2: Transition Table**

### Comparison of ASIC's Outcome and Programs for 2011-12 and 2012-13

2011-12 Budget year	2012-13 Budget year
<p>Outcome 1 : Improved confidence in financial market integrity and protection of investors and consumers through research, policy education, compliance and deterrence that mitigates emerging risks</p>	<p>Outcome 1 : Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems</p>
<p>Program 1.1: Research, policy, compliance, education and information initiatives</p>	<p>Program 1.1: Australian Securities and Investments Commission</p>
<p><b>Departmental Items:</b> Program Support P 1.1</p>	<p><b>Departmental Items:</b> Program Support P 1.1 and P 1.2</p>
<p>Program 1.2: Enforcement / deterrence</p>	<p><b>Administered Items:</b> Assetless Administration Fund P 1.2</p>
<p><b>Departmental items:</b> Program Support P 1.1</p> <p><b>Administered Items</b> Assetless Administration Fund P 1.1</p>	<p>Program 2.2: <i>Banking Act 1959</i> and <i>Life Insurance Act 1959</i>, Unclaimed Moneys and Special accounts</p> <p><b>Administered Items:</b> Special Appropriation - <i>Banking Act 1959</i> - Banking Unclaimed Moneys P 2.2</p> <p>Special appropriation <i>Life Insurance Act 1995</i> - Life Unclaimed Moneys P 2.2</p> <p>Special accounts P 1.1 and P 1.2</p>
<p>Outcome 2 : Streamlined and cost-effective interaction and access to information for business and the public, through registry, licencing and business facilitation services.</p>	
<p>Program 2.1: Legal infrastructure for Companies and financial services providers</p>	
<p><b>Departmental items:</b> Legal infrastructure for companies and financial services providers P 1.2</p>	
<p>Program 2.2: <i>Banking Act 1959</i> and <i>Life Insurance Act 1959</i>, Unclaimed Moneys and Special accounts</p>	
<p><b>Administered Items:</b> Special Appropriation - <i>Banking Act 1959</i> - Banking Unclaimed Moneys P 1.2</p> <p>Special appropriation <i>Life Insurance Act 1995</i> - Life Unclaimed Moneys P 1.2</p> <p>Special accounts P 1.2</p>	

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

**Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems**

#### **Outcome 1 strategy**

The strategy under Outcome 1 focuses on:

- confident and informed investors and financial consumers, focusing on education, holding gatekeepers to account, and consumer behaviour;
- fair and efficient financial markets through our role in market supervision, market competition and corporate governance; and
- efficient registration and licensing with a focus on small business.



## Outcome 1 Budgeted resources

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

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

	2011-12	2012-13
<b>Outcome 1:</b> Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Program 1.1: Australian Securities and Investments Commission</b>		
Departmental expenses		
Departmental appropriation	347,697	350,438
Expenses not requiring appropriation in the budget year	43,857	45,461
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,471	3,566
Expenses not requiring appropriation in the budget year	32,760	34,090
<b>Total for Program 1.1</b>	<b>427,785</b>	<b>433,555</b>
<b>Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts</b>		
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	36,416	39,693
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	3,775	4,115
<b>Total for Program 1.2</b>	<b>40,191</b>	<b>43,808</b>
<b>Outcome 1 totals by appropriation type</b>		
Departmental expenses		
Departmental appropriation	347,697	350,438
Expenses not requiring appropriation in the budget year	43,857	45,461
Administered expenses		
Special appropriations	40,191	43,808
Ordinary annual services (Appropriation Bill No. 1)	3,471	3,566
Expenses not requiring appropriation in Budget year	32,760	34,090
<b>Total expenses for Outcome 1</b>	<b>467,976</b>	<b>477,363</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	1,851	1,820

## Contributions to Outcome 1

### Program 1.1: Australian Securities and Investments Commission

#### Program 1.1 objective

Program 1.1 contributes to Outcome 1 by improving industry behaviour where market integrity and consumer confidence are most at risk, and by helping consumers and retail investors make well-informed decisions in the financial economy, through engagement with industry and stakeholders, surveillance, guidance, education, deterrence activities (for example, enforcement action) and policy advice.

Program 1.1 also seeks to improve ASIC’s registry and stakeholder services by developing initiatives for business and consumer stakeholders to:

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

### Program 1.1 expenses

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

**Table 2.2: Program 1.1 expenses**

	2011-12 Revised budget \$'000	2012-13 Budget estimate \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	391,554	395,899	393,268	384,267	376,296
Annual administered expenses:					
Ordinary annual services	3,471	3,566	3,568	3,598	3,633
Expenses not requiring appropriation	32,760	34,090	34,499	34,913	35,332
<b>Total program expenses</b>	<b>427,785</b>	<b>433,555</b>	<b>431,335</b>	<b>422,778</b>	<b>415,261</b>

### Program 1.1 deliverables

#### Improving industry behaviour

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

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

#### Ensuring investors and financial consumers are informed and confident

Investor and financial consumer programs are designed to:

- educate investors and promote information about risk, reward and diversification so that they can make informed investment decisions;
- hold people with a trusted role in our financial system (gatekeepers such as auditors, directors, advisers, custodians, product manufacturers and distributors,

market operators and participants) to account if they are not meeting their obligations; and

- recognise how investors and financial consumers make decisions.

### **Ensuring fair and efficient financial markets**

These programs focus on ASIC's role in market supervision, market competition and promoting good corporate governance to ensure fair and efficient financial markets.

### **Registry and licensing services**

Programs are designed to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate register and licensing systems; and
- improve public access to information about registered and licensed entities.
- In addition to these programs ASIC achieves its objectives through a number of business as usual activities including enforcement/deterrence, improving stakeholder services and facilitating business.

### **Enforcement / deterrence**

Deterrence activities are designed to:

- investigate suspect conduct and take appropriate and timely criminal, civil or administrative action, especially where market integrity and consumers and retail investors are most at risk;
- create community confidence that the law is being effectively enforced;
- communicate clearly about ASIC's enforcement approach and outcomes to improve industry understanding and drive behavioural change in key risk areas; and
- encourage industry participation in enhanced standards of behaviour (alleviating the need for additional regulation).
- ASIC finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets that have been selected by ASIC, where it appears that enforcement action may result from the investigations and reports. A particular focus of the Assetless Administration Fund is to curb fraudulent phoenix activity.

### **Stakeholder services**

Activities are designed to:

- improve service delivery to better meet stakeholder needs;
- take prompt and appropriate regulatory action on reports of misconduct;
- provide accurate information and assistance to the public; and
- provide accurate and useful information to industry stakeholders about the regulatory system and its administration by ASIC.

### **Facilitating business**

Activities are designed to:

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

### **Program 1.1 key performance indicators**

ASIC has the following key performance indicators:

- improved confidence in market integrity;
- improvements in quality and availability of financial advice;
- improvements in overall financial literacy levels;
- improvements in retail investor and financial consumer perception of information received about products and services;
- improvements in conduct of market participants and corporates;
- clear alignment between ASIC enforcement actions and key risk areas;
- improved stakeholder perceptions of how ASIC deals with people who do not comply with the law;
- improved effectiveness and efficiency of registry and licensing services;
- improved stakeholder satisfaction with ASIC's corporate register and other stakeholder services; and
- ASIC's regulatory system not being seen as a major barrier to inward and outward capital flows.

**Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts**

**Program 1.2 objective**

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

**Program 1.2 expenses**

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

**Table 2.3: Program 1.2 expenses**

	2011-12 Revised budget \$'000	2012-13 Budget estimate \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual administered expenses:					
Special appropriations	40,191	43,808	47,750	52,048	56,731
<b>Total program expenses</b>	<b>40,191</b>	<b>43,808</b>	<b>47,750</b>	<b>52,048</b>	<b>56,731</b>

**Program 1.2 deliverables**

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

**Program 1.2 key performance indicators**

ASIC has the following key performance indicators:

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

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 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, special accounts and Australian Government indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

ASIC has not moved any administered funds between years.

#### 3.1.2 Special accounts

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

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

		Opening balance <b>2012-13</b> 2011-12	Receipts non- appropriated <b>2012-13</b> 2011-12	Receipts appropriated <b>2012-13</b> 2011-12	Payments <b>2012-13</b> 2011-12	Closing balance <b>2012-13</b> 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
ASIC Deregistered Companies						
Trust Moneys Special Account (D)	1	- 774	<b>1,000</b> 1,000	- -	<b>1,000</b> 1,774	- -
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (D)	1	<b>10,500</b> 68,700	- 1,508	- -	<b>10,500</b> 59,708	- 10,500
ASIC Security Deposits Special Account (D)	1	- 303	- -	- -	- 303	- -
Companies and Unclaimed Moneys Special Account(A)	1	<b>25,458</b> 25,458	<b>108,000</b> 50,000	- -	<b>108,000</b> 50,000	<b>25,458</b> 25,458
Enforcement Special Account (D)	1	<b>4,494</b> 4,494	- -	<b>30,000</b> 30,000	<b>30,000</b> 30,000	<b>4,494</b> 4,494
Other Trust Moneys Account (D)	1	- -	- -	- -	- -	- -
<b>Total special accounts 2012-13 Budget estimate</b>		<b>40,452</b>	<b>109,000</b>	<b>30,000</b>	<b>149,500</b>	<b>29,952</b>
Total special accounts 2011-12 estimate actual		99,729	52,508	30,000	141,785	40,452

(A) = Administered.

(D) = Departmental.

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

	Appropriations				Other	Total	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
<b>Australian Securities and Investments Commission</b>							
<b>Departmental 2012-13</b>	<b>950</b>	-	-	<b>950</b>	-	<b>950</b>	<b>1.1</b>
<i>Departmental 2011-12</i>	<i>699</i>	-	-	<i>699</i>	-	<i>699</i>	<i>1.1</i>

## 3.2 BUDGETED FINANCIAL STATEMENTS

### 3.2.1 Differences in agency resourcing and financial statements

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

### 3.2.2 Analysis of budgeted financial statements

#### Budgeted departmental income statement

ASIC is currently budgeting for a break-even operating result for 2012-13 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses

Total revenue and expenses (excluding depreciation) are estimated to be \$352.7 million for 2012-13. The expenditure will be used to fund activities that contribute towards achieving the outcome and program objectives outlined in Section 2.

#### Budgeted departmental balance sheet

This statement shows the financial position of ASIC. It helps decision-makers to track the management of ASIC's assets and liabilities.

ASIC's budgeted equity (or net asset position) for 2012-13 is \$149.3 million.

The 2012-13 equity position reflects the cumulative effect of capital injections of \$29.7 million received during 2012-13.

#### Budgeted departmental statement of cash flows

The budgeted statement of cash flows provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

#### Departmental statement of changes in equity — summary of movement

This statement shows the changes in the equity position of ASIC. It helps decision-makers to track the management of ASIC's equity.

### **Departmental Capital Budget statement**

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

### **Statement of asset movements — departmental**

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

### **Schedule of administered activity**

#### **Schedule of budgeted income and expenses administered on behalf of government**

The schedule of budgeted income and expenses administered on behalf of government shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001* and ASIC's responsibilities in administering unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Other non-taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001* and estimated receipts of unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Expenses represent budgeted payments of unclaimed moneys, refund of overpaid fees and charges levied under the *Corporations Act 2001*, bad debt expense and payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct.

#### **Schedule of budgeted assets and liabilities administered on behalf of government**

The amount shown for receivables in 2012-13 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2012-13 and the forward estimates represent the estimated amount of refunds relating to the overpayments of annual review and other fees under the *Corporations Act 2001*.

#### **Schedule of budgeted administered cash flows**

Budgeted administered cash flows provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.



### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)  
(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
<b>EXPENSES</b>					
Employee benefits	222,984	228,869	224,953	217,839	220,669
Supplier	124,213	121,069	127,112	132,695	126,382
Finance costs	500	500	500	500	500
Depreciation and amortisation	43,857	45,461	40,703	33,233	28,745
<b>Total expenses</b>	<b>391,554</b>	<b>395,899</b>	<b>393,268</b>	<b>384,267</b>	<b>376,296</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	3,394	2,765	2,688	2,704	2,782
Other revenue	24,055	771	835	840	865
<b>Total revenue</b>	<b>27,449</b>	<b>3,536</b>	<b>3,523</b>	<b>3,544</b>	<b>3,647</b>
<b>Gains</b>					
Other	172	172	172	172	172
<b>Total gains</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>
<b>Total own-source income</b>	<b>27,621</b>	<b>3,708</b>	<b>3,695</b>	<b>3,716</b>	<b>3,819</b>
<b>Net cost of (contribution by) services</b>	<b>363,933</b>	<b>392,191</b>	<b>389,573</b>	<b>380,551</b>	<b>372,477</b>
Appropriation revenue	322,926	349,020	351,160	349,608	346,022
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(41,007)</b>	<b>(43,171)</b>	<b>(38,413)</b>	<b>(30,943)</b>	<b>(26,455)</b>
<b>Note: Impact of net cash appropriation arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2015-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	560	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(41,567)	(43,171)	(38,413)	(30,943)	(26,455)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(41,007)</b>	<b>(43,171)</b>	<b>(38,413)</b>	<b>(30,943)</b>	<b>(26,455)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	1,593	1,833	2,987	2,987	2,987
Trade and other receivables	70,816	67,512	61,646	60,173	61,535
<b>Total financial assets</b>	<b>72,409</b>	<b>69,345</b>	<b>64,633</b>	<b>63,160</b>	<b>64,522</b>
<b>Non-financial assets</b>					
Land and buildings	57,060	52,893	48,450	43,659	45,911
Infrastructure, plant and equipment	26,153	28,242	25,535	23,358	28,714
Intangibles	129,543	116,934	111,394	101,205	90,283
Other	4,756	4,851	4,948	5,047	5,148
<b>Total non-financial assets</b>	<b>217,512</b>	<b>202,920</b>	<b>190,327</b>	<b>173,269</b>	<b>170,056</b>
<b>Total assets</b>	<b>289,921</b>	<b>272,265</b>	<b>254,960</b>	<b>236,429</b>	<b>234,578</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	50,174	46,963	47,145	47,387	50,066
Other	9,644	10,104	10,604	10,854	11,354
<b>Total provisions</b>	<b>59,818</b>	<b>57,067</b>	<b>57,749</b>	<b>58,241</b>	<b>61,420</b>
<b>Payables</b>					
Suppliers	31,817	35,481	32,701	32,699	32,316
Other	35,547	30,425	25,618	21,214	17,591
<b>Total payables</b>	<b>67,364</b>	<b>65,906</b>	<b>58,319</b>	<b>53,913</b>	<b>49,907</b>
<b>Total liabilities</b>	<b>127,182</b>	<b>122,973</b>	<b>116,068</b>	<b>112,154</b>	<b>111,327</b>
<b>Net assets</b>	<b>162,739</b>	<b>149,292</b>	<b>138,892</b>	<b>124,275</b>	<b>123,251</b>
<b>EQUITY</b>					
Contributed equity	208,672	238,396	266,409	282,735	308,166
Reserves	6,473	6,473	6,473	6,473	6,473
Retained surpluses or accumulated deficits	(52,406)	(95,577)	(133,990)	(164,933)	(191,388)
<b>Total equity</b>	<b>162,739</b>	<b>149,292</b>	<b>138,892</b>	<b>124,275</b>	<b>123,251</b>
<b>Current assets</b>	<b>77,165</b>	<b>74,196</b>	<b>69,581</b>	<b>68,207</b>	<b>69,670</b>
<b>Non-current assets</b>	<b>212,756</b>	<b>198,069</b>	<b>185,379</b>	<b>168,222</b>	<b>164,908</b>
<b>Current liabilities</b>	<b>64,292</b>	<b>65,033</b>	<b>61,076</b>	<b>59,788</b>	<b>60,168</b>
<b>Non-current liabilities</b>	<b>62,890</b>	<b>57,940</b>	<b>54,992</b>	<b>52,366</b>	<b>51,159</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	3,091	2,765	2,688	2,704	2,782
Appropriations	327,834	351,888	355,890	350,306	344,660
GST received	13,373	12,555	15,986	15,309	15,608
Other	19,655	771	835	840	865
<b>Total cash received</b>	<b>363,953</b>	<b>367,979</b>	<b>375,399</b>	<b>369,159</b>	<b>363,915</b>
<b>Cash used</b>					
Employees	237,721	232,080	224,771	217,597	217,990
Suppliers	127,337	122,014	133,488	136,253	130,317
GST Paid	13,373	12,555	15,986	15,309	15,608
Borrowing costs	-	40	-	250	-
<b>Total cash used</b>	<b>378,431</b>	<b>366,689</b>	<b>374,245</b>	<b>369,409</b>	<b>363,915</b>
<b>Net cash from or (used by) operating activities</b>	<b>(14,478)</b>	<b>1,290</b>	<b>1,154</b>	<b>(250)</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	53,771	30,774	28,013	16,076	25,431
<b>Total cash used</b>	<b>53,771</b>	<b>30,774</b>	<b>28,013</b>	<b>16,076</b>	<b>25,431</b>
<b>Net cash from or (used by) investing activities</b>	<b>(53,771)</b>	<b>(30,774)</b>	<b>(28,013)</b>	<b>(16,076)</b>	<b>(25,431)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	65,108	29,724	28,013	16,326	25,431
<b>Total cash received</b>	<b>65,108</b>	<b>29,724</b>	<b>28,013</b>	<b>16,326</b>	<b>25,431</b>
<b>Net cash from or (used by) financing activities</b>	<b>65,108</b>	<b>29,724</b>	<b>28,013</b>	<b>16,326</b>	<b>25,431</b>
<b>Net increase or (decrease) in cash held</b>	<b>(3,141)</b>	<b>240</b>	<b>1,154</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	4,734	1,593	1,833	2,987	2,987
<b>Cash at the end of the reporting period</b>	<b>1,593</b>	<b>1,833</b>	<b>2,987</b>	<b>2,987</b>	<b>2,987</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	(52,406)	6,473	-	208,672	162,739
<b>Adjusted opening balance</b>	(52,406)	6,473	-	208,672	162,739
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(43,171)	-	-	-	(43,171)
<b>Total comprehensive income recognised directly in equity</b>	(43,171)	-	-	-	(43,171)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	13,934	13,934
Appropriation (departmental capital budget)	-	-	-	15,790	15,790
<b>Total transactions with owners</b>	-	-	-	29,724	29,724
<b>Estimated closing balance as at 30 June 2013</b>	(95,577)	6,473	-	238,396	149,292

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	6,462	13,934	9,180	5,950	441
Equity injections - Bill 2	58,646	15,790	18,833	10,376	24,990
<b>Total new capital appropriations</b>	65,108	29,724	28,013	16,326	25,431
<b>Provided for:</b>					
Purchase of non-financial assets	53,211	29,724	28,013	16,326	25,431
Other items	11,897	-	-	-	-
<b>Total Items</b>	65,108	29,724	28,013	16,326	25,431
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	11,465	13,934	9,180	5,950	441
Funded by capital appropriation - DCB	41,746	15,750	18,833	10,126	24,990
Funded internally from departmental resources	560	1,090	-	-	-
<b>TOTAL</b>	53,771	30,774	28,013	16,076	25,431
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	53,771	30,774	28,013	16,076	25,431
<b>Total cash used to acquire assets</b>	53,771	30,774	28,013	16,076	25,431

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
<b>As at 1 July 2012</b>				
Gross book value	89,485	56,173	204,582	350,240
Accumulated depreciation/amortisation and impairment	32,425	30,020	75,039	137,484
<b>Opening net book balance</b>	<b>57,060</b>	<b>26,153</b>	<b>129,543</b>	<b>212,756</b>
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services	2,960	7,591	20,223	30,774
<b>Total asset additions</b>	<b>2,960</b>	<b>7,591</b>	<b>20,223</b>	<b>30,774</b>
<b>Other movements</b>				
Depreciation/amortisation expense	7,127	5,502	32,832	45,461
<b>Total other movements</b>	<b>7,127</b>	<b>5,502</b>	<b>32,832</b>	<b>45,461</b>
<b>As at 30 June 2013</b>				
Gross book value	92,445	63,764	224,805	381,014
Accumulated depreciation/amortisation and impairment	39,552	35,522	107,871	182,945
<b>Closing net book balance</b>	<b>52,893</b>	<b>28,242</b>	<b>116,934</b>	<b>198,069</b>

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
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	3,471	3,566	3,568	3,598	3,633
Write down and impairment of assets	32,760	34,090	34,499	34,913	35,332
Other	40,191	43,808	47,750	52,048	56,731
<b>Total expenses administered on behalf of government</b>	<b>76,422</b>	<b>81,464</b>	<b>85,817</b>	<b>90,559</b>	<b>95,696</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other sources of non-taxation revenues	731,657	773,312	795,958	807,123	829,173
<b>Total non-taxation revenue</b>	<b>731,657</b>	<b>773,312</b>	<b>795,958</b>	<b>807,123</b>	<b>829,173</b>
<b>Total own-source revenues administered on behalf of Government on behalf of government</b>	<b>731,657</b>	<b>773,312</b>	<b>795,958</b>	<b>807,123</b>	<b>829,173</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>731,657</b>	<b>773,312</b>	<b>795,958</b>	<b>807,123</b>	<b>829,173</b>
<b>Net Cost of (contribution by) services</b>	<b>(655,235)</b>	<b>(691,848)</b>	<b>(710,141)</b>	<b>(716,564)</b>	<b>(733,477)</b>
<b>Surplus (Deficit)</b>	<b>655,235</b>	<b>691,848</b>	<b>710,141</b>	<b>716,564</b>	<b>733,477</b>

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
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5,473	5,473	5,473	5,473	5,473
Receivables	97,317	96,946	96,306	95,520	94,646
<b>Total assets administered on behalf of government</b>	<b>102,790</b>	<b>102,419</b>	<b>101,779</b>	<b>100,993</b>	<b>100,119</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	1,084	1,084	1,084	1,084	1,084
Other payables	6,998	6,998	6,997	6,997	6,998
<b>Total liabilities administered on behalf of government</b>	<b>8,082</b>	<b>8,082</b>	<b>8,081</b>	<b>8,081</b>	<b>8,082</b>
<b>Net assets/(liabilities)</b>	<b>94,708</b>	<b>94,337</b>	<b>93,698</b>	<b>92,912</b>	<b>92,037</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Net GST received	316	324	324	327	330
Other	696,792	739,593	762,098	772,996	794,716
<b>Total cash received</b>	<b>697,108</b>	<b>739,917</b>	<b>762,422</b>	<b>773,323</b>	<b>795,046</b>
<b>Cash used</b>					
Grants	3,471	3,566	3,568	3,598	3,633
Other	40,191	43,808	47,750	52,048	56,731
Net GST paid	316	324	324	327	330
<b>Total cash used</b>	<b>43,978</b>	<b>47,698</b>	<b>51,642</b>	<b>55,973</b>	<b>60,694</b>
<b>Net cash from or (used by) operating activities</b>	<b>653,130</b>	<b>692,219</b>	<b>710,780</b>	<b>717,350</b>	<b>734,352</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	49,662	53,374	57,318	61,646	66,364
<b>Total cash received</b>	<b>49,662</b>	<b>53,374</b>	<b>57,318</b>	<b>61,646</b>	<b>66,364</b>
<b>Cash used</b>					
Cash to Official Public Account	700,486	745,593	768,098	778,996	800,716
<b>Total cash used</b>	<b>700,486</b>	<b>745,593</b>	<b>768,098</b>	<b>778,996</b>	<b>800,716</b>
<b>Net cash from or (used by) financing activities</b>	<b>(650,824)</b>	<b>(692,219)</b>	<b>(710,780)</b>	<b>(717,350)</b>	<b>(734,352)</b>
<b>Net increase or (decrease) in cash held</b>	<b>2,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	3,167	5,473	5,473	5,473	5,473
<b>Cash at end of reporting period</b>	<b>5,473</b>	<b>5,473</b>	<b>5,473</b>	<b>5,473</b>	<b>5,473</b>

Prepared on Australian Accounting Standards basis.

### 3.2.4 Notes to the financial statements

#### Basis of accounting

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

#### Budgeted agency financial statements

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

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include



employee and supplier expenses and other administrative costs which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Australian Government according to set government directions. Administered expenses and administered revenues include fees, fines and expenses that have been earmarked for a specific purpose by the Australian Government.

### **Appropriations in the accrual budgeting framework**

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

- departmental appropriations representing the Australian Government's purchase of programs from agencies;
- departmental capital appropriations for investments by the Australian Government for either additional equity or loans in agencies;
- administered expense appropriations for the estimated administered expenses relating to an existing outcome or a new outcome; and
- administered capital appropriations for increases in administered equity through funding non-expense administered payments.

### **Departmental**

#### **Asset valuation**

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

#### **Asset recognition threshold**

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition.

#### **Leases**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the lower of fair value or the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the income statement on a basis that is representative of the pattern of benefits derived from the lease assets.

### **Depreciation and amortisation**

Since 1 July 2011 all plant and equipment is depreciated over its estimated useful life using the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease. Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised.

### **Receivables**

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year-end.

Bad debts are written off during the year in which they are identified.

### **Provisions and payables**

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making good leased premises and lease incentives. No provision for sick leave is required as all sick leave is non-vesting.

### **Administered**

#### **Schedule of budgeted revenues and expenses administered on behalf of government**

##### **Revenues**

Non-taxation revenues are predominately comprised of *Corporations Act 2001* fees and charges, and collections of unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

##### **Write-down and impairment of assets**

Write-down and impairment of assets represents waivers and write-offs of corporations law fees.

**Schedule of budgeted assets and liabilities administered on behalf of government**

**Financial assets**

The financial assets include *Corporations Act 2001* debt invoiced and still outstanding at year-end.

**Schedule of budgeted administered cash flows**

All cash collected by ASIC for corporations law revenue is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed moneys and *Life Insurance Act 1995* unclaimed moneys is transferred to the OPA when received.



# AUSTRALIAN TAXATION OFFICE

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# AUSTRALIAN TAXATION OFFICE

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

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

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

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

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

In 2012-13, the ATO will focus on tailoring delivery as part of a balanced approach to support people willing to properly participate in the taxation and superannuation systems, and protect people and the community by deterring, detecting and dealing with those that do not comply.

The ATO's differentiation capability supports this approach, enabling the ATO to provide tailored assistance to businesses and individuals as well as to make refined risk-based choices to prioritise work.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the ATO.

**Table 1.1: Australian Taxation Office 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
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	354,607 <sup>5</sup>	-	354,607	-
Departmental appropriation <sup>3</sup>	-	3,333,657 <sup>1</sup>	3,333,657	3,277,508
Receipts from other sources (s31)	-	47,329 <sup>4</sup>	47,329	51,506
<b>Total departmental</b>	<b>354,607</b>	<b>3,380,986</b>	<b>3,735,593</b>	<b>3,329,014</b>
<b>Administered expenses</b>				
Outcome 1	-	4,286 <sup>1</sup>	4,286	537
<b>Total administered expenses</b>	<b>-</b>	<b>4,286</b>	<b>4,286</b>	<b>537</b>
<b>Total ordinary annual services</b>	<b>A 354,607</b>	<b>3,385,272</b>	<b>3,739,879</b>	<b>3,329,551</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	-	62,975 <sup>2</sup>	62,975	32,175
<b>Total other services</b>	<b>B -</b>	<b>62,975</b>	<b>62,975</b>	<b>32,175</b>
<b>Total available annual appropriations (A+B)</b>	<b>354,607</b>	<b>3,448,247</b>	<b>3,802,854</b>	<b>3,361,726</b>



**Table 1.1: Australian Taxation Office 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
<b>Special appropriations</b>				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	33,501	33,501	31,906
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil</i>	-	44,000	44,000	40,000
<i>Superannuation Guarantee (Administration) Act 1992 Taxation Administration Act 1953 - section 16 (Non-refund items)<sup>7</sup></i>	-	319,000	319,000	303,000
	-	8,809,219	8,809,219	8,419,620
<b>Total special appropriations</b>	<b>C</b>	<b>9,205,720</b>	<b>9,205,720</b>	<b>8,794,526</b>
<b>Total appropriations excluding special accounts</b>	<b>354,607</b>	<b>12,653,967</b>	<b>13,008,574</b>	<b>12,156,252</b>
<b>Special accounts</b>				
Opening balance <sup>6</sup>	86,862	-	86,862	-
Appropriation receipts	-	19,500	19,500	23,600
Non-appropriation receipts to special accounts	-	52,832	52,832	49,058
<b>Total special account</b>	<b>D</b>	<b>72,332</b>	<b>159,194</b>	<b>72,658</b>
<b>Total resourcing (A+B+C+D)</b>	<b>441,469</b>	<b>12,726,299</b>	<b>13,167,768</b>	<b>12,228,910</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	19,500	19,500	23,600
<b>Total net resourcing for the ATO</b>	<b>441,469</b>	<b>12,706,799</b>	<b>13,148,268</b>	<b>12,205,310</b>

1. Appropriation Bill (No. 1) 2012-13.
2. Appropriation Bill (No. 2) 2012-13.
3. Includes \$110.9 million in 2012-13 (\$137.8 million in 2011-12) for the Departmental Capital Budget (also refer to Table 3.2.5).
4. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
5. Estimated adjusted balance carried from previous year for annual appropriations.
6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.
7. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, low income superannuation contributions and research and development tax incentives. Estimated tax refund items for 2011-12 are \$87.8 billion (including \$90 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$90.6 billion for 2012-13 (including \$95 million paid via the ACS on the ATO's behalf).

### 1.3 BUDGET MEASURES

Budget measures relating to the ATO are detailed in Budget Paper No. 2, *Budget Measures 2012-13* and are summarised on the following pages.

**Table 1.2: Australian Taxation Office 2012-13 Budget measures**

		2011-12	2012-13	2013-14	2014-15	2015-16
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>						
Australia's civilian engagement in Afghanistan - an integrated whole-of-government approach - continuation						
Departmental expenses	1.1	-	-	-	-	-
Company tax cut - do not proceed						
Departmental expenses	1.1	-	(559)	(1,245)	-	-
Fringe benefits tax - further reform of living-away-from home allowances and benefits						
Departmental expenses	1.1	-	2,925	2,830	2,408	564
GST - compliance program - two year extension						
Departmental expenses	1.1	-	-	-	97,194	98,147
Official development assistance - Pacific Police Development Program - continuation						
Departmental expenses	1.1	-	-	-	-	-
Personal Income Tax						
- better targeting of the employment termination payment tax offset <sup>1</sup>						
Departmental expenses	1.1	2,907	5,345	261	111	-
- consolidate the dependency offsets into one						
Departmental expenses	1.1	-	2,387	103	104	-
- do not proceed with 50 per cent tax discount for interest income <sup>3</sup>						
Departmental expenses	1.1	-	(2,111)	(6,802)	(6,428)	(3,700)
Administered expenses	1.1	-	(1,988)	(3,665)	(50)	-
Administered expenses	1.14	-	(2,000)	(2,000)	(2,000)	(2,000)
- do not proceed with standard deduction <sup>3</sup>						
Departmental expenses	1.1	-	(1,800)	(12,720)	(26,482)	(19,300)
Administered expenses	1.1	-	-	(4,680)	(3,218)	-
Administered expenses	1.14	-	-	(2,000)	(6,000)	(6,000)
Spreading the Benefits of the Boom - company loss carry back						
Departmental expenses	1.1	-	3,954	3,321	1,228	720
Stronger Super						
- implementation of SuperStream reforms <sup>2</sup>						
Departmental expenses	1.1	18,275	62,736	91,195	71,249	58,221
Administered expenses	1.1	-	-	2,136	558	485

**Table 1.2: Australian Taxation Office 2012-13 Budget measures (continued)**

		2011-12	2012-13	2013-14	2014-15	2015-16	
	Program	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Expense measures</b>							
<b>(continued)</b>							
Stronger Super							
- self managed superannuation funds auditor registration <sup>1</sup>							
	Departmental expenses	1.1	4,451	1,353	1,220	1,038	1,047
Superannuation							
- deferral of higher concessional contributions cap							
	Departmental expenses	1.1	-	(20,620)	(15,017)	(2,521)	4,608
	Administered expenses	1.1	-	(2,125)	-	3,050	3,079
- reduction of higher tax concession for contributions of very high income earners							
	Departmental expenses	1.1	-	13,856	23,910	22,993	19,146
Tax compliance							
- maintaining the cross agency approach to preventing abuse of secrecy jurisdictions (Project Wickenby)							
	Departmental expenses	1.1	-	-	29,347	18,092	-
	Administered expenses	1.1	-	-	351	254	-
- managing tax debt in challenging times: a balanced and differentiated approach							
	Departmental expenses	1.1	-	37,600	30,300	27,100	11,000
Australian Business Register - towards a better business future							
	Departmental expenses	1.3	-	23,318	13,765	13,268	12,928
Australian Screen Production Incentive – Producer Offset – defining a documentary							
	Administered expenses	1.8	-	-	-	-	-
Heavy Vehicle Road User Charging							
	Administered expenses	1.13	-	(166,000)	(172,000)	(177,000)	(183,000)
Replacing the Education Tax Refund with a Schoolkids Bonus							
	Administered expenses	1.14	(812,000)	(852,000)	(857,000)	(884,000)	(901,000)
Stronger Shipping for a Stronger Economy - minor amendments							
	Administered expenses	1.22	-	2,000	2,000	2,000	2,000
<b>Total expense measures</b>							
	Departmental		25,633	128,384	160,468	219,354	183,381
	Administered		(812,000)	(1,022,113)	(1,036,858)	(1,066,406)	(1,086,436)
			(786,367)	(893,729)	(876,390)	(847,052)	(903,055)

**Table 1.2: Australian Taxation Office 2012-13 Budget measures (continued)**

		2011-12	2012-13	2013-14	2014-15	2015-16
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Related capital</b>						
Official development assistance						
- extension of AFP commitment to the UN Mission in Timor-Leste						
	1.1	-	-	-	-	-
- Pacific Police Development Program - continuation						
	1.1	-	-	-	-	-
Personal Income Tax						
- consolidate the dependency offsets into one						
	1.1	-	541	-	-	-
- do not proceed with 50 per cent tax discount for interest income						
	1.1	-	-	(4,300)	-	-
- do not proceed with standard deduction						
	1.1	-	-	(11,100)	-	-
Spreading the Benefits of the Boom - company loss carry back						
	1.1	-	2,775	1,932	-	-
Stronger Super						
- implementation of SuperStream reforms <sup>2</sup>						
	1.1	12,312	22,304	12,725	6,968	6,709
- self managed superannuation funds auditor registration <sup>1</sup>						
	1.1	1,483	-	-	-	-
Superannuation - reduction of higher tax concession for contributions of very high income earners						
	1.1	-	1,793	1,794	-	-
Australian Business Register - towards a better business future						
	1.3	-	4,595	577	-	-
<b>Total related capital</b>		13,795	32,008	1,628	6,968	6,709

1. This measure is also included in the 2011-12 Portfolio Supplementary Additional Estimates Statements.

2. This measure was included in the 2011-12 Portfolio Additional Estimates Statements.

3. This measure is included within a cross portfolio measure in Budget Paper No. 2, *Budget Measures 2012-13*.

Prepared on a government finance statistics (fiscal) basis.

## 1.4 CHANGES TO THE PROGRAM STRUCTURE

The ATO has amended its program structure since the 2011-12 Budget to include a new program for the Australian Charities and Not-for-profits Commission.

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

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

#### Outcome 1 Strategy

The ATO seeks to deliver this outcome by:

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

The ATO does this both as a single agency, as well as through managing a number of whole-of-government initiatives that deliver a range of services. The ATO also provides support to the Tax Practitioners Board, Australian Business Register, Australian Valuation Office and Australian Charities and Not-for-profits Commission.

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

## Outcome 1 Budgeted expenses and resources

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

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

	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Outcome 1:</b> Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
<b>Program 1.1: Australian Taxation Office</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	537	4,286
Departmental expenses		
Departmental appropriation	3,065,010	3,110,637
Expenses not requiring appropriation in budget year	183,516	138,928
<b>Total for Program 1.1</b>	<b>3,249,063</b>	<b>3,253,851</b>
<b>Program 1.2: Tax Practitioners Board</b>		
Departmental expenses		
Departmental appropriation	16,360	15,945
<b>Total for Program 1.2</b>	<b>16,360</b>	<b>15,945</b>
<b>Program 1.3: Australian Business Register</b>		
Departmental expenses		
Departmental appropriation	105,924	126,549
<b>Total for Program 1.3</b>	<b>105,924</b>	<b>126,549</b>
<b>Program 1.4: Australian Valuation Office</b>		
Departmental expenses		
Special accounts	37,389	41,024
<b>Total for Program 1.4</b>	<b>37,389</b>	<b>41,024</b>
<b>Program 1.5: Australian Charities and Not-for-profits Commission (ACNC)</b>		
Departmental expenses		
Special accounts	-	17,276
<b>Total for Program 1.5</b>	<b>-</b>	<b>17,276</b>
<b>Program 1.6: Product Stewardship for Oil</b>		
Administered expenses		
Special appropriations	40,000	44,000
<b>Total for Program 1.6</b>	<b>40,000</b>	<b>44,000</b>
<b>Program 1.7: Cleaner Fuels Grant Scheme</b>		
Administered expenses		
Special appropriations	31,906	33,501
<b>Total for Program 1.7</b>	<b>31,906</b>	<b>33,501</b>
<b>Program 1.8: Australian Screen Production Incentive</b>		
Administered expenses		
Special appropriations	279,000	221,000
<b>Total for Program 1.8</b>	<b>279,000</b>	<b>221,000</b>
<b>Program 1.9: Research and Development Tax Offset</b>		
Administered expenses		
Special appropriations	1,137,000	1,201,000
<b>Total for Program 1.9</b>	<b>1,137,000</b>	<b>1,201,000</b>

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

	2011-12	2012-13
<b>Outcome 1:</b> Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Program 1.10: Private Health Insurance Rebate</b>		
Administered expenses		
Special appropriations	200,000	220,000
<b>Total for Program 1.10</b>	200,000	220,000
<b>Program 1.11: Superannuation Co-contribution Scheme</b>		
Administered expenses		
Special appropriations	545,000	145,000
<b>Total for Program 1.11</b>	545,000	145,000
<b>Program 1.12: Superannuation Guarantee Scheme</b>		
Administered expenses		
Special appropriations	303,000	319,000
<b>Total for Program 1.12</b>	303,000	319,000
<b>Program 1.13: Fuel Tax Credits Scheme</b>		
Administered expenses		
Special appropriations	5,732,000	5,600,000
<b>Total for Program 1.13</b>	5,732,000	5,600,000
<b>Program 1.14: Education Tax Refund</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Program 1.14</b>	-	-
<b>Program 1.15: National Urban Water and Desalination Plan</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Program 1.15</b>	-	-
<b>Program 1.16: National Rental Affordability Scheme</b>		
Administered expenses		
Special appropriations	19,620	86,619
<b>Subtotal for Program 1.16</b>	19,620	86,619
<b>Program 1.17: First Home Saver Accounts</b>		
Administered expenses		
Special appropriations	17,000	21,000
<b>Total for Program 1.17</b>	17,000	21,000
<b>Program 1.18: Baby Bonus</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Program 1.18</b>	-	-
<b>Program 1.19: Interest on Overpayments and Early Payments of Tax</b>		
Administered expenses		
Special appropriations	490,000	330,000
<b>Total for Program 1.19</b>	490,000	330,000

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

	2011-12	2012-13
<b>Outcome 1:</b> Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Program 1.20: Bad and Doubtful Debts and Remissions</b>		
Administered expenses		
Expenses not requiring appropriation in budget year	4,805,097	5,312,536
<b>Total for Program 1.20</b>	<b>4,805,097</b>	<b>5,312,536</b>
<b>Program 1.21: Low Income Superannuation Contribution (LISC)</b>		
Administered expenses		
Special appropriations	-	955,600
<b>Total for Program 1.21</b>	<b>-</b>	<b>955,600</b>
<b>Program 1.22: Other Administered</b>		
Administered expenses		
Special appropriations	-	29,000
<b>Total Other Administered</b>	<b>-</b>	<b>29,000</b>
<b>Outcome 1 totals by appropriation type</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	537	4,286
Special appropriations	8,794,526	9,205,720
Expenses not requiring appropriation in budget year	4,805,097	5,312,536
Departmental expenses		
Departmental appropriation	3,187,294	3,253,131
Special accounts	37,389	58,300
Expenses not requiring appropriation in budget year	183,516	138,928
<b>Total expenses for Outcome 1</b>	<b>17,008,359</b>	<b>17,972,901</b>
	2011-12	2012-13
<b>Average staffing level (number)<sup>1</sup></b>	<b>21,991</b>	<b>20,952</b>

1. The decrease in projected 2012-13 ASL represents departmental efficiencies.

## Contributions to Outcome 1

### Program 1.1: Australian Taxation Office

#### Program 1.1 objective

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

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



## Program 1.1 expenses

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

**Table 2.2: Program 1.1 expenses by Program component**

	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
<b>Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation</b>					
Annual departmental expenses:					
Departmental items	375,967	376,087	369,955	373,733	368,606
<b>Total component expenses</b>	<b>375,967</b>	<b>376,087</b>	<b>369,955</b>	<b>373,733</b>	<b>368,606</b>
<b>Program Component 1.1.2 - We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost</b>					
Annual departmental expenses:					
Departmental items	1,198,865	1,199,248	1,179,695	1,191,743	1,175,395
<b>Total component expenses</b>	<b>1,198,865</b>	<b>1,199,248</b>	<b>1,179,695</b>	<b>1,191,743</b>	<b>1,175,395</b>
<b>Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply</b>					
Annual departmental expenses:					
Departmental items	1,673,694	1,674,230	1,646,932	1,663,751	1,640,926
Annual administered expenses:					
Administered item	537	4,286	4,603	6,120	3,564
<b>Total component expenses</b>	<b>1,674,231</b>	<b>1,678,516</b>	<b>1,651,535</b>	<b>1,669,871</b>	<b>1,644,490</b>
<b>Total program expenses</b>	<b>3,249,063</b>	<b>3,253,851</b>	<b>3,201,185</b>	<b>3,235,347</b>	<b>3,188,491</b>

## Program 1.1 deliverables

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

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

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

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

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

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

**Program 1.1 key performance indicators**

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

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

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

- Maintain correct registrations.
- Progress new services that support service delivery.
- Proportion of lodgments on time.

- Proportion of payments received on time.
- Maintain acceptable service standards.
- Maintain quality and practical means of assistance.
- Optimise debt collection for the current environment.

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

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

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**Program 1.2: Tax Practitioners Board**

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**Program 1.2 objective**

The objective of the Tax Practitioners Board (the Board) is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct. The Board aims to strengthen the integrity of the taxation system and tax profession by including all tax practitioners in a single national regulatory regime and regulating them fairly, consistently and with flexibility.

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

**Program 1.2 expenses**

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

**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
Annual departmental expenses:					
Departmental items <sup>1</sup>	16,360	15,945	12,616	12,296	11,984
<b>Total program expenses</b>	<b>16,360</b>	<b>15,945</b>	<b>12,616</b>	<b>12,296</b>	<b>11,984</b>

1. Does not include corporate overhead costs.

### Program 1.2 deliverables

- Register tax practitioners and ensure that records are current and accurate.
- Terminate the registrations of tax practitioners where there are grounds to do so.
- Administer the Code of Professional Conduct that clearly provides high standards and expectations for professionals providing tax agent services.
- Fairly investigate referrals from the ATO and complaints from the community.
- Apply consistent sanctions for those who do not comply with the law, including seeking civil penalties and injunctions and applying other sanctions.
- Provide guidance to agents on appropriate standards of conduct.
- Provide the community with access to public data to assist in verifying registered tax practitioners.
- Manage and promote the role and functions of the Board.

### Program 1.2 key performance indicators

- Maintain acceptable registration service standards.
- Work cooperatively with tax practitioners.
- Reduce risks for consumers in using tax practitioners.
- Increase awareness and engagement amongst tax practitioners.

### Program 1.3: Australian Business Register (ABR)

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

Reporting and governance arrangements provide clearer delineation between the performance of the Registrar and the Commissioner of Taxation, who is a major user of the ABR data.

#### Program 1.3 objective

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

The objective of the program is to progress the ABR as a whole-of-government resource for streamlining business and government interactions. The ABN acts as the unique identifier enabling these interactions. AUSkey is a common authentication solution and Standard Business Reporting (SBR) provides the development and management of the operating solution for business-to-government online services.

#### Program 1.3 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, Budget Measures 2012-13 for further information.

**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
Annual departmental expenses:					
Departmental items	105,924	126,549	114,381	111,333	107,550
<b>Total program expenses</b>	<b>105,924</b>	<b>126,549</b>	<b>114,381</b>	<b>111,333</b>	<b>107,550</b>

#### Program 1.3 deliverables

- Maintain and manage the ABR, AUSkey registrations and systems including the integrity of the data and information.
- Progress the ABR, AUSkey and SBR operating solutions as whole-of-government resources to streamline interactions between government and business.
- Provide eligible government agencies with access to details of registered ABN holders.

- Provide the community with access to publicly available data to assist in verifying core business identity and other government registration information.

**Program 1.3 key performance indicators**

- Increase agency awareness and engagement of the ABR.
- Improve integrity of the ABR data.
- Maintain acceptable service standards.
- SBR system is operational and delivering within agreed standards.
- Increase the adoption and use of AUSkey by business, intermediaries and government agencies.

**Program 1.4: Australian Valuation Office**

The Australian Valuation Office (AVO) is set up as a special account and is the only commercially-focussed business area within the ATO. As a separate program it is more visible within the current outcome and program framework.

The AVO provides services for Australian Government agencies and complements the ATO's fundamental role in administering Australia's taxation system and regulating aspects of the superannuation system.

**Program 1.4 objective**

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

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

**Program 1.4 expenses**

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

**Table 2.5: Program 1.4 expenses**

	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 account expenses:					
Valuation Services Special Account	37,389	41,024	44,559	47,257	50,544
<b>Total program expenses</b>	<b>37,389</b>	<b>41,024</b>	<b>44,559</b>	<b>47,257</b>	<b>50,544</b>

### Program 1.4 deliverables

- Valuation services.
- Strategic advice on valuation issues.

### Program 1.4 key performance indicators

- Progress new services that support delivery of valuation services and strategic advice.
- Maintain acceptable service standards.
- Strengthen relationships and satisfaction with key clients.
- Maintain quality valuation services.

### Program 1.5: Australian Charities and Not-for-profits Commission

The Australian Charities and Not-for-profits Commission (ACNC) is set up as a special account with a distinct function to determine charity, public benevolent institution and not-for-profit status for all Commonwealth purposes. It will have responsibility to provide support and education to the not-for-profit sector, to implement a 'report-once, use often' general reporting framework and to implement and operate a public information portal.

The ACNC, from its start date, will provide services for Australian Government agencies and complements the ATO's fundamental role in administering aspects of Australia's taxation and superannuation systems.

### Program 1.5 objective

The ACNC aims to provide independent determination of charity, public benevolent institution and not-for-profit status for all Commonwealth purposes.

The objective of operating a public information portal is to improve the transparency and accountability of the not-for-profit sector to the public and ensure increased public confidence about the delivery of services by the not-for-profit sector to some of the most vulnerable and disadvantaged citizens of Australia. The implementation of a

"report-once, use-often" general reporting framework is to reduce "red tape", in co-operation with state and territory governments, to make it easier for not-for-profits to deliver their services to the community. The ACNC has a further objective to assist the strength and governance of the not-for-profit sector through the delivery of education and support to the sector.

### Program 1.5 expenses

As this is the first year of operation of the ACNC, the higher estimates in 2012-13 reflect initial start-up costs.

**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 account expenses:					
ACNC Special Account	-	17,276	14,010	13,275	12,809
<b>Total program expenses</b>	-	17,276	14,010	13,275	12,809

### Program 1.5 deliverables

- Register and determine charitable status determinations.
- Provide the community with access to information about the not-for-profits sector.

### Program 1.5 key performance indicators

- Issue advice, practical guidance and determinations within agreed timeframes.
- Website and publications that are accessible and a source of relevant and up-to-date information.

## Program 1.6: Product Stewardship for Oil Program

### Program 1.6 objective

The Product Stewardship for Oil program is aimed at supporting and encouraging environmentally sustainable management of used oil including the recycling of used oil and use of the recycled product. The program is intended to reinforce existing state and territory regulations and arrangements in this area.

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

### Program 1.6 expenses

The estimates show moderate growth across the forward years.



**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:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - product</i>					
stewardship (oil) benefits	40,000	44,000	47,000	48,000	51,000
<b>Total program expenses</b>	<b>40,000</b>	<b>44,000</b>	<b>47,000</b>	<b>48,000</b>	<b>51,000</b>

**Program 1.6 deliverables**

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

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

**Program 1.6 key performance indicators**

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

**Program 1.7: Cleaner Fuels Grant Scheme**

**Program 1.7 objective**

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

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

**Program 1.7 expenses**

These estimates reflect a policy decision taken since the 2011-12 Budget, for the continuing inclusion of biodiesel and renewable diesel in the Cleaner Fuels Grant Scheme from 2012-13 onwards, consistent with the alternative fuels legislation.

**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:					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - cleaner fuel grants	31,906	33,501	35,176	36,935	38,781
<b>Total program expenses</b>	<b>31,906</b>	<b>33,501</b>	<b>35,176</b>	<b>36,935</b>	<b>38,781</b>

**Program 1.7 deliverables**

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

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

**Program 1.7 key performance indicators**

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

**Program 1.8: Australian Screen Production Incentive**

**Program 1.8 objective**

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

The Department of Regional Australia, Local Government, Arts and Sport (DRALGAS), along with Screen Australia and the ATO, have policy responsibility for the program. Screen Australia administers the Producer Offset while DRALGAS has administrative responsibility for the Location and PDV Offsets.

**Program 1.8 expenses**

The estimates are decreasing in 2012-13 and the forward years due to an expected reduction in the take up of Location Offsets.

**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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	279,000	221,000	159,000	159,000	159,000
<b>Total program expenses</b>	<b>279,000</b>	<b>221,000</b>	<b>159,000</b>	<b>159,000</b>	<b>159,000</b>

### Program 1.8 deliverables

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

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

### Program 1.8 key performance indicators

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

## Program 1.9: Research and Development Tax Incentive

### Program 1.9 objective

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

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

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

### Program 1.9 expenses

The estimates show moderate growth across the forward years.

**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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,137,000	1,201,000	1,268,000	1,339,000	1,414,000
<b>Total program expenses</b>	<b>1,137,000</b>	<b>1,201,000</b>	<b>1,268,000</b>	<b>1,339,000</b>	<b>1,414,000</b>

**Program 1.9 deliverables**

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

- the number and dollar value of claims processed for Australian owned R&D general concession claimants;
- the number of incremental concession claims made by general concession claimants;
- the number of claims processed for R&D tax incentives;
- the percentage of R&D tax incentive claims processed in accordance with service standards;
- the number and dollar value of claims processed for foreign-owned R&D (100 per cent deduction); and
- the number and dollar value of claims processed for 175 per cent international premium concessions.

**Program 1.9 key performance indicators**

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

**Program 1.10: Private Health Insurance Rebate**

**Program 1.10 objective**

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

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

**Program 1.10 expenses**

The estimates show moderate growth across the forward years.

**Table 2.11: Program 1.10 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: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	200,000	220,000	231,000	243,000	255,000
<b>Total program expenses</b>	<b>200,000</b>	<b>220,000</b>	<b>231,000</b>	<b>243,000</b>	<b>255,000</b>

**Program 1.10 deliverables**

The ATO is responsible for administering the rebate through the income tax return lodgment process and providing compliance assurance and support for the process. The ATO also provides marketing and education support for individuals and their agents. Successful delivery is demonstrated by:

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

**Program 1.10 key performance indicators**

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

**Program 1.11: Superannuation Co-contribution Scheme**

**Program 1.11 objective**

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

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

### Program 1.11 expenses

The estimates reflect decisions taken at the 2011-12 Mid-Year Economic and Fiscal Outlook.

**Table 2.12: Program 1.11 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	545,000	145,000	147,000	150,000	154,000
<b>Total program expenses</b>	<b>545,000</b>	<b>145,000</b>	<b>147,000</b>	<b>150,000</b>	<b>154,000</b>

### Program 1.11 deliverables

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

- the number of beneficiaries of individual co-contribution entitlements determined;
- the value of individual co-contribution entitlements determined; and
- the percentage of original, current year, co-contributions paid to superannuation funds within 60 days.

### Program 1.11 key performance indicators

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

## Program 1.12: Superannuation Guarantee Scheme

### Program 1.12 objective

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

**Program 1.12 expenses**

The estimates show moderate growth across the forward years.

**Table 2.13 Program 1.12 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: <i>Superannuation Guarantee (Administration) Act 1992</i>	303,000	319,000	331,000	344,000	357,000
<b>Total program expenses</b>	<b>303,000</b>	<b>319,000</b>	<b>331,000</b>	<b>344,000</b>	<b>357,000</b>

**Program 1.12 deliverables**

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

- the number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result;
- the number of employees who have had superannuation guarantee entitlements raised through compliance activities and voluntary disclosures;
- the number of employers whose records are checked;
- the dollar value of superannuation guarantee charge:
  - raised (including penalties and interest);
  - collected; and
  - transferred to superannuation funds or paid to individuals.
- the percentage of superannuation guarantee cases completed in a timely manner; and
- the value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt written off.

**Program 1.12 key performance indicators**

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

## Program 1.13: Fuel Tax Credits Scheme

### Program 1.13 objective

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

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

### Program 1.13 expenses

The expenses are impacted by the expansion to the Fuel Tax Credits Scheme commencing in July 2012 and by Budget measures. Also refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

**Table 2.14: Program 1.13 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,732,000	5,600,000	6,179,000	5,880,000	5,919,000
<b>Total program expenses</b>	<b>5,732,000</b>	<b>5,600,000</b>	<b>6,179,000</b>	<b>5,880,000</b>	<b>5,919,000</b>

### Program 1.13 deliverables

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

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

### Program 1.13 key performance indicators

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



**Program 1.14: Education Tax Refund**

**Program 1.14 objective**

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

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

The ATO will stop paying the Education Tax Refund for 2011-12 and the forward years. As a result of a 2012-13 Budget measure this will now be a Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) program to be known as the Schoolkids Bonus. The ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

**Program 1.14 expenses**

The estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

**Table 2.15: Program 1.14 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
<b>Total program expenses</b>	-	-	-	-	-

**Program 1.14 deliverables**

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

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

### Program 1.14 key performance indicators

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

### Program 1.15: National Urban Water and Desalination Plan

#### Program 1.15 objective

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

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

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

#### Program 1.15 expenses

As part of the 2011-12 Budget, ATO expenses were transferred to SEWPaC. It is unlikely that tax offset certificates will be issued in the future.

**Table 2.16: Program 1.15 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
<b>Total program expenses</b>	-	-	-	-	-

#### Program 1.15 deliverables

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

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

#### Program 1.15 key performance indicators

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

**Program 1.16: National Rental Affordability Scheme**

**Program 1.16 objective**

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

FaHCSIA has policy responsibility for the program, which aims to see the building of 50,000 new affordable rental properties by managing a competitive process for allocation of the incentive and monitoring compliance and eligibility.

**Program 1.16 expenses**

The estimates show strong growth across the forward years.

**Table 2.17: Program 1.16 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	19,620	86,619	130,944	150,395	169,597
<b>Total program expenses</b>	<b>19,620</b>	<b>86,619</b>	<b>130,944</b>	<b>150,395</b>	<b>169,597</b>

**Program 1.16 deliverables**

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

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

**Program 1.16 key performance indicators**

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

## Program 1.17: First Home Saver Accounts

### Program 1.17 objective

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

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

### Program 1.17 expenses

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

**Table 2.18: Program 1.17 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	17,000	21,000	21,000	20,000	22,000
<b>Total program expenses</b>	<b>17,000</b>	<b>21,000</b>	<b>21,000</b>	<b>20,000</b>	<b>22,000</b>

### Program 1.17 deliverables

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

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

**Program 1.17 key performance indicators**

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

**Program 1.18: Baby Bonus**

**Program 1.18 objective**

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

**Program 1.18 expenses**

This program ceased on 3 June 2009. There will be no further expenses as all expenses have been recognised in prior years. However, payments will be made to claimants who lodge late claims. Claimants have until 30 June 2014 to lodge baby bonus claims with the ATO.

**Table 2.19: Program 1.18 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: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	-	-	-	-	-
<b>Total program expenses</b>	-	-	-	-	-

**Program 1.18 deliverables**

Successful delivery is demonstrated by:

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

**Program 1.18 key performance indicators**

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

## Program 1.19: Interest on Overpayments and Early Payments of Tax

### Program 1.19 objective

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

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

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

### Program 1.19 expenses

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

**Table 2.20: Program 1.19 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	490,000	330,000	330,000	330,000	330,000
<b>Total program expenses</b>	490,000	330,000	330,000	330,000	330,000

### Program 1.19 deliverables

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

- the dollar value of interest paid.

### Program 1.19 key performance indicators

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

**Program 1.20: Bad and Doubtful Debts and Remissions**

**Program 1.20 objective**

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

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

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

**Program 1.20 expenses**

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

**Table 2.21: Program 1.20 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 item:					
Expenses not requiring appropriation in Budget year	4,805,097	5,312,536	5,645,728	6,076,996	6,460,110
<b>Total program expenses</b>	<b>4,805,097</b>	<b>5,312,536</b>	<b>5,645,728</b>	<b>6,076,996</b>	<b>6,460,110</b>

**Program 1.20 deliverables**

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

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

**Program 1.20 key performance indicators**

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

## Program 1.21: Low Income Superannuation Contribution

### Program 1.21 objective

The Low Income Super Contribution is an Australian Government initiative aimed at helping low income earners to save for retirement. The program starts from the 2012-13 income year. From 2013-14 eligible individuals will have up to \$500 paid into their superannuation fund. This effectively rebates the tax payable on concessional superannuation contributions made by or for low-income earners.

### Program 1.21 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

**Table 2.22: Program 1.21 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	955,600	976,600	953,700	964,400
<b>Total program expenses</b>	-	955,600	976,600	953,700	964,400

### Program 1.21 deliverables

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

- the number of beneficiaries of individual contribution entitlements determined;
- the percentage of original, current year, contributions paid to superannuation funds within 60 days.

### Program 1.21 key performance indicators

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



## **Program 1.22: Other Administered**

Other Administered includes the Tax Bonus, the Seafarer Tax Offset and the Conservation Tillage Refundable Tax Offset.

### **Program 1.22 objectives**

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

The Seafarer Tax Offset will take effect from 1 July 2012. This measure is part of the Government's shipping policy reform *Stronger Shipping for a Stronger Economy* announced in the 2010 election, and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible seafarers.

The Conservation Tillage Refundable Tax Offset is part of the Carbon Farming Futures program, which has been established to help farmers and landholders benefit from carbon farming. The offset will help landholders benefit from carbon farming by enabling primary producers to claim a 15 per cent refundable tax offset for new eligible conservation tillage equipment installed and ready for use between 1 July 2012 and 30 June 2015, provided that they participate in soil carbon sequestration research.

### **Program 1.22 expenses**

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

The Seafarer Tax Offset estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

As the Conservation Tillage Refundable Tax Offset program ceases on 30 June 2015, the estimates decrease significantly in 2015-16.

**Table 2.23: Program 1.22 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:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
- Tax Bonus	-	-	-	-	-
- Seafarer Tax Offset	-	15,000	20,600	16,800	22,200
- Conservation Tillage Refundable Tax Offset	-	14,000	14,000	15,000	2,000
<b>Total program expenses</b>	-	29,000	34,600	31,800	24,200

### Program 1.22 deliverables

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

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

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

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

The ATO is responsible for administering the Conservation Tillage Refundable Tax Offset through the income tax return lodgment process. Successful delivery is demonstrated by:

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

### Program 1.22 key performance indicators

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

## Section 3: Explanatory tables and budgeted financial statements

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

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example, under annual Appropriation Acts. Table 3.1 shows the approved movement of administered funds between years.

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Program 1.1 <sup>1</sup>	135	(135)	-	-	-
<b>Total Movement of Administered Funds</b>	135	(135)	-	-	-

1. The movement of funds relates to a public awareness and education campaign scheduled for 2012-13, however some funds were required to be moved into 2011-12 for initial research work.

### 3.1.2 Special accounts

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

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

		Opening balance <b>2012-13</b> 2011-12	Receipts <b>2012-13</b> 2011-12	Payments <b>2012-13</b> 2011-12	Adjustments <b>2012-13</b> 2011-12	Closing balance <b>2012-13</b> 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits Account (A)	1	<b>129</b> 59	- 100	- 30	-	<b>129</b> 129
Other Trust Moneys Account (A)	1	<b>1,632</b> 1,632	<b>10,000</b> 10,000	<b>10,000</b> 10,000	-	<b>1,632</b> 1,632
Superannuation Holding Accounts Special Account (A)	1	<b>76,457</b> 71,757	<b>19,500</b> 23,600	<b>10,500</b> 18,900	-	<b>85,457</b> 76,457
Valuation Services Special Account (D)	1	<b>12,772</b> 13,414	<b>42,832</b> 38,958	<b>43,096</b> 39,600	-	<b>12,508</b> 12,772
<b>Total special accounts 2012-13 Budget estimate</b>		<b>90,990</b>	<b>72,332</b>	<b>63,596</b>	-	<b>99,726</b>
Total special accounts 2011-12 estimate actual		86,862	72,658	68,530	-	90,990

(A) = Administered.

(D) = Departmental.

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	<b>Australian Taxation Office Outcome 1</b>						
<b>Total outcome 2012-13</b>	<b>5,268</b>	-	-	<b>5,268</b>	-	<b>5,268</b>	<b>1.1</b>
<i>Total outcome 2011-12</i>	<i>2,977</i>	-	-	<i>2,977</i>	-	<i>2,977</i>	<i>1.1</i>

## 3.2 BUDGETED FINANCIAL STATEMENTS

### 3.2.1 Differences in agency resourcing and financial statements

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

### **3.2.2 Analysis of budgeted financial statements**

#### **Budgeted departmental income statement**

The ATO is budgeting for a balanced budget in 2012-13 after income tax equivalents expense from the Australian Valuation Office (AVO).

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

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

#### **Budgeted departmental balance sheet**

The ATO's assets are predominantly non-financial assets. In 2012-13, the increase in non-financial assets reflects the continued development or improvement of internally developed systems and software in support of the Government's 'Stronger Super' initiatives. The ATO is also continuing to refresh a number of property holdings which are subject to lease expiry.

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

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(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
<b>EXPENSES</b>					
Employee benefits	2,196,075	2,139,213	2,099,178	2,121,926	2,089,074
Supplier	1,079,476	1,174,212	1,142,433	1,146,434	1,128,412
Depreciation and amortisation	131,789	135,950	139,178	143,537	148,914
Income tax	859	984	1,359	1,491	1,414
<b>Total expenses</b>	<b>3,408,199</b>	<b>3,450,359</b>	<b>3,382,148</b>	<b>3,413,388</b>	<b>3,367,814</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	94,786	89,997	89,653	96,181	102,968
Other revenue	619	646	675	705	735
<b>Total revenue</b>	<b>95,405</b>	<b>90,643</b>	<b>90,328</b>	<b>96,886</b>	<b>103,703</b>
<b>Gains</b>					
Other	3,786	3,937	4,095	4,095	4,095
<b>Total gains</b>	<b>3,786</b>	<b>3,937</b>	<b>4,095</b>	<b>4,095</b>	<b>4,095</b>
<b>Total own-source income</b>	<b>99,191</b>	<b>94,580</b>	<b>94,423</b>	<b>100,981</b>	<b>107,798</b>
<b>Net cost of (contribution by) services</b>	<b>3,309,008</b>	<b>3,355,779</b>	<b>3,287,725</b>	<b>3,312,407</b>	<b>3,260,016</b>
Appropriation revenue	3,131,020	3,222,773	3,152,165	3,172,740	3,114,832
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(177,988)</b>	<b>(133,006)</b>	<b>(135,560)</b>	<b>(139,667)</b>	<b>(145,184)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(46,199)</b>	<b>2,944</b>	<b>3,618</b>	<b>3,870</b>	<b>3,730</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations <sup>1</sup>	(131,156)	(134,916)	(138,201)	(142,561)	(147,927)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(177,355)</b>	<b>(131,972)</b>	<b>(134,583)</b>	<b>(138,691)</b>	<b>(144,197)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	33,235	32,971	35,788	38,595	37,413
Trade and other receivables	379,864	382,630	413,181	444,016	492,615
<b>Total financial assets</b>	<b>413,099</b>	<b>415,601</b>	<b>448,969</b>	<b>482,611</b>	<b>530,028</b>
<b>Non-financial assets</b>					
Land and buildings	208,871	229,245	245,714	231,329	265,363
Infrastructure, plant and equipment	66,195	62,827	56,489	68,141	53,139
Intangibles	422,322	480,833	465,604	446,886	404,356
Other	45,334	45,385	45,175	44,950	44,725
<b>Total non-financial assets</b>	<b>742,722</b>	<b>818,290</b>	<b>812,982</b>	<b>791,306</b>	<b>767,583</b>
<b>Total assets</b>	<b>1,155,821</b>	<b>1,233,891</b>	<b>1,261,951</b>	<b>1,273,917</b>	<b>1,297,611</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	29,254	29,254	29,254	29,254	29,254
<b>Total interest bearing liabilities</b>	<b>29,254</b>	<b>29,254</b>	<b>29,254</b>	<b>29,254</b>	<b>29,254</b>
<b>Provisions</b>					
Employees	792,183	805,021	828,232	854,417	887,758
<b>Total provisions</b>	<b>792,183</b>	<b>805,021</b>	<b>828,232</b>	<b>854,417</b>	<b>887,758</b>
<b>Payables</b>					
Suppliers	211,481	218,565	225,638	230,595	245,240
Dividends	833	955	1,319	1,447	1,372
Other	42,585	60,713	61,088	61,220	61,143
<b>Total payables</b>	<b>254,899</b>	<b>280,233</b>	<b>288,045</b>	<b>293,262</b>	<b>307,755</b>
<b>Total liabilities</b>	<b>1,076,336</b>	<b>1,114,508</b>	<b>1,145,531</b>	<b>1,176,933</b>	<b>1,224,767</b>
<b>Net assets</b>	<b>79,485</b>	<b>119,383</b>	<b>116,420</b>	<b>96,984</b>	<b>72,844</b>
<b>EQUITY</b>					
Contributed equity	655,439	829,298	963,215	1,084,893	1,207,309
Reserves	90,601	90,601	90,601	90,601	90,601
Retained surpluses or accumulated deficits	(666,555)	(800,516)	(937,396)	(1,078,510)	(1,225,066)
<b>Total equity</b>	<b>79,485</b>	<b>119,383</b>	<b>116,420</b>	<b>96,984</b>	<b>72,844</b>
<b>Current assets</b>	<b>390,552</b>	<b>416,932</b>	<b>426,413</b>	<b>430,457</b>	<b>438,463</b>
<b>Non-current assets</b>	<b>765,269</b>	<b>816,959</b>	<b>835,538</b>	<b>843,460</b>	<b>859,148</b>
<b>Current liabilities</b>	<b>870,325</b>	<b>901,191</b>	<b>926,276</b>	<b>951,668</b>	<b>990,347</b>
<b>Non-current liabilities</b>	<b>206,011</b>	<b>213,317</b>	<b>219,255</b>	<b>225,265</b>	<b>234,420</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	89,923	89,590	89,125	95,461	102,559
Appropriations	3,066,609	3,220,978	3,122,267	3,142,747	3,067,085
Interest	544	571	600	630	659
Other	157,276	167,208	164,200	172,986	162,466
<b>Total cash received</b>	<b>3,314,352</b>	<b>3,478,347</b>	<b>3,376,192</b>	<b>3,411,824</b>	<b>3,332,769</b>
<b>Cash used</b>					
Employees	2,100,258	2,132,420	2,080,923	2,099,991	2,057,415
Suppliers	1,133,208	1,236,613	1,213,433	1,225,821	1,189,442
Income taxes paid	859	984	1,359	1,491	1,414
Other	69,961	72,548	76,705	80,395	81,233
<b>Total cash used</b>	<b>3,304,286</b>	<b>3,442,565</b>	<b>3,372,420</b>	<b>3,407,698</b>	<b>3,329,504</b>
<b>Net cash from or (used by) operating activities</b>	<b>10,066</b>	<b>35,782</b>	<b>3,772</b>	<b>4,126</b>	<b>3,265</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	218,491	211,467	133,917	121,678	125,416
<b>Total cash used</b>	<b>218,491</b>	<b>211,467</b>	<b>133,917</b>	<b>121,678</b>	<b>125,416</b>
<b>Net cash from or (used by) investing activities</b>	<b>(218,491)</b>	<b>(211,467)</b>	<b>(133,917)</b>	<b>(121,678)</b>	<b>(125,416)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	207,849	176,254	133,917	121,678	122,416
<b>Total cash received</b>	<b>207,849</b>	<b>176,254</b>	<b>133,917</b>	<b>121,678</b>	<b>122,416</b>
<b>Cash used</b>					
Dividends paid	1,653	833	955	1,319	1,447
<b>Total cash used</b>	<b>1,653</b>	<b>833</b>	<b>955</b>	<b>1,319</b>	<b>1,447</b>
<b>Net cash from or (used by) financing activities</b>	<b>206,196</b>	<b>175,421</b>	<b>132,962</b>	<b>120,359</b>	<b>120,969</b>
<b>Net increase or (decrease) in cash held</b>	<b>(2,229)</b>	<b>(264)</b>	<b>2,817</b>	<b>2,807</b>	<b>(1,182)</b>
Cash at the beginning of the reporting period	35,464	33,235	32,971	35,788	38,595
<b>Cash at the end of the reporting period</b>	<b>33,235</b>	<b>32,971</b>	<b>35,788</b>	<b>38,595</b>	<b>37,413</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	(666,555)	90,601	-	655,439	79,485
<b>Adjusted opening balance</b>	(666,555)	90,601	-	655,439	79,485
<b>Transactions with owners</b>					
<i>Operating result after extraordinary items</i>	(133,006)	-	-	-	(133,006)
<i>Distribution to owners</i>	-	-	-	-	-
Returns on capital dividends	(955)	-	-	-	(955)
<i>Contribution by owners</i>	-	-	-	-	-
Appropriation (equity injection)	-	-	-	62,975	62,975
Injection for departmental capital budget	-	-	-	110,884	110,884
<b>Total transactions with owners</b>	(133,961)	-	-	173,859	39,898
<b>Estimated closing balance as at 30 June 2013</b>	(800,516)	90,601	-	829,298	119,383

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	137,820	110,884	111,797	113,210	114,207
Equity injections - Bill 2	32,175	62,975	22,120	8,468	8,209
<b>Total new capital appropriations</b>	<b>169,995</b>	<b>173,859</b>	<b>133,917</b>	<b>121,678</b>	<b>122,416</b>
<b>Provided for:</b>					
Purchase of non-financial assets	169,995	173,859	133,917	121,678	122,416
<b>Total Items</b>	<b>169,995</b>	<b>173,859</b>	<b>133,917</b>	<b>121,678</b>	<b>122,416</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	55,316	80,083	22,120	8,468	8,209
Funded by capital appropriation - DCB	137,820	110,884	111,797	113,210	114,207
Funded internally from departmental resources	25,355	20,500	-	-	3,000
<b>TOTAL</b>	<b>218,491</b>	<b>211,467</b>	<b>133,917</b>	<b>121,678</b>	<b>125,416</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	218,491	211,467	133,917	121,678	125,416
<b>Total cash used to acquire assets</b>	<b>218,491</b>	<b>211,467</b>	<b>133,917</b>	<b>121,678</b>	<b>125,416</b>

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
<b>As at 1 July 2012</b>				
Gross book value	254,241	121,619	923,561	1,299,421
Accumulated depreciation/amortisation and impairment	45,370	55,424	501,239	602,033
<b>Opening net book balance</b>	<b>208,871</b>	<b>66,195</b>	<b>422,322</b>	<b>697,388</b>
<b>Capital asset additions</b>				
By purchase - appropriation equity	-	-	80,083	80,083
Own source revenue	18,000	999	1,501	20,500
By purchase - appropriation ordinary annual services	38,495	22,234	50,155	110,884
<b>Total additions</b>	<b>56,495</b>	<b>23,233</b>	<b>131,739</b>	<b>211,467</b>
<b>Other movements</b>				
Assets held for sale or in a disposal group held for sale	-	-	-	-
Depreciation/amortisation expense	36,121	26,601	73,228	135,950
Disposals <sup>3</sup>				
From disposal of entities or operations (including restructuring)	-	-	-	-
Other	-	-	-	-
<b>Total other movements</b>	<b>36,121</b>	<b>26,601</b>	<b>73,228</b>	<b>135,950</b>
<b>As at 30 June 2013</b>				
Gross book value	310,736	144,852	1,055,300	1,510,888
Accumulated depreciation/amortisation and impairment	81,491	82,025	574,467	737,983
<b>Closing net book balance</b>	<b>229,245</b>	<b>62,827</b>	<b>480,833</b>	<b>772,905</b>

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
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Subsidies	7,239,526	7,215,120	7,853,720	7,645,130	7,775,578
Personal benefits	762,000	1,341,600	1,375,600	1,366,700	1,395,400
Suppliers	537	4,286	4,603	6,120	3,564
Write down and impairment of assets	4,805,097	5,312,536	5,645,728	6,076,996	6,460,110
Finance costs	490,000	330,000	330,000	330,000	330,000
Other	303,000	319,000	331,000	344,000	357,000
<b>Total expenses administered on behalf of government</b>	<b>13,600,160</b>	<b>14,522,542</b>	<b>15,540,651</b>	<b>15,768,946</b>	<b>16,321,652</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Taxation revenue</b>					
Income tax	231,976,000	257,670,000	278,692,000	296,557,000	316,051,000
Indirect tax	74,820,000	78,601,000	81,187,000	85,071,000	88,783,000
Other taxes, fees and fines	548,000	585,952	604,197	629,486	654,791
<b>Total taxation revenue</b>	<b>307,344,000</b>	<b>336,856,952</b>	<b>360,483,197</b>	<b>382,257,486</b>	<b>405,488,791</b>
<b>Total own-source revenues administered on behalf of Government</b>	<b>307,344,000</b>	<b>336,856,952</b>	<b>360,483,197</b>	<b>382,257,486</b>	<b>405,488,791</b>
<b>Net Cost of (contribution by) services</b>	<b>(293,743,840)</b>	<b>(322,334,410)</b>	<b>(344,942,546)</b>	<b>(366,488,540)</b>	<b>(389,167,139)</b>
<b>Surplus (Deficit)</b>	<b>293,743,840</b>	<b>322,334,410</b>	<b>344,942,546</b>	<b>366,488,540</b>	<b>389,167,139</b>

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

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	290,867	290,867	290,867	290,867	290,867
Receivables	17,458,997	19,042,461	20,593,733	22,387,737	24,287,627
Accrued revenues	11,106,331	11,826,331	11,916,331	12,511,331	13,156,331
<b>Total financial assets</b>	<b>28,856,195</b>	<b>31,159,659</b>	<b>32,800,931</b>	<b>35,189,935</b>	<b>37,734,825</b>
<b>Total assets administered on behalf of government</b>	<b>28,856,195</b>	<b>31,159,659</b>	<b>32,800,931</b>	<b>35,189,935</b>	<b>37,734,825</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions</b>					
Taxation refunds provided	1,415,716	1,415,716	1,415,716	1,415,716	1,415,716
Other provisions	502,321	529,321	487,321	508,321	530,321
<b>Total provisions</b>	<b>1,918,037</b>	<b>1,945,037</b>	<b>1,903,037</b>	<b>1,924,037</b>	<b>1,946,037</b>
<b>Payables</b>					
Subsidies	2,121,296	2,353,380	2,511,395	2,572,140	2,675,840
Personal benefits payable	1,003,717	1,531,317	1,669,117	1,678,217	1,721,117
Other payables	1,070,694	1,079,694	1,141,194	1,140,194	1,139,694
<b>Total payables</b>	<b>4,195,707</b>	<b>4,964,391</b>	<b>5,321,706</b>	<b>5,390,551</b>	<b>5,536,651</b>
<b>Total liabilities administered on behalf of government</b>	<b>6,113,744</b>	<b>6,909,428</b>	<b>7,224,743</b>	<b>7,314,588</b>	<b>7,482,688</b>
<b>Net assets/(liabilities)</b>	<b>22,742,451</b>	<b>24,250,231</b>	<b>25,576,188</b>	<b>27,875,347</b>	<b>30,252,137</b>

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

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	300,240,000	328,825,000	352,763,000	373,340,000	396,014,000
Other	404,600	435,452	510,297	465,986	484,291
<b>Total cash received</b>	<b>300,644,600</b>	<b>329,260,452</b>	<b>353,273,297</b>	<b>373,805,986</b>	<b>396,498,291</b>
<b>Cash used</b>					
Borrowing costs	490,000	330,000	330,000	330,000	330,000
Subsidies paid	6,638,516	6,983,036	7,695,705	7,584,385	7,671,878
Personal benefits	1,506,000	814,000	1,237,800	1,357,600	1,352,500
Payments to suppliers	537	4,286	4,603	6,120	3,564
Other	296,900	302,500	388,600	338,500	350,000
<b>Total cash used</b>	<b>8,931,953</b>	<b>8,433,822</b>	<b>9,656,708</b>	<b>9,616,605</b>	<b>9,707,942</b>
<b>Net cash from or (used by) operating activities</b>	<b>291,712,647</b>	<b>320,826,630</b>	<b>343,616,589</b>	<b>364,189,381</b>	<b>386,790,349</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	8,931,953	8,433,822	9,656,708	9,616,605	9,707,942
<b>Total cash received</b>	<b>8,931,953</b>	<b>8,433,822</b>	<b>9,656,708</b>	<b>9,616,605</b>	<b>9,707,942</b>
<b>Cash used</b>					
Cash to Official Public Account	300,644,600	329,260,452	353,273,297	373,805,986	396,498,291
<b>Total cash used</b>	<b>300,644,600</b>	<b>329,260,452</b>	<b>353,273,297</b>	<b>373,805,986</b>	<b>396,498,291</b>
<b>Net cash from or (used by) financing activities</b>	<b>(291,712,647)</b>	<b>(320,826,630)</b>	<b>(343,616,589)</b>	<b>(364,189,381)</b>	<b>(386,790,349)</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	290,867	290,867	290,867	290,867	290,867
<b>Cash at end of reporting period</b>	<b>290,867</b>	<b>290,867</b>	<b>290,867</b>	<b>290,867</b>	<b>290,867</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.10: Schedule of administered capital budget**

The ATO does not have any administered capital.

**Table 3.2.11: Schedule of asset movements — Administered**

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

### 3.2.4 Notes to the financial statements

#### Basis of accounting

The budgeted financial statements have been prepared on an accrual basis.

### **Notes to the departmental statements**

The departmental financial statements, included in Tables 3.2.1 to 3.2.6 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Deregulation guidance for the preparation of financial statements.

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

#### **Cost of administering goods and services tax**

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

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

### **Notes to the administered statements**

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

The standards require that taxation revenues are recognised on an accrual basis when the following conditions apply:

- the taxpayer or the taxpayer group can be identified in a reliable manner;
- the amount of tax or other statutory charge is payable by the taxpayer or taxpayer group under legislative provisions; and
- the amount of the tax or statutory charge payable by the taxpayer or taxpayer group can be reliably measured, and it is probable that the amount will be collected.

The amount of taxation revenue recognised takes account of legislative steps, discretion to be exercised and any refunds and/or credit amendments to which the taxpayers may become entitled.

#### **Recognition of taxation revenue**

Taxation revenue is recognised when the Government, through the application of legislation by the ATO and other relevant activities, gains control over the future economic benefits that flow from taxes and other statutory charges – the Economic Transaction Method (ETM). This methodology relies on the estimation of the probable flows of taxes from transactions which have occurred in the economy, but not yet

reported, and are likely to be reported, to the ATO through an assessment or disclosure.

However in circumstances when there is an 'inability to reliably measure tax revenues when the underlying transactions or events occur', the standards permit an alternative approach – the Taxation Liability Method (TLM). Under this basis, taxation revenue is recognised at the earlier of when an assessment of a tax liability is made or payment is received by the ATO. This recognition policy means that taxation revenue is generally measured at a later time than would be the case if it were measured under the ETM method.

In accordance with the above revenue recognition approach, the ATO uses ETM as the basis for revenue recognition, except for income tax for individuals, companies and superannuation funds and superannuation surcharge which are recognised on a TLM basis.

### **Items recognised as reductions to taxation revenue**

The following items are recognised as reductions (increases) to taxation revenue and not as an expense:

- refunds of revenue; and
- increase (decrease) in movement of provision for credit amendments.



# COMMONWEALTH GRANTS COMMISSION

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# COMMONWEALTH GRANTS COMMISSION

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

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

The main subject on which the advice is sought is the allocation among the states of the goods and services tax (GST) revenue. Terms of reference for these inquiries are decided by the Australian Government in consultation with the States. The reports are considered at the annual meeting of the Ministerial Council for Federal Financial Relations.

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

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Commission.

**Table 1.1: Commonwealth Grants Commission 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 estimated 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
<b>Ordinary annual services</b>				
<b>Departmental appropriation</b>				
Prior year departmental appropriation	7,600 <sup>3</sup>	-	7,600	-
Departmental appropriation <sup>2</sup>	-	6,510 <sup>1</sup>	6,510	7,335
<b>Total net resourcing for the CGC</b>	<b>7,600</b>	<b>6,510</b>	<b>14,110</b>	<b>7,335</b>

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

2. Includes \$0.1 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

## 1.3 BUDGET MEASURES

The Commission does not have any budget measures for 2012-13.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

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

#### **Outcome 1 strategy**

The Commission's strategy is based on its role to provide advice to the Australian Government in response to terms of reference. Five-yearly reviews of the methods used to calculate the recommended State shares of GST revenue is the major activity associated with this outcome. The last five-year review was completed in February 2010. Between these reviews the shares are updated annually using the most recent data. The last update was completed in February 2012, as part of the review.

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

## Outcome expense statement

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

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

<b>Outcome 1:</b> Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1.1: Commonwealth Grants Commission</b>		
Departmental expenses		
Departmental appropriation	6,255	6,447
Expenses not requiring appropriation in the budget year	107	106
<b>Total expenses for Outcome 1</b>	<b>6,362</b>	<b>6,553</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	42	42

## Contributions to Outcome 1

### Program 1.1: Commonwealth Grants Commission

#### Program objective

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

#### Program expenses

There are no significant trends, changes or variances in the program expenses over the forward years.

**Table 2.2: Program expenses**

	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
Annual departmental expenses					
Departmental items	6,362	6,553	6,577	6,583	6,639
<b>Total departmental expenses</b>	<b>6,362</b>	<b>6,553</b>	<b>6,577</b>	<b>6,583</b>	<b>6,639</b>

#### Program deliverables

The Commission makes recommendations to Government on the distribution of the GST pool.

Completion of the *Report on GST Revenue Sharing Relativities – 2013 Update* for consideration by the Ministerial Council for Federal Financial Relations.

**Program key performance indicators**

The major effectiveness indicators are the quality of the Commission's research, the accuracy of its calculations and the acceptance of the results it presents to government.

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

#### 3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. On 7 January 2011, the Commission's Special Account was abolished and has been deactivated.

#### 3.1.3 Australian Government Indigenous Expenditure

The Commission does not have any Australian Government Indigenous Expenditure.

### 3.2 BUDGETED FINANCIAL STATEMENTS

#### 3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

#### 3.2.2 Analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

The Commission normally receives a relatively steady level of funding and its workload and expenses vary over a five year cycle.



## 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(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
<b>EXPENSES</b>					
Employee benefits	5,500	5,500	5,500	5,863	5,500
Supplier	782	974	998	640	1,058
Depreciation and amortisation	80	79	79	80	81
<b>Total expenses</b>	<b>6,362</b>	<b>6,553</b>	<b>6,577</b>	<b>6,583</b>	<b>6,639</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	8	8	8	-	-
<b>Total revenue</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>Gains</b>					
Other gains	19	19	19	-	-
<b>Total gains</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>-</b>	<b>-</b>
<b>Net cost of (contribution by) services</b>	<b>6,335</b>	<b>6,526</b>	<b>6,550</b>	<b>6,583</b>	<b>6,639</b>
Appropriation revenue	6,255	6,447	6,471	6,503	6,558
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(80)</b>	<b>(79)</b>	<b>(79)</b>	<b>(80)</b>	<b>(81)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(80)	(79)	(79)	(80)	(81)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(80)</b>	<b>(79)</b>	<b>(79)</b>	<b>(80)</b>	<b>(81)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	101	101	101	101	101
Trade and other receivables	7,609	7,609	7,609	7,609	7,609
<b>Total financial assets</b>	<b>7,710</b>	<b>7,710</b>	<b>7,710</b>	<b>7,710</b>	<b>7,710</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	602	586	570	554	538
Other	51	51	51	51	51
<b>Total non-financial assets</b>	<b>653</b>	<b>637</b>	<b>621</b>	<b>605</b>	<b>589</b>
<b>Total assets</b>	<b>8,363</b>	<b>8,347</b>	<b>8,331</b>	<b>8,315</b>	<b>8,299</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	1,733	1,733	1,733	1,733	1,733
Other	224	224	224	224	224
<b>Total provisions</b>	<b>1,957</b>	<b>1,957</b>	<b>1,957</b>	<b>1,957</b>	<b>1,957</b>
<b>Payables</b>					
Suppliers	63	63	63	63	63
<b>Total payables</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>
<b>Total liabilities</b>	<b>2,020</b>	<b>2,020</b>	<b>2,020</b>	<b>2,020</b>	<b>2,020</b>
<b>Net assets</b>	<b>6,343</b>	<b>6,327</b>	<b>6,311</b>	<b>6,295</b>	<b>6,279</b>
<b>EQUITY</b>					
Contributed equity	516	579	642	706	771
Reserves	724	724	724	724	724
Retained surpluses or accumulated deficits	5,103	5,024	4,945	4,865	4,784
<b>Total equity</b>	<b>6,343</b>	<b>6,327</b>	<b>6,311</b>	<b>6,295</b>	<b>6,279</b>
<b>Current assets</b>	<b>7,761</b>	<b>7,761</b>	<b>7,761</b>	<b>7,761</b>	<b>7,761</b>
<b>Non-current assets</b>	<b>602</b>	<b>586</b>	<b>570</b>	<b>554</b>	<b>538</b>
<b>Current liabilities</b>	<b>1,386</b>	<b>1,386</b>	<b>1,386</b>	<b>1,386</b>	<b>1,386</b>
<b>Non-current liabilities</b>	<b>634</b>	<b>634</b>	<b>634</b>	<b>634</b>	<b>634</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	8	8	8	-	-
Appropriations	6,255	6,447	6,471	6,503	6,558
<b>Total cash received</b>	6,263	6,455	6,479	6,503	6,558
<b>Cash used</b>					
Employees	5,621	5,684	5,500	5,863	5,500
Suppliers	642	771	979	640	1,058
<b>Total cash used</b>	6,263	6,455	6,479	6,503	6,558
<b>Net cash from or (used by) operating activities</b>	-	-	-	-	-
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	80	63	63	64	65
<b>Total cash used</b>	80	63	63	64	65
<b>Net cash from or (used by) investing activities</b>	(80)	(63)	(63)	(64)	(65)
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Capital injections	80	63	63	64	65
<b>Total cash received</b>	80	63	63	64	65
<b>Net cash from or (used by) financing activities</b>	80	63	63	64	65
<b>Net increase or (decrease) in cash held</b>	-	-	-	-	-
Cash at the beginning of the reporting period	101	101	101	101	101
<b>Cash at the end of the reporting period</b>	101	101	101	101	101

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	5,103	724	-	516	6,343
<b>Adjusted opening balance</b>	5,103	724	-	516	6,343
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(79)	-	-	-	(79)
<b>Total comprehensive income recognised directly in equity</b>	(79)	-	-	-	(79)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	63	63
<b>Total transactions with owners</b>	-	-	-	63	63
<b>Estimated closing balance as at 30 June 2013</b>	5,024	724	-	579	6,327

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	80	63	63	64	65
<b>Total new capital appropriations</b>	80	63	63	64	65
<b>Provided for:</b>					
Purchase of non-financial assets	80	63	63	64	65
<b>Total Items</b>	80	63	63	64	65
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	80	63	63	64	65
<b>TOTAL</b>	80	63	63	64	65
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	80	63	63	64	65
<b>Total cash used to acquire assets</b>	80	63	63	64	65

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
<b>As at 1 July 2012</b>					
Gross book value	-	682	-	-	682
Accumulated depreciation/amortisation and impairment	-	80	-	-	80
<b>Opening net book balance</b>	-	602	-	-	602
<b>Capital asset additions</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase - appropriation ordinary annual services	-	63	-	-	63
<b>Total additions</b>	-	63	-	-	63
<b>Other movements</b>					
Depreciation/amortisation expense	-	79	-	-	79
<b>Total other movements</b>	-	79	-	-	79
<b>As at 30 June 2013</b>					
Gross book value	-	745	-	-	745
Accumulated depreciation/amortisation and impairment	-	159	-	-	159
<b>Closing net book balance</b>	-	586	-	-	586

Prepared on Australian Accounting Standards basis.



# CORPORATIONS AND MARKETS ADVISORY COMMITTEE

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# CORPORATIONS AND MARKETS ADVISORY COMMITTEE

## Section 1: Agency overview and resources

### 1.1 Strategic direction statement

The Corporations and Markets Advisory Committee (CAMAC) is constituted under Part 9 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). Its functions, as reflected in paragraph 1(1)(c) and section 148 of the ASIC Act, are to provide informed and expert advice to the Government about corporate, financial product and financial market matters, on its own initiative or when requested by the Minister. CAMAC seeks to promote a sound and effective regulatory environment through the provision of timely advice to the Minister about relevant policy and law design issues.

CAMAC's members are appointed by the Minister following consultation with State and Territory Governments. CAMAC is supported by specialist legal advice from its Legal Committee and by a full-time executive located in Sydney.

In the 2012-13 financial year, CAMAC will settle its report to the Government on the annual general meeting. CAMAC will also consider matters relating to the regulation of managed investment schemes going beyond the specific matters raised in the terms of reference sent to CAMAC on 18 November 2010. CAMAC will report on these by 30 June 2012.

CAMAC will also respond to other requests for advice from the Government and keep under consideration other areas that may be suitable for review.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for CAMAC.

**Table 1.1: Corporations and Markets Advisory Committee 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
<b>Ordinary annual services</b>						
<b>Departmental</b>						
Prior year departmental appropriation	475	<sup>2</sup>			475	
Departmental appropriation <sup>3</sup>			1,006	<sup>1</sup>	1,006	1,050
<b>Total net resourcing for CAMAC</b>	475		1,006		1,481	1,050

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

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

3. Includes \$0.02 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

## 1.3 Budget measures

CAMAC does not have any budget measures for 2012-13.

## Section 2: Outcomes and planned performance

### 2.1 Outcomes and performance information

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

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

**Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice**

#### **Outcome 1 strategy**

To achieve its outcome, CAMAC will:

- conduct thorough research on matters under review, canvassing relevant law and policy considerations, with a view to preparing discussion papers where appropriate;
- conduct roundtable discussions with interested parties where appropriate;
- consider submissions on discussion papers; and
- develop recommendations for inclusion in reports to the Government.

## Outcome expense statement

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

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

<b>Outcome 1:</b> Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1.1: Corporations and Markets Advisory Committee</b>		
Departmental expenses		
Departmental appropriation	1,046	1,006
Expenses not requiring appropriation in the budget year	15	15
<b>Total expenses for Outcome 1</b>	<b>1,061</b>	<b>1,021</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	<b>3</b>	<b>3</b>

## Contributions to Outcome 1

### Program 1.1: Corporations and Markets Advisory Committee

#### Program objective

CAMAC focuses on legislation related to corporations and financial markets. Its operations involve, either on its own initiative or at the request of the Government, the conducting of major policy reviews, which may include analysing procedural and other issues in current practice. CAMAC:

- seeks to stimulate and lead public debate on the enhancement of standards for corporations and participants in financial markets, and proposes regulatory reform where necessary; and
- builds on the public consultation process by thoroughly reviewing all submissions on discussion papers and providing timely advice to the Government in the form of CAMAC reports, containing detailed law reform recommendations, where appropriate.

## Program expenses

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

**Table 2.2: Program expenses**

	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
Annual departmental expenses:					
Departmental items	1,061	1,021	1,029	1,037	1,046
<b>Total departmental expenses</b>	<b>1,061</b>	<b>1,021</b>	<b>1,029</b>	<b>1,037</b>	<b>1,046</b>

## Program deliverables

CAMAC's deliverables are the discussion papers and reports that it publishes on matters as they arise.

## Program key performance indicators

CAMAC's key performance indicator is:

- timely advice to the Minister in the form of CAMAC reports and other papers.

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements, which provide a comprehensive snapshot of agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

### 3.1 Explanatory tables

#### 3.1.1 Movement of administered funds between years

CAMAC does not have any administered funds.

#### 3.1.2 Special accounts

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

**Table 3.1.2: Estimates of special account flows and balance**

	Opening balance <b>2012-13</b> <i>2011-12</i>	Receipts <b>2012-13</b> <i>2011-12</i>	Payments <b>2012-13</b> <i>2011-12</i>	Adjustments <b>2012-13</b> <i>2011-12</i>	Closing balance <b>2012-13</b> <i>2011-12</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Corporations and Markets Advisory Committee Special Account	1	-	-	-	-
<b>Total special accounts 2012-13 budget estimate</b>	-	-	-	-	-
Total special accounts 2011-12 estimate actual	-	-	-	-	-

#### 3.1.3 Australian Government Indigenous Expenditure

CAMAC does not have any Australian Government Indigenous Expenditure.

## **3.2 Budgeted financial statements**

### **3.2.1 Differences in agency resourcing and financial statements**

There are no differences between agency resourcing and financial statements.

### **3.2.2 Analysis of budgeted financial statements**

The financial statements have been prepared on an Australian Accounting Standards basis.

CAMAC is budgeting for a break even result for 2012-13 and the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses under the new net cash appropriation arrangements which were initiated in the 2010-11 Budget.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)  
(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
<b>EXPENSES</b>					
Employee benefits	640	650	650	650	652
Supplier	405	355	363	371	378
Depreciation and amortisation	15	15	15	15	15
Finance costs	1	1	1	1	1
<b>Total expenses</b>	<b>1,061</b>	<b>1,021</b>	<b>1,029</b>	<b>1,037</b>	<b>1,046</b>
<b>LESS:</b>					
<b>OWN SOURCE INCOME</b>					
<b>Gains</b>					
Other	16	16	16	16	16
<b>Total gains</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Total own-source income</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Net cost of (contribution by) services</b>	<b>1,045</b>	<b>1,005</b>	<b>1,013</b>	<b>1,021</b>	<b>1,030</b>
Appropriation revenue	1,030	990	998	1,006	1,015
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>

**Note: Impact of Net Cash Appropriation Arrangements**

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(15)	(15)	(15)	(15)	(15)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	65	65	65	65	65
Trade and other receivables	669	656	651	656	656
<b>Total financial assets</b>	<b>734</b>	<b>721</b>	<b>716</b>	<b>721</b>	<b>721</b>
<b>Non-financial assets</b>					
Land and buildings	27	26	25	24	23
Infrastructure, plant and equipment	18	20	23	26	29
Other	4	4	4	4	4
<b>Total non-financial assets</b>	<b>49</b>	<b>50</b>	<b>52</b>	<b>54</b>	<b>56</b>
<b>Total assets</b>	<b>783</b>	<b>771</b>	<b>768</b>	<b>775</b>	<b>777</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	40	16	-	-	-
<b>Total interest bearing liabilities</b>	<b>40</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	321	331	341	351	351
<b>Total provisions</b>	<b>321</b>	<b>331</b>	<b>341</b>	<b>351</b>	<b>351</b>
<b>Payables</b>					
Suppliers	12	12	12	6	6
Other	43	44	45	46	46
<b>Total payables</b>	<b>55</b>	<b>56</b>	<b>57</b>	<b>52</b>	<b>52</b>
<b>Total liabilities</b>	<b>416</b>	<b>403</b>	<b>398</b>	<b>403</b>	<b>403</b>
<b>Net assets</b>	<b>367</b>	<b>368</b>	<b>370</b>	<b>372</b>	<b>374</b>
<b>EQUITY</b>					
Contributed equity	40	56	73	90	107
Reserves	23	23	23	23	23
Retained surpluses or accumulated deficits	304	289	274	259	244
<b>Total equity</b>	<b>367</b>	<b>368</b>	<b>370</b>	<b>372</b>	<b>374</b>
<b>Current assets</b>	<b>734</b>	<b>721</b>	<b>716</b>	<b>721</b>	<b>721</b>
<b>Non-current assets</b>	<b>49</b>	<b>50</b>	<b>52</b>	<b>54</b>	<b>56</b>
<b>Current liabilities</b>	<b>200</b>	<b>186</b>	<b>180</b>	<b>184</b>	<b>183</b>
<b>Non-current liabilities</b>	<b>216</b>	<b>217</b>	<b>218</b>	<b>219</b>	<b>220</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	1,030	1,000	998	1,006	1,015
Appropriations	41	39	39	41	39
<b>Total cash received</b>	1,071	1,039	1,037	1,047	1,054
<b>Cash used</b>					
Employees	630	640	650	650	652
Suppliers	400	359	348	358	363
Other	41	40	39	39	39
<b>Total cash used</b>	1,071	1,039	1,037	1,047	1,054
<b>Net cash from or (used by) operating activities</b>	-	-	-	-	-
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	20	16	17	17	17
<b>Total cash used</b>	20	16	17	17	17
<b>Net cash from or (used by) investing activities</b>	(20)	(16)	(17)	(17)	(17)
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Capital Injections	20	16	17	17	17
<b>Total cash received</b>	20	16	17	17	17
<b>Net cash from or (used by) financing activities</b>	20	16	17	17	17
<b>Net increase or (decrease) in cash held</b>	-	-	-	-	-
Cash at the beginning of the reporting period	65	65	65	65	65
<b>Cash at the end of the reporting period</b>	65	65	65	65	65

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	304	23		40	367
<b>Adjusted opening balance</b>	304	23	-	40	367
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(15)	-	-	-	(15)
<b>Total comprehensive income recognised directly in equity</b>	(15)	-	-	-	(15)
<b>Transactions with owners</b>					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	16	16
<b>Total transaction with owners</b>	-	-	-	16	16
<b>Estimated closing balance as at 30 June 2013</b>	289	23	-	56	368

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	20	16	17	17	17
<b>Total new capital appropriations</b>	20	16	17	17	17
<b>Provided for:</b>					
Purchase of non-financial assets	20	16	17	17	17
<b>Total Items</b>	20	16	17	17	17
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	20	16	17	17	17
<b>TOTAL</b>	20	16	17	17	17
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	20	16	17	17	17
<b>Total cash used to acquire assets</b>	20	16	17	17	17

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	L&B, IP&E held for sale \$'000	Total \$'000
<b>As at 1 July 2012</b>					
Gross book value	19	42	-	-	61
Accumulated depreciation/amortisation and impairment	(8)	24			16
<b>Opening net book balance</b>	<b>27</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>45</b>
<b>Capital asset additions</b>					
By purchase - appropriation ordinary annual services	-	16			16
<b>Total asset additions</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>16</b>
<b>Other movements</b>					
Depreciation/amortisation expense	1	14			15
<b>Total other movements</b>	<b>1</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>15</b>
<b>As at 30 June 2013</b>					
Gross book value	19	58	-	-	77
Accumulated depreciation/amortisation and impairment	(7)	38	-	-	31
<b>Closing net book balance</b>	<b>26</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>46</b>

Prepared on Australian Accounting Standards basis.

# INSPECTOR-GENERAL OF TAXATION

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# INSPECTOR-GENERAL OF TAXATION

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The outcome of the Inspector-General of Taxation (IGT) is improved tax administration through community consultation, review and independent advice to government.

IGT's strategic direction for 2012-13 is to improve review processes, timeliness and outcomes by:

- expanding opportunity for community input;
- continuing to build on approaches that increase the Australian Taxation Office's (ATO's) involvement and contribution to review processes and outcomes; and
- continuing the appropriate use of external expertise and overseas comparisons to enhance capabilities and objectivity.

In 2012-13, IGT will establish a new work program through a broad-based community consultation process which remains in effect for that year.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for IGT.

**Table 1.1: Inspector-General of Taxation 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
<b>Ordinary annual services</b>					
<b>Departmental appropriation</b>					
Prior year departmental appropriation	2,386	<sup>3</sup>	-	2,386	-
Departmental appropriation <sup>2</sup>	-		2,664	2,664	2,724
<b>Total net resourcing for the IGT</b>	<b>2,386</b>		<b>2,664</b>	<b>5,050</b>	<b>2,724</b>

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

2. Includes \$0.03 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

## 1.3 BUDGET MEASURES

The IGT does not have any budget measures for 2012-13.



## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

**Outcome 1: Improved tax administration through community consultation, review, and independent advice to government**

#### **Outcome 1 Strategy**

Key strategies to achieve Outcome 1 are to:

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

The major projects and activities expected to be commenced and/or completed during 2012-13 include the development of a new IGT work program of reviews through broad-based consultation with stakeholders and to commence and/or complete these reviews in that year. In addition, a follow-up review into the ATO's implementation of IGT recommendations in affected review reports issued since November 2008 will be conducted.

## Outcome expense statement

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

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

Outcome 1: Improved tax administration through community consultation, review, and independent advice to government	2011-12	2012-13
	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Program 1.1: Inspector-General of Taxation</b>		
Departmental expenses		
Departmental appropriation	2,686	2,634
Expenses not requiring appropriation in the budget year	38	30
<b>Total expenses for Outcome 1</b>	<b>2,724</b>	<b>2,664</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	<b>11</b>	<b>10</b>

## Contributions to Outcome 1

### Program 1.1: Inspector-General of Taxation

#### Program objective

The IGT has the following objectives:

- identify areas of the tax system's administration where the community or other stakeholders believe that improvements should be made or issues reviewed;
- consult with government agencies that review tax administration, in particular the Australian National Audit Office and the Commonwealth Ombudsman to foster cooperation and make efficient use of resources;
- prioritise areas of tax administration for review according to the IGT's work program and ministerial direction as appropriate;
- provide independent advice to the Government on the tax system's administration and make recommendations on improvements; and
- follow-up on the ATO's implementation of IGT recommendations.

**Program expenses**

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

**Table 2.2: Program 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
Annual departmental expenses:					
Departmental items	2,724	2,664	2,687	2,702	2,729
<b>Total program expenses</b>	<b>2,724</b>	<b>2,664</b>	<b>2,687</b>	<b>2,702</b>	<b>2,729</b>

**Program deliverables**

The IGT has the following deliverables:

- a program of reviews based on community input and consultation with other relevant agencies, and prioritised in line with principles of good tax administration; and
- six completed reviews incorporating independent advice to the Government on systemic issues and/or viable improvements to tax administration.

**Program key performance indicators**

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners and relevant government agencies; and
- recommendations for systemic improvements in tax administration agreed and implemented by the ATO and/or the Government.

## **Section 3: Explanatory tables and budgeted financial statements**

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 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.

### **3.1 EXPLANATORY TABLES**

#### **3.1.1 Movement of administered funds between years**

The IGT has no administered funds.

#### **3.1.2 Special accounts**

The IGT has no special accounts.

#### **3.1.3 Australian Government Indigenous Expenditure**

The IGT has no Australian Government Indigenous Expenditure.

### **3.2 BUDGETED FINANCIAL STATEMENTS**

#### **3.2.1 Differences in agency resourcing and financial statements**

There are no differences between agency resourcing and financial statements.

#### **3.2.2 Analysis of budgeted financial statements**

The financial statements have been prepared on an Australian Accounting Standards basis.

The IGT is budgeting for a break-even operating result in 2012-13 after adding back non-appropriated depreciation and amortisation expenses.

### 3.2.3 Budgeted financial statements tables

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	1,859	1,784	1,805	1,816	1,841
Supplier	827	850	852	856	858
Depreciation and amortisation	38	30	30	30	30
<b>Total expenses</b>	<b>2,724</b>	<b>2,664</b>	<b>2,687</b>	<b>2,702</b>	<b>2,729</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cost of (contribution by) services</b>	<b>2,724</b>	<b>2,664</b>	<b>2,687</b>	<b>2,702</b>	<b>2,729</b>
Appropriation revenue	2,686	2,634	2,657	2,672	2,699
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(38)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss)</b>					
less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(38)	(30)	(30)	(30)	(30)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(38)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	36	36	36	36	36
Trade and other receivables	2,397	1,528	1,528	1,528	1,528
<b>Total financial assets</b>	<b>2,433</b>	<b>1,564</b>	<b>1,564</b>	<b>1,564</b>	<b>1,564</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	207	1,076	1,076	1,076	1,076
Other	26	26	26	26	26
<b>Total non-financial assets</b>	<b>233</b>	<b>1,102</b>	<b>1,102</b>	<b>1,102</b>	<b>1,102</b>
<b>Total assets</b>	<b>2,666</b>	<b>2,666</b>	<b>2,666</b>	<b>2,666</b>	<b>2,666</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	150	150	150	150	150
Other	127	127	127	127	127
<b>Total provisions</b>	<b>277</b>	<b>277</b>	<b>277</b>	<b>277</b>	<b>277</b>
<b>Payables</b>					
Suppliers	107	107	107	107	107
<b>Total payables</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>
<b>Total liabilities</b>	<b>384</b>	<b>384</b>	<b>384</b>	<b>384</b>	<b>384</b>
<b>Net assets</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>
<b>EQUITY</b>					
Reserves	332	332	332	332	332
Contributed equity	38	68	98	128	158
Retained surpluses or accumulated deficits	1,912	1,882	1,852	1,822	1,792
<b>Total equity</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>
<b>Current assets</b>	<b>2,459</b>	<b>1,590</b>	<b>1,590</b>	<b>1,590</b>	<b>1,590</b>
<b>Non-current assets</b>	<b>207</b>	<b>1,076</b>	<b>1,076</b>	<b>1,076</b>	<b>1,076</b>
<b>Current liabilities</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>
<b>Non-current liabilities</b>	<b>219</b>	<b>219</b>	<b>219</b>	<b>219</b>	<b>219</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	2,686	3,503	2,657	2,672	2,699
Other	-	-	-	-	-
<b>Total cash received</b>	<b>2,686</b>	<b>3,503</b>	<b>2,657</b>	<b>2,672</b>	<b>2,699</b>
<b>Cash used</b>					
Employees	1,845	1,784	1,805	1,816	1,841
Suppliers	826	850	852	856	858
<b>Total cash used</b>	<b>2,671</b>	<b>2,634</b>	<b>2,657</b>	<b>2,672</b>	<b>2,699</b>
<b>Net cash from or (used by) operating activities</b>	<b>15</b>	<b>869</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	38	899	30	30	30
<b>Total cash used</b>	<b>38</b>	<b>899</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Net cash from or (used by) investing activities</b>	<b>(38)</b>	<b>(899)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Capital injections	38	30	30	30	30
<b>Total cash received</b>	<b>38</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Net cash from or (used by) financing activities</b>	<b>38</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Net increase or (decrease) in cash held</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	21	36	36	36	36
<b>Cash at the end of the reporting period</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	1,912	294	38	38	2,282
<b>Adjusted opening balance</b>	1,912	294	38	38	2,282
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(30)	-	-	-	(30)
<b>Total comprehensive income recognised directly in equity</b>	(30)	-	-	-	(30)
<b>Transactions with owners</b>					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	30	30
<b>Total transactions with owners</b>	-	-	-	30	30
<b>Estimated closing balance as at 30 June 2013</b>	1,882	294	38	68	2,282

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	38	30	30	30	30
<b>Total new capital appropriations</b>	38	30	30	30	30
<b>Provided for:</b>					
Purchase of non-financial assets	38	30	30	30	30
<b>Total Items</b>	38	30	30	30	30
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally by departmental resources	-	869	-	-	-
Funded by capital appropriation - DCB	38	30	30	30	30
<b>TOTAL</b>	38	899	30	30	30
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	38	899	30	30	30
<b>Total cash used to acquire assets</b>	38	899	30	30	30

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
<b>As at 1 July 2012</b>				
Gross book value	-	362	-	362
Accumulated depreciation/amortisation and impairment	-	155	-	155
<b>Opening net book balance</b>	-	207	-	207
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services	-	899	-	899
<b>Total additions</b>	-	899	-	899
<b>Other movements</b>				
Depreciation/amortisation expense	-	30	-	30
<b>Total other movements</b>	-	30	-	30
<b>As at 30 June 2013</b>				
Gross book value	-	1,261	-	1,261
Accumulated depreciation/amortisation and impairment	-	185	-	185
<b>Closing net book balance</b>	-	1,076	-	1,076

Prepared on Australian Accounting Standards basis.



# NATIONAL COMPETITION COUNCIL

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# NATIONAL COMPETITION COUNCIL

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The National Competition Council (NCC) makes recommendations under the National Access Regime in Part IIIA of the *Competition and Consumer Act 2010* (CCA) and recommendations and decisions under the National Gas Law (NGL).

The National Access Regime promotes competition, efficiency and productivity in markets that depend on the use of services provided by monopoly infrastructure facilities. Within this regime the NCC may recommend the declaration of a service provided by a monopoly facility but only if all of the 'declaration criteria' specified in the CCA are met. Where a service is declared, the Australian Competition and Consumer Commission (ACCC) is empowered to arbitrate access disputes if the parties seeking access and the facility owner are unable to agree on access arrangements and prices.

As an alternative to the National Access Regime, state and territory governments may implement access regimes specific to their circumstances or implement (cooperatively) parallel regulation in each jurisdiction (as has occurred for the gas and electricity industries). The NCC is responsible for recommending whether a state or territory access regime should be certified as effective, with the result that services covered by that access regime are exempt from declaration under the CCA.

Under the NGL, the NCC recommends on whether particular natural gas pipeline systems should be subject to access regulation (covered). The NCC also recommends in relation to the price regulation and greenfields exemptions available under the NGL. As well as these recommendatory roles, the NCC is responsible for determining whether covered pipelines should be subject to full regulation or light regulation and for classifying pipelines as transmission or distribution pipelines.

Access regulation is a complex and evolving area of law involving significant private and public interests. In almost all cases the NCC must balance competing claims and interests with a view to ensuring an outcome that serves Australia's national interest. The NCC will continue to develop its capabilities to ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In particular it will continue to ensure that its recommendations are provided within commercially meaningful time frames and in accordance with the CCA and the NGL and will continue to ensure its websites and other information resources remain relevant.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the NCC.

**Table 1.1: National Competition Council 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
<b>Ordinary annual services</b>						
<b>Departmental</b>						
Prior year departmental appropriation	4,650	<sup>1</sup>	-		4,650	-
Departmental appropriation <sup>2</sup>	-		2,787	<sup>3</sup>	2,787	2,850
<b>Total net resourcing for the NCC</b>	<b>4,650</b>		<b>2,787</b>		<b>7,437</b>	<b>2,850</b>

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

2. Includes \$0.033 million in 2012-13 for the departmental capital budget (also refer to Table 3.2.5).

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

### Third party payments from and on behalf of other agencies

	2012-13 \$'000	2011-12 \$'000
Payments made on behalf of the NCC	2,787	2,850

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

## 1.3 BUDGET MEASURES

The NCC does not have any budget measures for 2012-13.

## Section 2: Outcomes and performance information

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

**Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure**

#### Outcome 1 strategy

To achieve Outcome 1 the NCC will provide comprehensive, objective, timely and transparent recommendations and decisions that accord with the relevant law (including time limits) and good regulatory practice.

Pursuant to the CCA, the NCC provides recommendations to Ministers on applications for the declaration of services provided by monopoly infrastructure facilities and on the certification of state and territory access regimes.

Pursuant to the NGL, the NCC provides recommendations to Ministers on the coverage of natural gas pipeline systems and on price regulation and greenfields incentives, and makes determinations on the form of regulation and on the classification of natural gas pipeline systems.

Governments through the Council of Australian Governments agreed under the *Competition and Infrastructure Reform Agreement 2006* to submit applications for the certification of their existing access regimes and for the certification of energy access regimes by the end of 2010. They also undertook to achieve certification of any new access regimes as soon as practicable.

Governments submitted applications for the certification of all existing operational access regimes except one by the end of 2010. Western Australia's electricity network services access regime was certified in 2006. Applications for the certification of other energy access regimes have not been submitted.

The NCC will continue to improve its processes and the structure of its recommendation reports and decisions. It will also continue to develop its published guidelines and other information in relation to access regulation to ensure these remain up-to-date.

### Outcome expense statement

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

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

	2011-12	2012-13
	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Outcome 1:</b> Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure		
<b>Program 1.1: National Competition Council</b>		
Departmental expenses		
Departmental appropriation	2,809	2,754
Expenses not requiring appropriation in the budget year	65	65
<b>Total expenses for Outcome 1</b>	<b>2,874</b>	<b>2,819</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	<b>12</b>	<b>11</b>

### Contributions to Outcome 1

#### Program 1.1: National Competition Council

##### Program objective

The NCC's objective is to provide advice to governments and make decisions on infrastructure access issues that accord with statutory requirements (including time limits) and good regulatory practice, and ensuring that advice meets requirements of decision making Ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.



## Program expenses

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

**Table 2.2: Program expenses**

	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
Annual departmental expenses					
Departmental items	2,874	2,819	2,842	2,863	2,889
<b>Total program expenses</b>	<b>2,874</b>	<b>2,819</b>	<b>2,842</b>	<b>2,863</b>	<b>2,889</b>

## Program deliverables

The NCC has the following deliverables:

- makes recommendations to Ministers pursuant to Part IIIA of the CCA in relation to applications for the declaration of services provided by monopoly infrastructure and the certification of state and territory access regimes;
- makes recommendations to Ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives;
- makes decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and
- advises the Parliament on the operation of the National Access Regime in accordance with section 290(2) of the CCA.

## Program key performance indicators

The NCC has the following key performance indicators:

- recommendations on declaration applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations on certification applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet advice requirements of Ministers;
- accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website;
- up-to-date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website;

*National Competition Council Budget Statements*

- case law developments, legislative amendments and developments in the NCC's processes or policies are reflected in the NCC's information resources within 30 days; and
- the NCC's Annual Report to the Parliament includes a comprehensive report that meets the requirements of section 290(2) of the CCA and is provided within 60 days of the end of the financial year.

## Section 3: Explanatory tables and budgeted financial statements

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

### **3.1 EXPLANATORY TABLES**

#### **3.1.1 Movement of administered funds between years**

The NCC does not have any administered funds.

#### **3.1.2 Special accounts**

The NCC does not have any special accounts.

#### **3.1.3 Australian Government Indigenous Expenditure**

The NCC does not have any Australian Government Indigenous Expenditure.

### **3.2 BUDGETED FINANCIAL STATEMENTS**

#### **3.2.1 Differences in agency resourcing and financial statements**

There are no differences between agency resourcing and financial statements.

#### **3.2.2 Analysis of budgeted financial statements**

##### **Budgeted departmental income statement**

The NCC is budgeting for a break even result for 2012-13 and the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses under the net cash appropriation arrangements which were initiated in the 2010-11 Budget.

The financial statements have been prepared on an Australian accounting standards basis.

##### **Operating revenues**

Total NCC revenue in 2012-13 is estimated to be \$2.8 million.

##### **Operating expenses**

Total expenses in 2012-13 are estimated to be \$2.8 million.

**Budgeted departmental balance sheet**

In 2012-13 the NCC's equity position will be positive \$4.3 million.

**Assets**

The NCC's assets are predominantly financial assets consisting of other receivables and cash. The non-financial assets include leasehold improvements and plant and equipment assets.

**Liabilities**

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2011-12.

### 3.2.3 Budgeted financial statements tables

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	1,400	1,455	1,514	1,576	1,578
Supplier	1,433	1,323	1,288	1,247	1,271
Depreciation and amortisation	41	41	40	40	40
<b>Total expenses</b>	<b>2,874</b>	<b>2,819</b>	<b>2,842</b>	<b>2,863</b>	<b>2,889</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Gains</b>					
Other	24	24	24	24	24
<b>Total gains</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Total own-source income</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Net cost of (contribution by) services</b>	<b>2,850</b>	<b>2,795</b>	<b>2,818</b>	<b>2,839</b>	<b>2,865</b>
Appropriation revenue	2,809	2,754	2,778	2,799	2,825
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(41)</b>	<b>(41)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations <sup>1</sup>	(41)	(41)	(40)	(40)	(40)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(41)</b>	<b>(41)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	23	23	23	23	23
Trade and other receivables	4,686	4,686	4,686	4,686	4,686
<b>Total financial assets</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>
<b>Non-financial assets</b>					
Land and buildings	51	50	50	28	21
Infrastructure, plant and equipment	18	11	3	17	17
Intangibles	2	2	2	2	2
Other	9	9	9	9	9
<b>Total non-financial assets</b>	<b>80</b>	<b>72</b>	<b>64</b>	<b>56</b>	<b>49</b>
<b>Total assets</b>	<b>4,789</b>	<b>4,781</b>	<b>4,773</b>	<b>4,765</b>	<b>4,758</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	315	315	315	315	315
Other	111	111	111	111	111
<b>Total provisions</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>
<b>Payables</b>					
Suppliers	32	32	32	32	32
<b>Total payables</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>
<b>Total liabilities</b>	<b>458</b>	<b>458</b>	<b>458</b>	<b>458</b>	<b>458</b>
<b>Net assets</b>	<b>4,331</b>	<b>4,323</b>	<b>4,315</b>	<b>4,307</b>	<b>4,300</b>
<b>EQUITY</b>					
Contributed equity	81	114	146	178	211
Reserves	223	223	223	223	223
Retained surpluses or accumulated deficits	4,027	3,986	3,946	3,906	3,866
<b>Total equity</b>	<b>4,331</b>	<b>4,323</b>	<b>4,315</b>	<b>4,307</b>	<b>4,300</b>
<b>Current assets</b>	<b>4,718</b>	<b>4,718</b>	<b>4,718</b>	<b>4,718</b>	<b>4,718</b>
<b>Non-current assets</b>	<b>71</b>	<b>63</b>	<b>55</b>	<b>47</b>	<b>40</b>
<b>Current liabilities</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>
<b>Non-current liabilities</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	2,850	2,787	2,810	2,831	2,858
<b>Total cash received</b>	2,850	2,787	2,810	2,831	2,858
<b>Cash used</b>					
Employees	1,400	1,455	1,514	1,576	1,578
Suppliers	1,409	1,299	1,264	1,223	1,247
<b>Total cash used</b>	2,809	2,754	2,778	2,799	2,825
<b>Net cash from or (used by) operating activities</b>	41	33	32	32	33
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	41	33	32	32	33
<b>Total cash used</b>	41	33	32	32	33
<b>Net cash from or (used by) investing activities</b>	(41)	(33)	(32)	(32)	(33)
<b>Net increase or (decrease) in cash held</b>	-	-	-	-	-
Cash at the beginning of the reporting period	23	23	23	23	23
<b>Cash at the end of the reporting period</b>	23	23	23	23	23

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	4,027	223	-	81	4,331
<b>Adjusted opening balance</b>	4,027	223	-	81	4,331
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(41)	-	-	-	(41)
<b>Total comprehensive income recognised directly in equity</b>	(41)	-	-	-	(41)
<b>Transactions with owners</b>					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	33	33
<b>Total transactions with owners</b>	-	-	-	33	33
<b>Estimated closing balance as at 30 June 2013</b>	3,986	223	-	114	4,323

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	41	33	32	32	33
<b>Total new capital appropriations</b>	41	33	32	32	33
<b>Provided for:</b>					
Purchase of non-financial assets	41	33	32	32	33
<b>Total Items</b>	41	33	32	32	33
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	41	33	32	32	33
<b>TOTAL</b>	41	33	32	32	33
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>	41	33	32	32	33
Total purchases					
<b>Total cash used to acquire assets</b>	41	33	32	32	33

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
<b>As at 1 July 2012</b>				
Gross book value	80	47	7	134
Accumulated depreciation/amortisation and impairment	(29)	(29)	(5)	(63)
<b>Opening net book balance</b>	51	18	2	71
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services	25	8	-	33
<b>Total asset additions</b>	25	8	-	33
<b>Other movements</b>				
Depreciation/amortisation expense	(26)	(15)	-	(41)
<b>Total other movements</b>	(26)	(15)	-	(41)
<b>As at 30 June 2013</b>				
Gross book value	105	55	7	167
Accumulated depreciation/amortisation and impairment	(55)	(44)	(5)	(104)
<b>Closing net book balance</b>	50	11	2	63

Prepared on Australian accounting standards basis.



# OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

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# OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Auditing and Assurance Standards Board (AUASB) is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*.

The functions of the AUASB are to:

- make auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate auditing and assurance standards for other purposes;
- formulate guidance on auditing and assurance matters;
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and
- advance and promote the main objectives of part 12 of the *Australian Securities and Investments Commission Act 2001*.

The vision of the AUASB is to be recognised as a leading national auditing and assurance standards setting body that develops high quality auditing and assurance standards and guidance in the public interest.

The mission of the AUASB is to develop, in the public interest, high quality auditing and assurance standards and related guidance as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

Key strategies during 2012-13 include to:

- develop auditing and assurance standards and guidance;
- identify emerging auditing and assurance issues;
- contribute to and influence the development of international auditing standards; and
- promote awareness and understanding of the AUASB role and work program, auditor responsibilities, and the role of auditing and assurance services.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the AUASB.

**Table 1.1: Office of the Auditing and Assurance Standards Board 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
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	677 <sup>4</sup>	-	677	-
Departmental appropriation <sup>3</sup>	-	2,249 <sup>1</sup>	2,249	2,315
Receipts from other sources (s31)	-	32 <sup>2</sup>	32	31
<b>Total ordinary annual services</b>	<b>A</b> 677	2,281	2,958	2,346
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	579 <sup>4</sup>	-	579	-
<b>Total other services</b>	<b>B</b> 579	-	579	-
<b>Total net resourcing for AUASB (A+B)</b>	<b>1,256</b>	<b>2,281</b>	<b>3,537</b>	<b>2,346</b>

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

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

3. Includes \$0.04 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

## 1.3 BUDGET MEASURES

The AUASB does not have any budget measures for 2012-13.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

**Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements**

#### Outcome 1 Strategy

The key strategies to achieve Outcome 1 are:

- making auditing standards under section 336 of the *Corporations Act 2001* and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of the Corporations legislation, including facilitating and monitoring the implementation of the Australian Auditing Standards;
- formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than the purposes of the Corporations legislation; and
- providing Australian participation in, and contributing to, the development of a single set of auditing standards for world-wide use. In this regard the AUASB will continue to participate in key International Auditing and Assurance Standards Board (IAASB) projects on auditor reporting, audit quality, International Standards on Auditing implementation monitoring and review engagements.

## Outcome Expense Statement

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

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

<b>Outcome 1:</b> The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1.1: Auditing and Assurance Standards Board</b>		
Departmental expenses		
Departmental appropriation	2,301	2,244
Special accounts	-	-
Expenses not requiring appropriation in the budget year	93	98
less Revenue to be carried forward	(163)	-
<b>Total expenses for Outcome 1</b>	<b>2,231</b>	<b>2,342</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	<b>8</b>	<b>8</b>

## Contributions to Outcome 1

### Program 1.1: Auditing and Assurance Standards Board

#### Program objective

Formulate and maintain Auditing Standards that are legally enforceable under the *Corporations Act 2001* and contribute to the development of international auditing standards.

Contribute to the ongoing implementation of Australian Auditing Standards, including:

- monitoring the implementation of Australian Auditing Standards and providing periodic and formal feedback to the IAASB, which has established a project monitoring task force for this purpose;
- monitoring the revision of IAASB International Standards on Auditing and considering the implications for the following equivalent AUASB standards:
  - Auditor Reporting; and
  - Standard on review engagements.
- developing articles that will highlight key principles in auditing standards; and
- presenting at various public forums, conferences and information sessions.

Formulate and maintain other auditing and assurance standards, ensuring quality and complete coverage of relevant auditing and assurance topics including:

- standards on review engagements;
- assurance engagements other than on historical financial statements;
- assurance on water accounting reports;
- assurance on internal control; and
- assurance on compliance and performance engagements.

Formulate and maintain guidance pronouncements, ensuring that guidance is high quality, timely and provides appropriate coverage through pronouncements that supplement standards and address emerging issues including:

- auditing under National Greenhouse and Energy Reporting and Clean Energy schemes;
- the Australian Prudential Regulation Authority including superannuation, general insurance, approved deposit taking institutions and life insurance companies;
- the Australian Securities and Investments Commission regulated areas, including managed investment schemes;
- auditing self-managed superannuation funds;
- privity letter requests; and
- auditing grant acquittals.

Influence the development of international and national standards by liaising with the IAASB and other national standard-setting organisations to contribute to improving the quality of global auditing and assurance standards. This includes working with the New Zealand Auditing and Assurance Standards Board to harmonise Australian and New Zealand auditing standards and undertake joint projects where possible, consistent with the Outcome Proposals agreed in August 2009 by the Australian and New Zealand Prime Ministers.

Through research, communication and consultations to identify and respond to emerging issues on a timely basis, including participating in the early stages of the development of legislation and regulation to better define audit requirements, including:

- development of AUASB Bulletins on various current topics relating to the Board’s areas of interest, including the value of using the AUASB auditing framework;
- updating the Audit Committees Guide; and
- promoting thought leadership on the importance of achieving and heightening audit quality.

Through a detailed communication and consultation plan, the AUASB strategy is to increase awareness of the AUASB’s work among its stakeholders, and to ensure that stakeholders’ views are appropriately considered in the AUASB activities and initiatives.

### Program expenses

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

**Table 2.2 Program expenses**

	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
Annual departmental expenses					
Departmental items	2,231	2,342	2,376	2,397	2,408
<b>Total departmental expenses</b>	<b>2,231</b>	<b>2,342</b>	<b>2,376</b>	<b>2,397</b>	<b>2,408</b>

### Program deliverables

The AUASB has the following deliverables:

- prepare and issue auditing standards under section 336 of the *Corporations Act 2001*;
- prepare and issue new and revised assurance standards, standards on review engagements and related guidance; and
- contribute to the development of international auditing and assurance standards.

### Program key performance indicators

The AUASB has the following key performance indicators:

- issued auditing standards are high quality, developed on a timely basis, are consistent with those developed by the IAASB and are based on the corresponding versions of International Standards on Auditing;
- issued assurance standards and standards on review engagements are high quality and developed on a timely basis;



- relevant guidance is issued to auditors, assurance practitioners and other users, as appropriate, on a timely basis;
- emerging auditing and assurance issues are identified and addressed on a timely basis;
- responses are made to all significant IAASB exposure drafts; and
- appropriate input is provided to the IAASB.

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, and special accounts.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

The AUASB does not have any administered funds.

#### 3.1.2 Special accounts

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

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

		Opening balance <b>2012-13</b> 2011-12	Receipts <b>2012-13</b> 2011-12	Payments <b>2012-13</b> 2011-12	Adjustments <b>2012-13</b> 2011-12	Closing balance <b>2012-13</b> 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Auditing and Assurance Standards Board Services for Other Entities and Trust Moneys Special Account	1	-	-	-	-	-
Office of the Auditing and Assurance Standards Board Special Account	1	-	-	-	-	-
<b>Total special accounts</b>						
<b>2012-13 Budget estimate</b>		-	-	-	-	-
Total special accounts 2011-12 estimate actual		-	-	-	-	-

#### 3.1.3 Australian Government Indigenous Expenditure

The AUASB does not have any Australian Government Indigenous Expenditure.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

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

### **3.2.2 Analysis of budgeted financial statements**

The budgeted financial statements have been prepared on an Australian Accounting Standards Basis.

The AUASB is budgeting for a break-even operating result for 2012-13 after adding back non-appropriated depreciation and amortisation expenses.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services) (for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	1,472	1,493	1,540	1,587	1,636
Supplier expenses	685	771	748	720	694
Depreciation and amortisation	70	74	84	86	73
Finance costs	4	4	4	4	5
<b>Total expenses</b>	<b>2,231</b>	<b>2,342</b>	<b>2,376</b>	<b>2,397</b>	<b>2,408</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	31	32	34	35	36
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>31</b>	<b>32</b>	<b>34</b>	<b>35</b>	<b>36</b>
<b>Gains</b>					
Other	23	24	25	26	27
<b>Total gains</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>
<b>Total own-source income</b>	<b>54</b>	<b>56</b>	<b>59</b>	<b>61</b>	<b>63</b>
<b>Net cost of (contribution by) services</b>	<b>2,177</b>	<b>2,286</b>	<b>2,317</b>	<b>2,336</b>	<b>2,345</b>
Appropriation revenue	2,270	2,212	2,233	2,250	2,272
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>93</b>	<b>(74)</b>	<b>(84)</b>	<b>(86)</b>	<b>(73)</b>

**Note: Impact of Net Cash Appropriation Arrangements**

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations <sup>1</sup>	(70)	(74)	(84)	(86)	(73)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>93</b>	<b>(74)</b>	<b>(84)</b>	<b>(86)</b>	<b>(73)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	200	200	200	200	200
Trade and other receivables	1,279	1,268	1,254	1,241	1,228
<b>Total financial assets</b>	<b>1,479</b>	<b>1,468</b>	<b>1,454</b>	<b>1,441</b>	<b>1,428</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	222	185	141	96	61
Intangibles	19	19	15	12	12
Other	3	3	3	3	3
<b>Total non-financial assets</b>	<b>244</b>	<b>207</b>	<b>159</b>	<b>111</b>	<b>76</b>
<b>Total assets</b>	<b>1,723</b>	<b>1,675</b>	<b>1,613</b>	<b>1,552</b>	<b>1,504</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	318	342	367	393	420
Other	75	79	83	88	92
<b>Total provisions</b>	<b>393</b>	<b>421</b>	<b>450</b>	<b>481</b>	<b>512</b>
<b>Payables</b>					
Suppliers	48	52	51	51	50
Other	204	161	119	76	33
<b>Total payables</b>	<b>252</b>	<b>213</b>	<b>170</b>	<b>127</b>	<b>83</b>
<b>Total liabilities</b>	<b>645</b>	<b>634</b>	<b>620</b>	<b>608</b>	<b>595</b>
<b>Net assets</b>	<b>1,078</b>	<b>1,041</b>	<b>993</b>	<b>944</b>	<b>909</b>
<b>EQUITY</b>					
Contributed equity	90	127	163	200	238
Asset Revaluation Reserve	30	30	30	30	30
Retained surpluses or accumulated deficits	958	884	800	714	641
<b>Total equity</b>	<b>1,078</b>	<b>1,041</b>	<b>993</b>	<b>944</b>	<b>909</b>
<b>Current assets</b>	<b>1,482</b>	<b>1,471</b>	<b>1,457</b>	<b>1,444</b>	<b>1,431</b>
<b>Non-current assets</b>	<b>241</b>	<b>204</b>	<b>156</b>	<b>108</b>	<b>73</b>
<b>Current liabilities</b>	<b>307</b>	<b>335</b>	<b>360</b>	<b>386</b>	<b>412</b>
<b>Non-current liabilities</b>	<b>338</b>	<b>299</b>	<b>260</b>	<b>222</b>	<b>183</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services					
Appropriations	2,270	2,212	2,233	2,250	2,272
Other	31	48	48	48	48
<b>Total cash received</b>	<b>2,301</b>	<b>2,260</b>	<b>2,281</b>	<b>2,298</b>	<b>2,320</b>
<b>Cash used</b>					
Employees	1,426	1,469	1,515	1,562	1,609
Suppliers	704	791	766	736	711
Other	155	-	-	-	-
<b>Total cash used</b>	<b>2,285</b>	<b>2,260</b>	<b>2,281</b>	<b>2,298</b>	<b>2,320</b>
<b>Net cash from (used by) operating activities</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	45	37	36	37	38
<b>Total cash used</b>	<b>45</b>	<b>37</b>	<b>36</b>	<b>37</b>	<b>38</b>
<b>Net cash from (used by) investing activities</b>	<b>(45)</b>	<b>(37)</b>	<b>(36)</b>	<b>(37)</b>	<b>(38)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	45	37	36	37	38
<b>Total cash received</b>	<b>45</b>	<b>37</b>	<b>36</b>	<b>37</b>	<b>38</b>
<b>Net cash from (used by) financing activities</b>	<b>45</b>	<b>37</b>	<b>36</b>	<b>37</b>	<b>38</b>
<b>Net increase (decrease) in cash held</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	184	200	200	200	200
<b>Cash at the end of the reporting period</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	958	30	-	90	1,078
<b>Adjusted opening balance</b>	958	30	-	90	1,078
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(74)	-	-	-	(74)
<b>Total comprehensive income recognised directly in equity</b>	(74)	-	-	-	(74)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	37	37
<b>Total transactions with owners</b>	-	-	-	37	37
<b>Estimated closing balance as at 30 June 2013</b>	884	30	-	127	1,041

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	45	37	36	37	38
<b>Total new capital appropriations</b>	45	37	36	37	38
<b>Provided for:</b>					
Purchase of non-financial assets	45	37	36	37	38
<b>Total Items</b>	45	37	36	37	38
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	45	37	36	37	38
<b>TOTAL</b>	45	37	36	37	38
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	45	37	36	37	38
<b>Total cash used to acquire assets</b>	45	37	36	37	38

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
<b>As at 1 July 2012</b>					
Gross book value		539	54		593
Accumulated depreciation/amortisation and impairment		317	35		352
<b>Opening net book balance</b>	-	222	19	-	241
<b>Capital asset additions</b>					
By purchase - appropriation ordinary annual services		27	10		37
<b>Total additions</b>	-	27	10	-	37
<b>Other movements</b>					
Depreciation/amortisation expense		64	10		74
<b>Total other movements</b>	-	64	10	-	74
<b>As at 30 June 2013</b>					
Gross book value	-	566	64	-	630
Accumulated depreciation/amortisation and impairment	-	381	45	-	426
<b>Closing net book balance</b>	-	185	19	-	204

Prepared on Australian Accounting Standards basis.



# OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

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# OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Australian Accounting Standards Board (AASB) is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*.

The functions of the AASB are to:

- develop a conceptual framework for the purpose of evaluating proposed accounting standards and international standards;
- make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate accounting standards for other purposes;
- participate in and contribute to the development of a single set of accounting standards for world-wide use; and
- facilitate the Australian economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, leaving accounting standards that are clearly stated and easily to understand, and to maintain investor confidence in the Australian economy (including its capital markets).

The vision of the AASB is to build on its reputation as a leading national standard setter and be recognised as a global centre of excellence, delivering a truly distinctive contribution to the development of high quality financial reporting standards.

The mission of the AASB is to develop and maintain high quality financial reporting standards for all sectors of the Australian economy and contribute, through leadership and talent, to the development of global financial reporting standards and be recognised as facilitating the inclusion of the Australian community in the activity of global standard setting.

Key priorities during 2012-13 include:

- issue Australian consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers to encourage

Australian constituents to be involved in the process and provide the AASB with information for making its own comments to the IASB;

- ensure that changes to International Financial Reporting Standards (IFRS) are processed expeditiously and are communicated to Australian constituents;
- work closely with the New Zealand Financial Reporting Standards Board to converge reporting requirements across the Tasman, consistent with the Outcome Proposals agreed in August 2009 (as amended in 2011) by the Australian and New Zealand Prime Ministers;
- continue to implement the new differential reporting framework, (Reduced Disclosure Requirements);
- actively pursue an agenda relevant to the public sector and the not-for-profit private sector, whilst maintaining a transaction neutral approach;
- participate in ongoing projects of the International Public Sector Accounting Standards Board (IPSASB) with a view to promoting and improving the IPSASB's output;
- issue a revised Standard on financial reporting by superannuation plans; and
- work closely both in the Asia Oceania and global arenas to promote Australian thought leadership and influence.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AASB for 2012-13.

**Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2012-13 as at Budget May 2012**

	Estimate of prior year amounts available in 2012-13 <sup>+</sup> \$'000	Proposed at Budget 2012-13 <sup>=</sup> \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	874 <sup>4</sup>	-	874	-
Departmental appropriation <sup>3</sup>	-	3,827 <sup>1</sup>	3,827	3,946
Receipts from other sources (s31)	-	885 <sup>2</sup>	885	856
<b>Total ordinary annual services</b>	<b>A</b> 874	4,712	5,587	4,802
<b>Departmental non-operating</b>				
Equity injections	3,688 <sup>4</sup>	-	3,688	-
<b>Total other services</b>	<b>B</b> 3,688	-	3,688	-
<b>Total net resourcing for AASB (A+B)</b>	<b>4,562</b>	<b>4,712</b>	<b>9,275</b>	<b>4,802</b>

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

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

3. Includes \$0.08 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

## 1.3 BUDGET MEASURES

The AASB does not have any budget measures for 2012-13.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

**Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions**

#### Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- to make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the financial reporting requirements of the Corporations legislation;
- to formulate accounting standards for the purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation; and
- to participate in, and contribute to, the development of a single set of accounting standards for world-wide use.

The AASB will continue its role in the development of legally enforceable accounting standards, the development of accounting standards for non Corporation's legislation entities and the development of global accounting standards.

## Outcome expense statement

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

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

Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions	2011-12	2012-13
	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Program 1.1: Australian Accounting Standards Board</b>		
Departmental expenses		
Departmental appropriation	4,702	4,631
Special accounts	-	-
Expenses not requiring appropriation in the budget year	188	203
less Revenue to be carried forward	(70)	
<b>Total expenses for Outcome 1</b>	<b>4,820</b>	<b>4,834</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	<b>24</b>	<b>25</b>

## Contributions to Outcome 1

### Program 1.1: Australian Accounting Standards Board

#### Program objective

The objectives of the AASB are to:

- ensure Australian for-profit entities complying with Australian Accounting Standards would also be complying with the IFRS;
- to the extent feasible, ensure transactions are accounted for in the same way by all entities – that is, to the extent feasible, ensure Australian Accounting Standards are transaction neutral, which requires consideration by the AASB of how each IFRS might affect not-for-profit entities in the public and private sectors;
- maintain and enhance Australia's reputation as a leading national accounting standard setter in the interests of making an important contribution to setting high-quality global standards. This also involves establishing and maintaining working relationships with other national standard setters (particularly in the Asia-Oceania region), the IASB and the IPSASB;
- drive improvements in financial reporting, particularly on issues not being dealt with internationally, including those relating to not-for-profit entities in the public and private sectors when a purely transaction neutral approach does not prove feasible;

- have consistent interpretations of requirements and encourage other jurisdictions to do the same through relationships with other standard setters;
- have an up-to-date and easy-to-use website and report on AASB decisions and projects on a timely basis; and
- develop staff with expertise in standard setting through ongoing education and graduate and secondment programs.

### Program expenses

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

**Table 2.2: Program 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
Annual departmental expenses					
Departmental items	4,820	4,834	4,889	4,928	4,967
<b>Total departmental expenses</b>	<b>4,820</b>	<b>4,834</b>	<b>4,889</b>	<b>4,928</b>	<b>4,967</b>

### Program deliverables

The AASB has the following deliverables:

- promulgate each IFRS and IFRS amendment developed by the IASB into Australian Law;
- promulgate each standard to apply on a transaction neutral basis to the extent feasible and develop specific standards to deal with not-for-profit entity issues where necessary;
- prepare and publish accounting standards, compiled versions of standards and exposure drafts;
- participate in international standard setting and other research projects;
- maintain close relationships with equivalent organisations in other jurisdictions; and
- develop personnel with experience in standard setting.



**Program key performance indicators**

The AASB has the following key performance indicators:

- accounting standard and standard amendments to be developed by the IASB are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements;
- regular consultation and liaison with a broad range of Australian constituents;
- accounting standards or compilations are lodged on the Federal Register of Legislative Instruments and are published on the AASB website within three days of finalisation;
- responses are made to all significant IASB and IPSASB exposure drafts;
- host and/or attendance at meetings of the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters Group and participate in the work of the Trans-Tasman Accounting and Auditing Standards Advisory Group; and
- develop opportunities for accounting professionals, including recent graduates and secondments.

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

The AASB does not have any administered funds.

#### 3.1.2 Special accounts

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

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

		Opening balance <b>2012-13</b> 2011-12	Receipts <b>2012-13</b> 2011-12	Payments <b>2012-13</b> 2011-12	Adjustments <b>2012-13</b> 2011-12	Closing balance <b>2012-13</b> 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Australian Accounting Standards Board Services for Other Entities and Trust Moneys Special Account	1	-	-	-	-	-
Office of the Australian Accounting Standards Board Special account	1	-	-	-	-	-
<b>Total special accounts 2012-13 Budget estimate</b>		-	-	-	-	-
Total special accounts 2011-12 estimate actual		-	-	-	-	-

#### 3.1.3 Australian Government Indigenous Expenditure

The AASB does not have any Australian Government Indigenous Expenditure.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

There are no differences between agency resourcing and financial statements.

### **3.2.2 Analysis of budgeted financial statements**

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

The AASB is budgeting for a break-even operating result for 2012-13 after adding back non-appropriated depreciation and amortisation expenses.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost for Services)  
(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
<b>EXPENSES</b>					
Employee benefits	3,324	3,545	3,662	3,787	3,915
Supplier	1,336	1,114	1,036	949	865
Depreciation and amortisation	154	168	184	185	180
Finance costs	6	7	7	7	7
<b>Total expenses</b>	<b>4,820</b>	<b>4,834</b>	<b>4,889</b>	<b>4,928</b>	<b>4,967</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	256	285	293	301	308
Other revenue	600	600	600	600	600
<b>Total revenue</b>	<b>856</b>	<b>885</b>	<b>893</b>	<b>901</b>	<b>908</b>
<b>Gains</b>					
Other gains	34	35	35	35	35
<b>Total gains</b>	<b>34</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
<b>Total own-source income</b>	<b>890</b>	<b>920</b>	<b>928</b>	<b>936</b>	<b>943</b>
<b>Net cost of (contribution by) services</b>	<b>3,930</b>	<b>3,914</b>	<b>3,961</b>	<b>3,992</b>	<b>4,024</b>
Appropriation revenue	3,846	3,746	3,777	3,807	3,844
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(84)</b>	<b>(168)</b>	<b>(184)</b>	<b>(185)</b>	<b>(180)</b>

**Note: Impact of Net Cash Appropriation Arrangements**

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations	(154)	(168)	(184)	(185)	(180)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(84)</b>	<b>(168)</b>	<b>(184)</b>	<b>(185)</b>	<b>(180)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	401	401	401	401	401
Trade and other receivables	4,622	4,602	4,584	4,570	4,560
<b>Total financial assets</b>	<b>5,023</b>	<b>5,003</b>	<b>4,985</b>	<b>4,971</b>	<b>4,961</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	451	376	283	181	84
Inventories	3	3	3	3	3
Intangibles	75	63	57	57	57
Other	67	67	67	67	67
<b>Total non-financial assets</b>	<b>596</b>	<b>509</b>	<b>410</b>	<b>308</b>	<b>211</b>
<b>Total assets</b>	<b>5,619</b>	<b>5,512</b>	<b>5,395</b>	<b>5,279</b>	<b>5,172</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	1,062	1,110	1,160	1,212	1,266
Other	127	136	145	154	163
<b>Total provisions</b>	<b>1,189</b>	<b>1,246</b>	<b>1,305</b>	<b>1,366</b>	<b>1,429</b>
<b>Payables</b>					
Suppliers	94	87	84	81	78
Other	364	294	223	152	82
<b>Total payables</b>	<b>458</b>	<b>381</b>	<b>307</b>	<b>233</b>	<b>160</b>
<b>Total liabilities</b>	<b>1,647</b>	<b>1,627</b>	<b>1,612</b>	<b>1,599</b>	<b>1,589</b>
<b>Net assets</b>	<b>3,972</b>	<b>3,885</b>	<b>3,783</b>	<b>3,680</b>	<b>3,583</b>
<b>EQUITY</b>					
Contributed equity	200	281	363	445	528
Asset Revaluation Reserve	48	48	48	48	48
Retained surpluses or accumulated deficits	3,724	3,556	3,372	3,187	3,007
<b>Total equity</b>	<b>3,972</b>	<b>3,885</b>	<b>3,783</b>	<b>3,680</b>	<b>3,583</b>
<b>Current assets</b>	<b>5,093</b>	<b>5,073</b>	<b>5,055</b>	<b>5,041</b>	<b>5,031</b>
<b>Non-current assets</b>	<b>526</b>	<b>439</b>	<b>340</b>	<b>238</b>	<b>141</b>
<b>Current liabilities</b>	<b>822</b>	<b>816</b>	<b>813</b>	<b>810</b>	<b>808</b>
<b>Non-current liabilities</b>	<b>825</b>	<b>811</b>	<b>799</b>	<b>789</b>	<b>781</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	232	261	269	277	284
Appropriations	3,846	3,746	3,777	3,807	3,844
Other	624	640	638	636	634
<b>Total cash received</b>	<b>4,702</b>	<b>4,647</b>	<b>4,684</b>	<b>4,720</b>	<b>4,762</b>
<b>Cash used</b>					
Employees	3,212	3,497	3,612	3,736	3,861
Suppliers	1,372	1,150	1,072	984	901
Other	-	-	-	-	-
<b>Total cash used</b>	<b>4,584</b>	<b>4,647</b>	<b>4,684</b>	<b>4,720</b>	<b>4,762</b>
<b>Net cash from (used by) operating activities</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	100	81	82	82	83
<b>Total cash used</b>	<b>100</b>	<b>81</b>	<b>82</b>	<b>82</b>	<b>83</b>
<b>Net cash from (used by) investing activities</b>	<b>(100)</b>	<b>(81)</b>	<b>(82)</b>	<b>(82)</b>	<b>(83)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	100	81	82	82	83
<b>Total cash received</b>	<b>100</b>	<b>81</b>	<b>82</b>	<b>82</b>	<b>83</b>
<b>Net cash from (used by) financing activities</b>	<b>100</b>	<b>81</b>	<b>82</b>	<b>82</b>	<b>83</b>
<b>Net increase (decrease) in cash held</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	282	400	400	400	400
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	3,724	48	-	200	3,972
<b>Adjusted opening balance</b>	3,724	48	-	200	3,972
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(168)	-	-	-	(168)
<b>Total comprehensive income recognised directly in equity</b>	(168)	-	-	-	(168)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	81	81
<b>Total transactions with owners</b>	-	-	-	81	81
<b>Estimated closing balance as at 30 June 2013</b>	3,556	48	-	281	3,885

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	100	81	82	82	83
<b>Total new capital appropriations</b>	100	81	82	82	83
<b>Provided for:</b>					
Purchase of non-financial assets	100	81	82	82	83
<b>Total Items</b>	100	81	82	82	83
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	100	81	82	82	83
<b>TOTAL</b>	100	81	82	82	83
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	100	81	82	82	83
<b>Total cash used to acquire assets</b>	100	81	82	82	83

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
<b>As at 1 July 2012</b>					
Gross book value	-	1,107	145	-	1,252
Accumulated depreciation/amortisation and impairment	-	655	71	-	726
<b>Opening net book balance</b>	-	452	74	-	526
<b>Capital asset additions</b>					
By purchase - appropriation ordinary annual services		71	10		81
<b>Total asset additions</b>	-	71	10	-	81
<b>Other movements</b>					
Depreciation/amortisation expense		147	21		168
<b>Total other movements</b>	-	147	21	-	168
<b>As at 30 June 2013</b>					
Gross book value	-	1,178	155	-	1,333
Accumulated depreciation/amortisation and impairment	-	802	92	-	894
<b>Closing net book balance</b>	-	376	63	-	439

Prepared on Australian Accounting Standards basis.



# PRODUCTIVITY COMMISSION

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# PRODUCTIVITY COMMISSION

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Productivity Commission (the Commission) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of government responsibility – Federal, State, Territory and Local.

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

The Commission contributes to well-informed policy decision-making and public understanding on matters relating to Australia's economic performance and community wellbeing, based on independent and transparent analysis that takes a broad view encompassing the interests of the community as a whole, rather than just particular industries or groups. The Commission has four broad components of work:

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

It is anticipated the Commission's work in 2012-13 and the forward years will be integral to the national reform agenda. The Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research program. Commissioned projects currently underway and carrying over into 2012-13 include: inquiries into *Barriers to Effective Climate Change Adaptation*, *Electricity Network Regulation*, and *Default Superannuation Funds in Modern Awards*; a joint study with the New Zealand Productivity Commission on *Strengthening Economic Relations between Australia and New Zealand*; and a continuation of the stream of work dealing with *Performance Benchmarking of Australian Business Regulation*. A program of work outlined in the *Clean Energy Future – Governance – Productivity*

*Commission Reviews* measure in the 2011-12 Additional Estimates has also commenced and will continue over 2012-13.

Several of the commissioned projects have been initiated by the Council of Australian Governments (COAG). The Commission is also working with Australia's jurisdictions in respect of standing research responsibilities and specific projects. In particular, the Commission is providing cross-jurisdictional reporting to COAG on performance of government services; indicators of Indigenous disadvantage; and expenditure on services to Indigenous Australians. The Commission prepares and reports performance information to the COAG Reform Council in respect of the *Intergovernmental Agreement on Federal Financial Relations*. The Commission is also undertaking data development, modelling and analysis to report on the economic impacts and benefits of COAG's agreed reform agenda.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. Its function is to receive and investigate complaints and provide advice to the Assistant Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a statutory mandate to undertake research to complement its other activities. The supporting research program includes work on productivity performance and its determinants, environmental and resources management, labour markets (including social dimensions) and development of economic models and frameworks. The Commission's most recent research reports and staff working papers released in 2011-12 include *Influences on Indigenous Labour Market Outcomes* and *Productivity in Electricity, Gas and Water: Measurement and Interpretation*. A full list of the Commission's research reports and staff working papers is provided on the Commission's website.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Commission.

**Table 1.1: Productivity Commission 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
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	15,967 <sup>4</sup>	-	15,967	-
Departmental appropriation <sup>3</sup>	-	37,881 <sup>1</sup>	37,881	38,307
Receipts from other sources (s31)	-	10 <sup>2</sup>	10	10
<b>Total net resourcing for the Productivity Commission</b>	<b>15,967</b>	<b>37,891</b>	<b>53,858</b>	<b>38,317</b>

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

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

3. Includes \$0.3 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

## 1.3 BUDGET MEASURES

The Commission does not have any budget measures for 2012-13.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

**Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.**

#### Outcome 1 Strategy

The Commission's activities derive from its statutory functions outlined in the *Productivity Commission Act 1998* and reported in detail in the Annual Report. The Commission aims to demonstrate its effectiveness by reporting annually on the relevance, quality, timeliness and cost-effectiveness of its activities.

#### Outcome expense statement

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

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

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1: Productivity Commission</b>		
Departmental expenses		
Departmental appropriation	37,966	37,611
Expenses not requiring appropriation in the budget year	1,066	1,016
<b>Total expenses for Outcome 1</b>	<b>39,032</b>	<b>38,627</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	199	191

## Contributions to Outcome 1

### Program 1.1: Productivity Commission

#### Program objective

The Commission's objective is to contribute to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

#### Program expenses

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

**Table 2.2: Program 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
Annual departmental expenses					
Departmental items	39,032	38,627	39,380	39,323	35,038
<b>Total departmental expenses</b>	<b>39,032</b>	<b>38,627</b>	<b>39,380</b>	<b>39,323</b>	<b>35,038</b>

#### Program deliverables

The Commission will deliver:

- public inquiry reports (for example, the inquiry report on *Barriers to Effective Climate Change Adaptation*), and reports concerning other commissioned work (such as the continuation of the *Performance Benchmarking of Australian Business Regulation* study);
- government services performance reports including Australian Government or State or Territory service provision, key indicators of Indigenous disadvantage, and the Indigenous expenditure report;
- investigation of competitive neutrality complaints and associated activities such as research, advice and education; and
- statutory annual reporting including the *Trade and Assistance Review*; Commission research and staff working papers prepared in support of the Commission's inquiry program and to contribute to better understanding of public policy issues; and associated activities such as submissions, conference reports and speeches delivered by the Chairman, Commissioners and Commission staff.

**Program key performance indicators**

The Commission aims to complete projects, reports and associated activities that are:

- high quality;
- useful to stakeholders; and
- timely.

Indicators of performance include:

- the Commission's work being widely referenced in public policy forums;
- projects and reports are completed in accordance with commissioned timelines; and
- independent and transparent processes are followed.



## Section 3: Explanatory tables and budgeted financial statements

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

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

#### 3.1.2 Special accounts

The Commission does not have any special accounts.

#### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	<b>Productivity Commission Outcome 1</b>						
<b>Departmental 2012-13</b>	<b>925</b>	-	-	<b>925</b>	-	<b>925</b>	<b>1.1</b>
<i>Departmental 2011-12</i>	<i>1,093</i>	-	-	<i>1,093</i>	-	<i>1,093</i>	<i>1.1</i>

### 3.2 BUDGETED FINANCIAL STATEMENTS

#### 3.2.1 Differences in agency resourcing and financial statements

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

#### 3.2.2 Analysis of budgeted financial statements

The budgeted financial statements have been prepared on an Australian Accounting Standards Basis.

The Commission is budgeting for a break-even result in 2012-13 and the forward years.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services) (for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	27,428	27,396	27,833	28,139	24,790
Supplier	10,553	10,229	10,544	10,280	9,248
Depreciation and amortisation	1,030	980	980	880	975
Finance costs	21	22	23	24	25
<b>Total expenses</b>	<b>39,032</b>	<b>38,627</b>	<b>39,380</b>	<b>39,323</b>	<b>35,038</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	10	10	10	10	10
<b>Total revenue</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Gains</b>					
Other	36	36	36	36	36
<b>Total gains</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
<b>Total own-source income</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>
<b>Net cost of (contribution by) services</b>	<b>38,986</b>	<b>38,581</b>	<b>39,334</b>	<b>39,277</b>	<b>34,992</b>
Appropriation revenue	37,956	37,601	38,354	38,397	34,017
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(1,030)</b>	<b>(980)</b>	<b>(980)</b>	<b>(880)</b>	<b>(975)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(1,030)	(980)	(980)	(880)	(975)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(1,030)</b>	<b>(980)</b>	<b>(980)</b>	<b>(880)</b>	<b>(975)</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	387	387	387	387	387
Trade and other receivables	16,120	16,384	16,399	16,722	16,809
<b>Total financial assets</b>	<b>16,507</b>	<b>16,771</b>	<b>16,786</b>	<b>17,109</b>	<b>17,196</b>
<b>Non-financial assets</b>					
Land and buildings	5,047	4,380	3,713	3,048	2,318
Infrastructure, plant and equipment	590	378	171	244	427
Intangibles	81	76	70	65	60
Other	555	555	555	555	555
<b>Total non-financial assets</b>	<b>6,273</b>	<b>5,389</b>	<b>4,509</b>	<b>3,912</b>	<b>3,360</b>
<b>Total assets</b>	<b>22,780</b>	<b>22,160</b>	<b>21,295</b>	<b>21,021</b>	<b>20,556</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	10,940	11,090	11,090	11,090	11,090
Other	407	429	452	476	501
<b>Total provisions</b>	<b>11,347</b>	<b>11,519</b>	<b>11,542</b>	<b>11,566</b>	<b>11,591</b>
<b>Payables</b>					
Suppliers	585	585	585	585	585
Other	2,863	2,771	2,582	2,293	1,899
<b>Total payables</b>	<b>3,448</b>	<b>3,356</b>	<b>3,167</b>	<b>2,878</b>	<b>2,484</b>
<b>Total liabilities</b>	<b>14,795</b>	<b>14,875</b>	<b>14,709</b>	<b>14,444</b>	<b>14,075</b>
<b>Net assets</b>	<b>7,985</b>	<b>7,285</b>	<b>6,586</b>	<b>6,577</b>	<b>6,481</b>
<b>EQUITY</b>					
Contributed equity	2,155	2,435	2,716	3,587	4,466
Reserves	2,154	2,154	2,154	2,154	2,154
Retained surpluses or accumulated deficits	3,676	2,696	1,716	836	(139)
<b>Total equity</b>	<b>7,985</b>	<b>7,285</b>	<b>6,586</b>	<b>6,577</b>	<b>6,481</b>
<b>Current assets</b>	<b>17,062</b>	<b>17,326</b>	<b>17,341</b>	<b>17,664</b>	<b>17,751</b>
<b>Non-current assets</b>	<b>5,718</b>	<b>4,834</b>	<b>3,954</b>	<b>3,357</b>	<b>2,805</b>
<b>Current liabilities</b>	<b>10,667</b>	<b>10,914</b>	<b>11,014</b>	<b>11,119</b>	<b>11,184</b>
<b>Non-current liabilities</b>	<b>4,128</b>	<b>3,961</b>	<b>3,695</b>	<b>3,325</b>	<b>2,891</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	10	10	10	10	10
Appropriations	37,399	37,337	38,339	38,074	33,930
Other	310	-	-	-	-
<b>Total cash received</b>	<b>37,719</b>	<b>37,347</b>	<b>38,349</b>	<b>38,084</b>	<b>33,940</b>
<b>Cash used</b>					
Employees	27,278	27,246	27,833	28,139	24,790
Suppliers	10,571	10,285	10,697	10,533	9,606
<b>Total cash used</b>	<b>37,849</b>	<b>37,531</b>	<b>38,530</b>	<b>38,672</b>	<b>34,396</b>
<b>Net cash from or (used by) operating activities</b>	<b>(130)</b>	<b>(184)</b>	<b>(181)</b>	<b>(588)</b>	<b>(456)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	221	96	100	283	423
<b>Total cash used</b>	<b>221</b>	<b>96</b>	<b>100</b>	<b>283</b>	<b>423</b>
<b>Net cash from or (used by) investing activities</b>	<b>(221)</b>	<b>(96)</b>	<b>(100)</b>	<b>(283)</b>	<b>(423)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	351	280	281	871	879
<b>Total cash received</b>	<b>351</b>	<b>280</b>	<b>281</b>	<b>871</b>	<b>879</b>
<b>Net cash from (used by) financing activities</b>	<b>351</b>	<b>280</b>	<b>281</b>	<b>871</b>	<b>879</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	387	387	387	387	387
<b>Cash at the end of the reporting period</b>	<b>387</b>	<b>387</b>	<b>387</b>	<b>387</b>	<b>387</b>

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	3,676	2,154	-	2,155	7,985
<b>Adjusted opening balance</b>	3,676	2,154	-	2,155	7,985
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(980)	-	-	-	(980)
<b>Total comprehensive income recognised directly in equity</b>	(980)	-	-	-	(980)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	280	280
<b>Total transactions with owners</b>	-	-	-	280	280
<b>Estimated closing balance as at 30 June 2013</b>	2,696	2,154	-	2,435	7,285

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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	351	280	281	871	879
<b>Total new capital appropriations</b>	351	280	281	871	879
<b>Provided for:</b>					
Purchase of non-financial assets	221	96	100	283	423
Other	130	184	181	588	456
<b>Total Items</b>	351	280	281	871	879
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	221	96	100	283	423
Funded internally from departmental resources					
<b>TOTAL</b>	221	96	100	283	423
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	221	96	100	283	423
<b>Total cash used to acquire assets</b>	221	96	100	283	423

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2012</b>				
Gross book value	6,116	1,130	582	7,828
Accumulated depreciation/amortisation and impairment	1,069	540	501	2,110
<b>Opening net book balance</b>	<b>5,047</b>	<b>590</b>	<b>81</b>	<b>5,718</b>
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services	-	76	20	96
<b>Total asset additions</b>	<b>-</b>	<b>76</b>	<b>20</b>	<b>96</b>
<b>Other movements</b>				
Depreciation/amortisation expense	667	288	25	980
<b>Total other movements</b>	<b>667</b>	<b>288</b>	<b>25</b>	<b>980</b>
<b>As at 30 June 2013</b>				
Gross book value	6,116	1,206	602	7,924
Accumulated depreciation/amortisation and impairment	1,736	828	526	3,090
<b>Closing net book balance</b>	<b>4,380</b>	<b>378</b>	<b>76</b>	<b>4,834</b>

Prepared on Australian Accounting Standards basis.

# ROYAL AUSTRALIAN MINT

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# ROYAL AUSTRALIAN MINT

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a prescribed agency operating under the *Financial Management and Accountability Act 1997*. The Mint's vision is to achieve excellence as a sustainable world class Mint. Its goal is to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of Australia's National Coin Collection and provides educational and tourist services to local and overseas residents.

In 2012-13, the Mint will continue to focus on building its capability and capacity to ensure the efficient use of resources to take advantage of the opportunities available in the circulating coin and numismatic markets both within Australia and internationally.

Increases in revenue from supplying circulating coins to two Pacific Island countries, as well as growth in the domestic and international numismatic businesses, has resulted in an above budget performance and sets the scene for continued growth in both parts of the Mint's business activities over the next three year period.

In late 2011-12, the Mint and key stakeholder commercial banks implemented a new national circulating coin supply chain model aimed at delivering more effective and efficient management of coins in circulation within Australia. The new model addresses inefficiencies in circulating coin forecasting, supply and distribution of coins, and will see a marked reduction in the excess holdings of coin stocks by the banks through the introduction of improved, centralised management of coin data and the more effective physical management of coin inventory.

Investment in people, processes and technology will ensure that the Mint will continue to be well positioned to deliver on its vision and agreed outcomes.

The Mint will continue to maintain an increased level of employee satisfaction and focus its attention on the health and wellbeing of its staff as well as the security of all stakeholders, visitors and employees to secure an ongoing reduction of workplace accidents and injury.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Mint.

**Table 1.1: Royal Australian Mint 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
<b>Other services</b>					
<b>Special accounts</b>					
Opening balance	5,745 <sup>1</sup>	-		5,745	-
Non-appropriation receipts to special accounts	-	176,987		176,987	144,252
<b>Total special account</b>	<b>5,745</b>	<b>176,987</b>		<b>182,732</b>	<b>144,252</b>
<b>Total net resourcing for the Mint</b>	<b>5,745</b>	<b>176,987</b>		<b>182,732</b>	<b>144,252</b>

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

## 1.3 BUDGET MEASURES

The Mint does not have any budget measures for 2012-13.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

**Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products**

#### Outcome 1 Strategy

To achieve this outcome the Mint will continue to:

- produce cost efficient circulating coins for Australia;
- produce appropriate circulating coins for foreign jurisdictions under commercial arrangements;
- maintain an Australian circulating coin buffer stock;
- provide advice to the Treasury and government on coin related issues; and
- develop and produce high quality profitable numismatic products.

As the sole producer of Australian circulating coin and custodian of the National Coin Collection, the following activities are an adjunct to the key strategies outlined above:

- delivering an education program through the Mint's visitors centre;
- promoting public understanding of the cultural and historical significance of coins; and
- maintaining Australia's National Coin Collection.

## Outcome 1 Budgeted expenses and resources

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

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

<b>Outcome 1:</b> The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
<b>Program 1.1: Royal Australian Mint</b>		
Administered expenses		
Special accounts	41,782	56,845
Departmental expenses		
Special accounts	70,534	94,557
<b>Total expenses for Outcome 1</b>	<b>112,316</b>	<b>151,402</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	201	200

## Contributions to Outcome 1

### Program 1.1: Royal Australian Mint

#### Program objective

To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.

#### Program expenses

The costs of production, warehousing and distribution of minted circulating coins are dependent on the demand for circulating coin by the Reserve Bank of Australia and Australian commercial banks.

**Table 2.2 Program expenses**

	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
<b>Administered items</b>					
Special account expenses					
Minting and Coinage Special Account	41,782	56,845	56,290	57,676	57,173
<b>Total administered expenses</b>	<b>41,782</b>	<b>56,845</b>	<b>56,290</b>	<b>57,676</b>	<b>57,173</b>
<b>Departmental items</b>					
Special account expenses					
Minting and Coinage Special Account	70,534	94,557	95,239	95,908	96,176
<b>Total departmental expenses</b>	<b>70,534</b>	<b>94,557</b>	<b>95,239</b>	<b>95,908</b>	<b>96,176</b>

### **Program deliverables**

The Mint has the following deliverables:

- produce Australian circulating coins to meet the demands of the Australian community;
- maintain minted Australian circulating coin inventory within agreed buffer stock parameters;
- produce circulating coins to meet demand from foreign countries;
- produce numismatic products to meet Australian and overseas demand;
- maintain Australia's National Coin Collection;
- maintain the Mint's visitor gallery, including building and surrounds;
- provide an educational program to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

### **Program key performance indicators**

The Mint has the following key performance indicators:

- produce and deliver Australian circulating coins in a cost effective and timely manner;
- foreign circulating coin sales meet or exceed cost of production;
- at least 95 per cent of numismatic orders placed are produced and delivered within contracted delivery time;
- all numismatic sales meet or exceed cost of production;
- rotate the display of Australia's National Coin Collection on a regular basis;
- maintenance of gallery and visitor centre to community standard;
- ensure that school student visitor programs align with relevant school curricula; and
- increase in visitor numbers to the gallery and visitor centre compared to prior year's actual visitor numbers.

## Section 3: Explanatory tables and budgeted financial statements

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

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

The Mint does not have any movement of administered funds.

#### 3.1.2 Special accounts

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

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

		Opening balance <b>2012-13</b>	Receipts <b>2012-13</b>	Payments <b>2012-13</b>	Adjustments <b>2012-13</b>	Closing balance <b>2012-13</b>
		2011-12	2011-12	2011-12	2011-12	2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	<b>5,745</b>	<b>176,987</b>	<b>173,009</b>	-	<b>9,723</b>
		5,732	144,252	144,239	-	5,745
<b>Total special accounts</b>						
<b>2012-13 Budget estimate</b>		<b>5,745</b>	<b>176,987</b>	<b>173,009</b>	-	<b>9,723</b>
Total special accounts						
2011-12 estimate actual		5,732	144,252	144,239	-	5,745

#### 3.1.3 Australian Government Indigenous Expenditure

The Mint does not have any Australian Government Indigenous Expenditure.

## 3.2 BUDGETED FINANCIAL STATEMENTS

### 3.2.1 Differences in agency resourcing and financial statements

The Mint does not have any material differences in agency resourcing and financial statements.

### 3.2.2 Analysis of budgeted financial statements

There is an increase in the anticipated operating results in 2012-13 compared to 2011-12 due to expected revenue increasing more than costs.

There is an increase in the estimated cash balances in the Mint's budgeted departmental statement of cash flows. This movement is due to a greater increase in receipts from supply of goods and services compared to expenditure.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	17,878	18,660	19,415	20,081	20,345
Supplier	47,444	63,697	63,701	63,704	63,708
Depreciation and amortisation	4,849	4,794	4,717	4,717	4,717
Write-down and impairment of assets	200	-	-	-	-
Finance costs	44	4	4	4	4
Other	119	7,402	7,402	7,402	7,402
<b>Total expenses</b>	<b>70,534</b>	<b>94,557</b>	<b>95,239</b>	<b>95,908</b>	<b>96,176</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Sale of goods and rendering of services	70,534	90,624	90,624	91,464	92,334
Interest	522	350	350	350	350
Other revenue	168	7,461	7,461	7,461	7,461
<b>Total own-source income</b>	<b>71,224</b>	<b>98,435</b>	<b>98,435</b>	<b>99,275</b>	<b>100,145</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>690</b>	<b>3,878</b>	<b>3,196</b>	<b>3,367</b>	<b>3,969</b>

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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	5,035	8,566	4,189	5,798	8,016
Trade and other receivables	26,245	23,856	23,856	23,856	23,856
Tax assets	655	655	655	655	655
<b>Total financial assets</b>	<b>31,935</b>	<b>33,077</b>	<b>28,700</b>	<b>30,309</b>	<b>32,527</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	48,668	50,347	58,435	60,127	62,558
Heritage and cultural	22,984	22,984	22,984	22,984	22,984
Inventories	25,652	37,082	37,082	37,082	37,082
Intangibles	2,729	1,622	1,277	1,516	1,016
Other	3,439	3,376	3,376	3,376	3,376
<b>Total non-financial assets</b>	<b>103,472</b>	<b>115,411</b>	<b>123,154</b>	<b>125,085</b>	<b>127,016</b>
<b>Total assets</b>	<b>135,407</b>	<b>148,488</b>	<b>151,854</b>	<b>155,394</b>	<b>159,543</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	4,548	5,641	5,811	5,984	6,164
<b>Total provisions</b>	<b>4,548</b>	<b>5,641</b>	<b>5,811</b>	<b>5,984</b>	<b>6,164</b>
<b>Payables</b>					
Suppliers	154	9,951	9,951	9,951	9,951
Tax liabilities	813	813	813	813	813
Other	3,752	2,065	2,065	2,065	2,065
<b>Total payables</b>	<b>4,719</b>	<b>12,829</b>	<b>12,829</b>	<b>12,829</b>	<b>12,829</b>
<b>Interest bearing liabilities</b>					
Leases	28	28	28	28	28
<b>Total interest bearing liabilities</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>
<b>Total liabilities</b>	<b>9,295</b>	<b>18,498</b>	<b>18,668</b>	<b>18,841</b>	<b>19,021</b>
<b>Net assets</b>	<b>126,112</b>	<b>129,990</b>	<b>133,186</b>	<b>136,553</b>	<b>140,522</b>
<b>EQUITY</b>					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	25,753	25,753	25,753	25,753	25,753
Retained surpluses or accumulated deficits	22,456	26,334	29,530	32,897	36,866
<b>Total equity</b>	<b>126,112</b>	<b>129,990</b>	<b>133,186</b>	<b>136,553</b>	<b>140,522</b>
<b>Current assets</b>	<b>60,371</b>	<b>72,880</b>	<b>68,503</b>	<b>70,112</b>	<b>72,330</b>
<b>Non-current assets</b>	<b>75,036</b>	<b>75,608</b>	<b>83,351</b>	<b>85,282</b>	<b>87,213</b>
<b>Current liabilities</b>	<b>8,210</b>	<b>17,389</b>	<b>17,540</b>	<b>17,694</b>	<b>17,853</b>
<b>Non-current liabilities</b>	<b>1,085</b>	<b>1,109</b>	<b>1,128</b>	<b>1,147</b>	<b>1,168</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	160,143	172,424	185,676	186,516	185,168
<b>Total cash received</b>	160,143	172,424	185,676	186,516	185,168
<b>Cash used</b>					
Employees	18,064	17,567	19,245	19,908	20,165
Borrowing costs	162	4	4	4	4
Suppliers	134,738	145,956	158,344	158,347	156,133
<b>Total cash used</b>	152,964	163,527	177,593	178,259	176,302
<b>Net cash from or (used by) operating activities</b>	7,179	8,897	8,083	8,257	8,866
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	7,158	5,366	12,460	6,648	6,648
<b>Total cash used</b>	7,158	5,366	12,460	6,648	6,648
<b>Net cash from or (used by) investing activities</b>	(7,158)	(5,366)	(12,460)	(6,648)	(6,648)
<b>FINANCING ACTIVITIES</b>					
<b>Cash used</b>					
Repayments of debt	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) financing activities</b>	-	-	-	-	-
<b>Net increase or (decrease) in cash held</b>	21	3,531	(4,377)	1,609	2,218
Cash at the beginning of the reporting period	5,014	5,035	8,566	4,189	5,798
<b>Cash at the end of the reporting period</b>	5,035	8,566	4,189	5,798	8,016

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
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	22,456	25,753	-	77,903	126,112
<b>Adjusted opening balance</b>	22,456	25,753	-	77,903	126,112
<b>Comprehensive income</b>					
Surplus (deficit) for the period	3,878	-	-	-	3,878
<b>Total comprehensive income recognised directly in equity</b>	3,878	-	-	-	3,878
<b>Estimated closing balance as at 30 June 2013</b>	26,334	25,753	-	77,903	129,990

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget 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
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	6,914	5,366	12,460	6,648	6,648
<b>TOTAL</b>	6,914	5,366	12,460	6,648	6,648
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	6,914	5,366	12,460	6,648	6,648
<b>Total cash used to acquire assets</b>	6,914	5,366	12,460	6,648	6,648

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Other infrastructure, plant and equipment \$'000	Heritage and cultural assets \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2012</b>				
Gross book value	57,059	22,984	6,837	86,880
Accumulated depreciation/amortisation and impairment	8,391	-	4,108	12,499
<b>Opening net book balance</b>	<b>48,668</b>	<b>22,984</b>	<b>2,729</b>	<b>74,381</b>
<b>Capital asset additions</b>				
By purchase - other	5,271	-	95	5,366
<b>Total additions</b>	<b>5,271</b>	<b>-</b>	<b>95</b>	<b>5,366</b>
<b>Other movements</b>				
Depreciation/amortisation expense	3,592	-	1,202	4,794
<b>Total other movements</b>	<b>3,592</b>	<b>-</b>	<b>1,202</b>	<b>4,794</b>
<b>As at 30 June 2013</b>				
Gross book value	62,330	22,984	6,932	92,246
Accumulated depreciation/amortisation and impairment	11,983	-	5,310	17,293
<b>Closing net book balance</b>	<b>50,347</b>	<b>22,984</b>	<b>1,622</b>	<b>74,953</b>

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
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	40,282	55,345	54,790	56,176	55,673
Other	1,500	1,500	1,500	1,500	1,500
<b>Total expenses administered on behalf of government</b>	<b>41,782</b>	<b>56,845</b>	<b>56,290</b>	<b>57,676</b>	<b>57,173</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Goods and services	119,580	131,775	130,452	133,752	132,555
<b>Total non-taxation revenue</b>	<b>119,580</b>	<b>131,775</b>	<b>130,452</b>	<b>133,752</b>	<b>132,555</b>
<b>Total own-source revenues administered on behalf of Government on behalf of government</b>	<b>119,580</b>	<b>131,775</b>	<b>130,452</b>	<b>133,752</b>	<b>132,555</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>119,580</b>	<b>131,775</b>	<b>130,452</b>	<b>133,752</b>	<b>132,555</b>
<b>Net Cost of (contribution by) services</b>	<b>(77,798)</b>	<b>(74,930)</b>	<b>(74,162)</b>	<b>(76,076)</b>	<b>(75,382)</b>
<b>Surplus (Deficit)</b>	<b>77,798</b>	<b>74,930</b>	<b>74,162</b>	<b>76,076</b>	<b>75,382</b>

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
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Receivables	6,352	6,352	6,352	6,352	6,352
<b>Total financial assets</b>	6,352	6,352	6,352	6,352	6,352
<b>Non-financial assets</b>					
Inventories	27,855	23,184	23,184	23,184	23,184
<b>Total non-financial assets</b>	27,855	23,184	23,184	23,184	23,184
<b>Total assets administered on behalf of government</b>	34,207	29,536	29,536	29,536	29,536
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	17,793	-	-	-	-
<b>Total payables</b>	17,793	-	-	-	-
<b>Total liabilities administered on behalf of government</b>	17,793	-	-	-	-
<b>Net assets/(liabilities)</b>	16,414	29,536	29,536	29,536	29,536

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sales of goods and rendering of services (seigniorage)	77,799	74,930	74,162	76,076	75,382
<b>Total cash received</b>	77,799	74,930	74,162	76,076	75,382
<b>Net cash from or (used by) operating activities</b>	77,799	74,930	74,162	76,076	75,382
<b>Net increase or (decrease) in cash held</b>	77,799	74,930	74,162	76,076	75,382
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for - special accounts	77,799	74,930	74,162	76,076	75,382
<b>Cash at end of reporting period</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.10: Schedule of administered capital budget**

The Mint has no administered capital budget.

### **Table 3.2.11: Schedule of asset movements — administered**

The Mint has no administered asset movements.

## **3.2.4 Notes to the financial statements**

### **Departmental**

#### **Basis of accounting**

The Mint's budgeted statements have been prepared on an accrual basis, in accordance with the historical cost convention except for some assets and liabilities that are at valuation and in accordance with:

- the Australian Government's financial budgeting and reporting framework; and
- Australian Accounting Standards.

#### **Budgeted departmental income statement**

##### **Revenues**

Revenue is derived from the production of circulating coins, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependent upon the demand for such products by the Australian financial institutions and the coin collecting market.

##### **Expenses**

##### **Employees**

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

##### **Depreciation and amortisation**

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

##### **Other**

Other expenses include the cost of goods sold.

#### **Budgeted departmental balance sheet**

##### **Non-financial assets**

##### **Inventory**

Inventories held for resale are at the lower of cost and net realisable value. Work in progress and finished goods are brought to account to include direct costs and a

portion of direct labour and overhead. All precious metals are purchased and brought to account at cost.

## **Provisions and payables**

### **Employees**

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows in respect of all employees.

### **Asset valuation**

Commonwealth Government agencies are required to value property, plant and equipment and other infrastructure assets using the fair value method of valuation.

### **Administered**

Seigniorage is collected by the Mint on behalf of the Commonwealth Government. Seigniorage represents the difference between the face value of the coinage sold to the Australian financial institutions and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.