



Budget

2016-17

Portfolio Budget Statements 2016-17
Budget Related Paper No. 1.16
Treasury Portfolio

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programs by Entity

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Manager
Media Unit
The Treasury
Langton Crescent
Parkes ACT 2600
Email: medialiaison@treasury.gov.au

Internet

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TREASURER
PARLIAMENT HOUSE
CANBERRA 2600

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2016-17 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 'Scott Morrison'.

The Hon Scott Morrison MP

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
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nfp	not for publication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 a result of rounding.

Enquiries

Should you have any enquiries regarding this publication please contact Mr Matthew King, Chief Finance Officer, Department of the Treasury on (02) 6263 2111.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the *2016-17 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities 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 PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2016-17 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2016-17 for the parliamentary departments). In this sense the PB Statements 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 PB Statements provide 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*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

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PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

Ministers and portfolio responsibilities

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

The Treasury portfolio comprises 14 entities in the general government sector.

The **Department of the Treasury** assists the Australian Government as the pre-eminent economic adviser. The Treasury serves the Australian people through the development, delivery and implementation of sound economic policy and advice. The result is better informed policies designed to create economic prosperity for the Australian people.

The **Australian Bureau of Statistics** is Australia's official statistical entity. It provides statistics on a wide range of economic, environmental, population and social matters, covering government, business and the community in general.

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.

The **Australian Office of Financial Management** is responsible for the management of Australian Government debt and financial assets.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for the prudential regulation of the banking, other deposit taking, insurance and superannuation industries.

The **Australian Securities and Investments Commission** is an integrated financial services and market regulator responsible for consumer protection and market integrity in areas such as, investment management (including superannuation), capital markets (including primary and secondary capital markets), corporations and their auditors and liquidators, and market operators (for example, the Australian Securities Exchange).

The **Australian Taxation Office** is the Australian Government's principal revenue collection agency and administers Australia's tax system and significant aspects of Australia's superannuation system. It administers legislation governing tax, superannuation and the Australian Business Register and supports the delivery of government benefits to the community.

Portfolio overview

The **Commonwealth Grants Commission** provides advice to government on the equitable distribution of GST revenue to State and Territory governments.

The **Inspector-General of Taxation** seeks to improve the administration of the tax laws for the benefit of all taxpayers.

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.

The **Office of the Auditing and Assurance Standards Board's** objective 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.

The **Office of the Australian Accounting Standards Board's** role is to develop and maintain high quality financial reporting standards for all sectors of the Australian economy and contribute 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.

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.

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.

The **Australian Reinsurance Pool Corporation** and the **Reserve Bank of Australia** do not appear in the Portfolio Budget Statements as they are not part of the general government sector.

For information on resourcing across the portfolio, please refer to Part 1: Agency Financial Resourcing in *Budget Paper No. 4, Agency Resourcing*.

Figure 1: Treasury portfolio structure and outcomes





ENTITY RESOURCES AND PLANNED PERFORMANCE

DEPARTMENT OF THE TREASURY

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DEPARTMENT OF THE TREASURY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

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

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

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

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

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

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

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

1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

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

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

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

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

Prepared on a resourcing (ie appropriations available) basis.

(a) Appropriation Bill (No.1) 2016-17.

(b) Excludes \$1.073 million subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(e) Appropriation Bill (No.2) 2016-17.

(f) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Moneys accounts (SOETM)). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources.

(g) Reflects the transfer of the Clean Energy Finance Corporation special account to the Department of the Environment.

Third party payments from and on behalf of other entities

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

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

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

1.3 BUDGET MEASURES

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

Table 1.2: Entity 2016-17 Budget measures

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

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

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

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

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

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

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

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

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

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

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

Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1 (continued)

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

Table 2.1: Budgeted expenses for Outcome 1 (continued)

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

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

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

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

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

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

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

Table 2.2: Program 1.9 expenses

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

Table 2.2: Program 1.9 expenses (continued)

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

Table 2.2: Program 1.9 expenses (continued)

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

Table 2.2: Program 1.9 expenses (continued)

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

Table 2.2: Program 1.9 expenses (continued)

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

Table 2.2: Program 1.9 expenses (continued)

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

Table 2.2: Program 1.9 expenses (continued)

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

Table 2.3: Performance criteria for Outcome 1

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

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

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

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

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

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

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

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

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

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

3.1.3 Budgeted financial statements tables

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

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

Note: Impact of net cash appropriation arrangements

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

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.
Prepared on Australian Accounting Standards basis.

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

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

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

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

AUSTRALIAN BUREAU OF STATISTICS

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AUSTRALIAN BUREAU OF STATISTICS

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

For over 100 years, the Australian Bureau of Statistics (ABS) has informed decision-making, research and discussion by governments, business and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information.

The highest priorities for the ABS will be the continued delivery of high quality, timely statistics on important matters; the strengthening of partnerships; and the driving of high performance.

The ABS operates in a dynamic environment. New opportunities for accessing and interrogating a vast amount of administrative, transactional and other data are becoming available, increasing the potential to provide new insights into matters of importance to Australians. The statistical landscape is becoming more complex, expectations of decision-makers are growing, and the ABS is being challenged to deliver the best possible statistical program in more efficient and innovative ways.

To remain relevant and to capitalise on the opportunities of a dynamic information environment, the ABS will fundamentally transform across all aspects of the organisation. This transformation will encompass how the ABS operates as an organisation, both internally and as part of the wider information community, and the statistical solutions it delivers. The Australian Government's investment of \$257 million over five years to modernise ABS infrastructure provides the foundation for the ABS to transform for the future, and is a key enabler of the ABS vision of *unleashing the power of statistics for a better Australia*. The ABS will drive a high-performance culture that fosters creativity and innovation, adapts to the policy environment, is collaborative, and manages risk commensurate with consequences and resource costs.

The ABS will also engage and collaborate to build statistical solutions and capability, leveraging data sources held by partners to expand the scope of official statistics and reduce the burden on respondents, while protecting the confidentiality of information provided to the ABS. The value of ABS data will be enhanced through integration and by improving the accessibility of ABS data and microdata.

1.2 ENTITY RESOURCE STATEMENT

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

The table summarises how resources will be applied within the ABS.

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

Table 1.1: Entity resource statement – Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	55,658	52,733
Departmental appropriation	407,509	520,363
s74 retained revenue receipts (c)	44,153	40,753
Departmental capital budget (d)	20,750	20,402
Annual appropriations - other services - non-operating (e)		
Prior year appropriations available (b)	87	2,000
Equity injection	32,699	41,706
<i>Total departmental annual appropriations</i>	<i>560,856</i>	<i>677,957</i>
Total resourcing for Australian Bureau of Statistics	560,856	677,957
	2015-16	2016-17
Average staffing level (number)	2,871	2,830

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2016-17.

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

(c) Estimated retained revenue receipts under section 74 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(e) Appropriation Bill (No. 2) 2016-17.

1.3 BUDGET MEASURES

Budget measures in the below table relating to the ABS are detailed in the 2015–16 Mid-Year Economic and Fiscal Outlook and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Measures not previously reported in a portfolio statement

		2015-16	2016-17	2017-18	2018-19	2019-20
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Expense Measures						
Public Sector Savings — Enterprise Resource Planning Systems Savings						
Departmental expenses	1.1	-	-	(260)	(316)	-
Public Sector Savings — Shared and Common Services Programme						
Departmental expenses	1.1	-	(87)	(174)	(174)	-
Public Sector Superannuation Accumulation Plan Administration Fees						
Departmental expenses	1.1	(306)	(306)	(306)	(306)	-
Total expense measures		(306)	(393)	(740)	(796)	-

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

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

Linked programs

Many programs rely on ABS statistics to inform decision making. Many ABS statistics rely on quality state, territory and commonwealth administrative data.

Australian Taxation Office

Programs

- Program 1.3 – Australian Business Register

Contribution to Outcome 1 made by linked programs

Program 1.3 – Australian Business Register provides essential infrastructure to the ABS operations of most ABS business surveys.

Budgeted expenses for Outcome 1

Table 2.1 shows how much the ABS intends to spend (on an accrual basis) on achieving the outcome.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000	2019-20 Forw ard estimate \$'000
Program 1.1: Australian Bureau of Statistics					
Departmental expenses					
Departmental appropriation (a)	407,509	520,363	329,957	315,164	332,364
s74 Retained revenue receipts (a)	44,153	40,753	39,904	37,913	38,508
Expenses not requiring appropriation in the Budget year (b)	32,219	35,940	43,962	45,395	40,906
Total expenses for program 1.1	483,881	597,056	413,823	398,472	411,778
Total expenses for Outcome 1	483,881	597,056	413,823	398,472	411,778
	2015-16	2016-17			
Average staffing level (number)	2,871	2,830			

(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from Independent sources (section 74 of the PGPA Act).

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

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

Table 2.2: Performance criteria for Outcome 1

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

<p>Outcome 1</p> <p>Informed decision-making, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information</p>	
<p>Program 1.1 – Australian Bureau of Statistics</p> <p>This program contributes to the outcome through delivery of high quality statistical information to inform Australia’s most important issues and through engaging with users within government, business and the community to ensure they have the confidence in the statistical resources available to enable them to make informed decisions.</p>	
<p>Delivery</p>	<p>In 2016-17 and onwards, the ABS will:</p> <ol style="list-style-type: none"> 1. provide a range of quality and timely statistical outputs, including integrated data and microdata, across key economic, population and social subject matter areas that meet the needs of key users in government, business and the community. 2. reduce the burden on respondents by increasing the use of non-survey based data sources and expanding the use of electronic forms. 3. improve the relevance, reliability and accuracy of ABS statistical outputs to serve users better by actively engaging with external stakeholders to understand their needs. 4. partner with Australian governments and other key stakeholders to ensure development and coherence of the national statistical system which benefits users. 5. partner with the Department of Foreign Affairs and Trade to undertake statistical capability development to benefit partners in Asia and the Pacific region. 6. provide advice and guidance on the development and implementation of statistical standards and frameworks internationally to assist users and other producers of statistics. 7. continue to transform ABS business systems and processes to improve efficiency and accessibility and expand the range of statistical solutions to ensure the long term sustainability of the ABS.
<p>Performance information</p>	
<p>Past Performance Criteria^(a)</p>	<p>2015-16 Targets^{(b)(c)}</p>
<p>[1] [2] [3] Australia’s key decisions, research and discussions continue to be underpinned by trusted official statistics.</p> <p>[4] Statistical information continues to be relevant to the needs of key stakeholders through active engagement and partnership.</p>	<p>[1] <u>Forecast result:</u> ABS microdata will be cited in at least 60 published research articles.^(d)</p> <p>[2] <u>Forecast result:</u> It is expected that more than 97% of the articles citing ABS statistics will do so without concerns about quality.</p> <p>[3] <u>Forecast result:</u> Approximately 80% of survey respondents from the general community indicate they trust the ABS and ABS products.^(e)</p> <p>[4] <u>Forecast result:</u> At least 30 postings and secondments occur between ABS and its partners.^(d)</p>

Past Performance Criteria ^(a)	2015-16 Targets ^{(b)(c)}
<p>[5] The quality and accuracy of Australia's official statistics is maintained or improved.</p> <p>[6] Australia's leading indicators adhere to appropriate statistical standards, frameworks and methodologies to maintain quality, and support comparability in the global statistical system.</p> <p>[7] Use of ABS data increases.</p> <p>[8] High-quality statistical information is available to describe Australia's most important issues.</p> <p>[9] Provider cooperation is demonstrated through the achievement of target survey response rates.</p> <p>[10] ABS commitment to reducing provider burden is demonstrated through availability of online or alternative reporting and minimisation of provider load.</p> <p>[11] [12] Complaint resolution performance meets ABS Surveys Charter standards.</p> <p>Customer service performance meets the ABS Service Delivery Charter standards.</p> <p>National statistical literacy programs effectively engage target audiences.</p> <p>Effective delivery of international engagement programs to increase the statistical capability of national statistical offices in Asia and the Pacific region.</p>	<p>[5] <u>Forecast result:</u> At least 500 statistical products will be released.^(d)</p> <p>[6] <u>Forecast result:</u> ABS continues to produce key economic and population statistics with appropriate coverage, frequency and timeliness as assessed by the International Monetary Fund against the Special Data Dissemination Standard; except where the ABS has made an explicit decision not to do so, following consultation with stakeholders, based on Australian needs and circumstances.^(f)</p> <p>[7] <u>Forecast result:</u> Approximately: 16 million visits to the ABS website and 2.7 million downloads; 30,000 calls to the National Information and Referral Service; 100 Facebook posts with a Facebook Newsfeed reach of 200,000; 450 tweets and 1,500 retweets.^(d)</p> <p>[8] <u>Forecast result:</u> There were no quality issues in the ABS key statistics included in the 74 Essential Statistical Assets from across government.^(g)</p> <p>[9] <u>Target:</u> Selected surveys all achieve their target response rate. <u>Forecast result:</u> It is expected it will remain challenging to meet survey response rate targets.</p> <p>[10] <u>Forecast result:</u> Provider burden on businesses is expected to be about 400,000 hours per year. Provider burden on households is expected to be about 50,000 hours per year (excluding the Census of Population and Housing).</p> <p>[11] <u>Forecast result:</u> It is expected the ABS will receive about 700 complaints from businesses and 100 complaints from individuals.^(d)</p> <p>[12] <u>Target:</u> It is expected that written advice on the outcome of complaints will be sent in a timely manner. <u>Forecast result:</u> It is expected this will occur in more than 90% of cases.^(d)</p>

Past Performance Criteria^(a)	2015-16 Targets^{(b)(c)}	
<p>[13] The ABS continues to provide and improve product, services and tools to help providers meet their obligations.</p> <p>The ABS progresses new sustainable solutions to support statistical information management.</p> <p>The ABS is actively involved in the development of statistical frameworks, methods and standards.</p>	<p>[13] Target: Business and household surveys will achieve electronic reporting uptake of 90% and 20% respectively. Forecast result: The targets will be achieved.</p>	
Future Performance Criteria^(a)	2016-17 Targets^(b)	2017-18 and the Forward Year Targets^(b)
<p>[1] [2] [3] [4] ABS statistical solutions will continue to inform decision makers, researchers and discussion by governments, business and the community. The ABS produces the statistics required by users and the statistics will be of sufficient quality to be fit-for-purpose for users. The ABS will engage with partners through appropriate consultation forums to understand user requirements that inform strategic directions and the ABS work program. The ABS will better manage risks to key statistics to maintain appropriate quality.</p>	<p>[1] ABS continues to produce key economic and population statistics with appropriate coverage, frequency and timeliness as assessed by the International Monetary Fund against the Special Data Dissemination Standard; except where the ABS has made an explicit decision not to do so, following consultation with stakeholders, based on Australian needs and circumstances.^(f)</p> <p>[2] At least 96% of the media articles citing ABS statistics do so without concerns about quality.</p> <p>[3] The following consultation forum meetings will be held: three of the Australian Statistics Advisory Council; at least four of the State Government Statistical Priority Forum; two of the Australian Government Statistical Forum; at least two Economic Statistics Advisory Group meetings; and two Population and Social Statistics Advisory Group meetings.</p> <p>[4] Risk Management Plans are developed and approved for key economic and industry statistics.</p>	<p>[1] Same as 2016-17.</p> <p>[2] Same as 2016-17.</p> <p>[3] Same as 2016-17.</p> <p>[4] Risk Management Plans are developed and approved for the remainder of ABS statistics where formal statistical risk management is assessed as appropriate.</p>

Future Performance Criteria ^(a)	2016-17 Targets ^(b)	2017-18 and the Forward Year Targets ^(b)
<p>[5] [6] [7] The ABS will partner and collaborate with stakeholders to develop new statistical solutions that inform decisions on important matters. ABS stakeholders will provide feedback on the effectiveness of these collaborations, their satisfaction with the ABS responsiveness in meeting their needs, and their confidence in ABS statistics.</p> <p>[8] [9] The ABS will reduce the burden placed on providers. Provider take-up of electronic reporting will be enhanced through a Census electronic form usable on many mobile devices.</p> <p>[10] [11] [12] [13] The ABS will collaborate with partners to improve statistical infrastructure, capabilities, people and culture. The ABS Statistical Business Transformation Program is on track to develop innovative new infrastructure and capabilities. The ABS will progress the People and Culture Action Plan including an initiative to develop the future-ready professional, analytical and conceptual skills of selected staff.</p>	<p>[5] Partners report increased levels of satisfaction with ABS responsiveness in meeting their needs in the biennial April 2016 Stakeholder Relationship Health Assessment compared to when the APSC Capability Review of the ABS was undertaken.</p> <p>[6] Case studies are produced demonstrating how the ABS collaborates with partners to develop statistical solutions that have or will significantly inform important decision making by government.</p> <p>[7] A baseline is established on the use of ABS data integration products.</p> <p>[8] The ABS delivers annualised reductions in red tape of at least \$200,000. Estimated total provider burden on businesses remains steady at approximately 400,000 hours.</p> <p>[9] Business take-up of electronic forms exceeds 90%. More than 65% of the population complete their Census using an electronic form.</p> <p>[10] The new enterprise data management environment will be implemented allowing the ABS to manage its data assets more cost-effectively.</p> <p>[11] Case studies are produced demonstrating the benefits of new and enhanced infrastructure and capabilities.</p> <p>[12] All actions from the ABS People and Culture Action Plan for 2016-17 are completed including identifying and starting to address future capability requirements through operational group workforce plans.</p>	<p>[5] Partners' levels of satisfaction with ABS responsiveness in meeting their needs are maintained in the biennial April 2018 Stakeholder Relationship Health Assessment.</p> <p>[6] Same as 2016-17.</p> <p>[7] The use of ABS data integration solutions increases by 10%.</p> <p>[9] Business take-up of electronic forms exceeds the target of 90%.</p> <p>[10] ABS Statistical Business Transformation Program is on track and has met the agreed mid-term deliverables as assessed by a Gateway Review of the program to be undertaken by Australian Government by December 2017.</p> <p>[11] Same as 2016-17.</p> <p>[12] Completed all actions from the ABS People and Culture Action Plan for 2017-18 including identifying new emerging capabilities required and continuing to address future capabilities required.</p>

Future Performance Criteria ^(a)	2016-17 Targets ^(b)	2017-18 and the Forward Year Targets ^(b)
	[13] A training course to build future ready professional, analytical and conceptual skills is developed and piloted.	[13] 20% of the eligible staff cohort enrol in the training course with more than 50% completing 2017-18 modules.
Purposes⁽ⁱ⁾	<p>The purposes that contribute to Program 1.1 – Australian Bureau of Statistics are:</p> <ul style="list-style-type: none"> • informed decisions – Decisions on important matters are informed by quality official statistics and value-added statistical solutions. • trust and Support – Government, business and the community trust us and have confidence in ABS statistics. • a dynamic statistical system – ABS is a collaborative partner in building a responsive statistical system that meets current and future requirements. 	
<p>Material changes to Program 1.1 resulting from the following measures: There are no budget measures that materially impact on the Program 1.1 – Australian Bureau of Statistics.</p>		

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

(b) Targets are for the end of the financial year unless specified otherwise. The index numbers for targets in 2015-16 do not correspond to the index numbers for targets in 2016-17, 2017-18 and beyond.

(c) The target for the forecast result is to be in line with previous performance, which was assessed as acceptable in the ABS 2014-15 Annual Report.

(d) 2015-16 is the last period this target will be reported in the Portfolio Budget Statement; however reporting will continue in the Annual Performance Statement. A more strategic subset of performance criteria have been specified for 2016-17 onwards.

(e) Uses the Community Trust in ABS Statistics Survey which is repeated every five years.

(f) The Special Data Dissemination Standard (SDDS) is produced and managed by the International Monetary Fund (IMF). The IMF monitors and reports on how well countries comply with SDDS requirements for the range of statistics produced and the coverage, frequency, and timeliness of the statistics that are produced. The statistics required by the SDDS include national accounts, labour force, unemployment, consumer price inflation and estimates of resident population. The information for Australia has not been updated since 2014; however no changes have been made which would negatively impact on compliance with the standard. The latest information on how well Australia complies with the SDDS is available on the IMF website: <http://dsbb.imf.org>.

(g) The Essential Statistical Assets will not be updated in the foreseeable future and will not be reported beyond 2015-16. At the last update approximately half of the statistical assets identified were managed or controlled by the ABS. There were no quality issues in the ABS key statistics included in the 74 Essential Statistical Assets from across government. The most recent Essential Statistical Assets for Australia publication is available on the ABS website.

(h) 2015-16 is the last period in which response rates will be reported in the Portfolio Budget Statement; however reporting will continue in the Annual Performance Statement. Consistent with global trends, it is becoming more challenging to achieve high targets for survey response rates; however they are less relevant now than in the past because the ABS is investing in new statistical methods and acquiring data sources that reduce the need for surveys to be run.

(i) The ABS purposes are listed as Objectives in the ABS Corporate Plan 2015-19 (cat. no. 1005.0) which is available on the ABS website.

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between the ABS resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The increased expenditure in 2016-17 reflects activities relating to the 2016 Census as part of the normal Census cycle and the business transformation program.

The ABS is budgeting to break-even in 2016-17 and the forward estimates.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	322,952	421,488	276,711	265,494	288,515
Suppliers	128,322	139,348	92,870	89,303	82,077
Depreciation and amortisation	32,107	35,720	43,742	43,175	40,686
Other expenses	500	500	500	500	500
Total expenses	483,881	597,056	413,823	398,472	411,778
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	41,000	38,000	38,000	38,000	38,000
Other	3,153	2,753	1,904	1,913	508
Total own-source revenue	44,153	40,753	39,904	39,913	38,508
Gains					
Sale of assets	100	100	100	100	100
Other	120	120	120	120	120
Total gains	220	220	220	220	220
Total own-source income	44,373	40,973	40,124	40,133	38,728
Net (cost of)/contribution by services	(439,508)	(556,083)	(373,699)	(358,339)	(373,050)
Revenue from Government	407,509	520,363	329,957	315,164	332,364
Surplus/(deficit) attributable to the Australian Government	(31,999)	(35,720)	(43,742)	(43,175)	(40,686)
Total comprehensive income/(loss)	(31,999)	(35,720)	(43,742)	(43,175)	(40,686)
Total comprehensive income/(loss) attributable to the Australian Government	(31,999)	(35,720)	(43,742)	(43,175)	(40,686)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	108	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	32,107	35,720	43,742	43,175	40,686
Total comprehensive income/(loss) - as per the statement of comprehensive income	(31,999)	(35,720)	(43,742)	(43,175)	(40,686)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000	2019-20 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,079	2,079	2,079	2,079	2,079
Trade and other receivables	57,150	52,650	52,650	52,650	52,650
Other financial assets	1,270	1,270	1,270	1,270	1,270
Total financial assets	60,499	55,999	55,999	55,999	55,999
Non-financial assets					
Property, plant and equipment	54,232	67,990	60,255	47,478	34,939
Intangibles	69,003	86,133	93,188	91,563	89,130
Other non-financial assets	8,604	8,604	8,604	8,604	8,604
Total non-financial assets	131,839	162,727	162,047	147,645	132,673
Total assets	192,338	218,726	218,046	203,644	188,672
LIABILITIES					
Payables					
Suppliers	13,000	13,000	13,000	13,000	13,000
Other payables	47,873	47,873	47,873	47,873	47,873
Total payables	60,873	60,873	60,873	60,873	60,873
Interest bearing liabilities					
Leases	1,285	1,285	1,285	1,285	1,285
Total interest bearing liabilities	1,285	1,285	1,285	1,285	1,285
Provisions					
Employee provisions	83,107	83,107	83,107	83,107	83,107
Other provisions	6,571	6,571	6,571	6,571	6,571
Total provisions	89,678	89,678	89,678	89,678	89,678
Total liabilities	151,836	151,836	151,836	151,836	151,836
Net assets	40,502	66,890	66,210	51,808	36,836
EQUITY*					
Contributed equity	209,826	271,934	314,996	343,769	369,483
Reserves	23,922	23,922	23,922	23,922	23,922
Retained surplus (accumulated)	(193,246)	(228,966)	(272,708)	(315,883)	(356,569)
Total equity	40,502	66,890	66,210	51,808	36,836

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

Prepared on Australian Accounting Standards basis.

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

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	(193,246)	23,922	209,826	40,502
Opening balance	(193,246)	23,922	209,826	40,502
Comprehensive income				
Surplus/(deficit) for the period	(35,720)	-	-	(35,720)
Total comprehensive income	(35,720)	-	-	(35,720)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation	-	-	41,706	41,706
Departmental capital budget (DCB)	-	-	20,402	20,402
Total transactions with owners	-	-	62,108	62,108
Estimated closing balance as at 30 June 2017	(228,966)	23,922	271,934	66,890

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	406,443	524,863	329,957	315,164	332,364
Sale of goods and rendering of services	41,000	38,000	38,000	38,000	38,000
Net GST received	7,528	3,325	5,349	4,747	-
Other	3,153	2,753	1,904	1,913	508
Total cash received	458,124	568,941	375,210	359,824	370,872
Cash used					
Employees	322,952	421,488	276,711	265,494	288,515
Suppliers	135,730	142,553	98,099	93,930	81,957
Other	500	500	500	500	500
Total cash used	459,182	564,541	375,310	359,924	370,972
Net cash from/(used by) operating activities	(1,058)	4,400	(100)	(100)	(100)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	100	100	100	100	100
Total cash received	100	100	100	100	100
Cash used					
Purchase of property, plant and equipment and intangibles	52,491	66,608	43,062	28,773	25,714
Total cash used	52,491	66,608	43,062	28,773	25,714
Net cash from/(used by) investing activities	(52,391)	(66,508)	(42,962)	(28,673)	(25,614)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	53,449	62,108	43,062	28,773	25,714
Total cash received	53,449	62,108	43,062	28,773	25,714
Net cash from/(used by) financing activities	53,449	62,108	43,062	28,773	25,714
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	2,079	2,079	2,079	2,079	2,079
Cash and cash equivalents at the end of the reporting period	2,079	2,079	2,079	2,079	2,079

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000	2019-20 Forw ard estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	20,750	20,402	20,314	20,431	21,432
Equity injections - Bill 2	32,699	41,706	22,748	8,342	4,282
Total new capital appropriations	53,449	62,108	43,062	28,773	25,714
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	53,449	62,108	43,062	28,773	25,714
Total items	53,449	62,108	43,062	28,773	25,714
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	30,699	43,706	22,748	8,342	4,282
Funded by capital appropriation - DCB (b)	21,684	22,902	20,314	20,431	21,432
Funded internally from departmental resources (c)	108	-	-	-	-
TOTAL	52,491	66,608	43,062	28,773	25,714
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	52,491	66,608	43,062	28,773	25,714
Total cash used to acquire assets	52,491	66,608	43,062	28,773	25,714

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

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

(c) Includes the funding sourced from current Bill 1 and prior year Act 1/3/5 appropriations.

Prepared on Australian Accounting Standards basis.

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

	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	85,066	231,558	316,624
Accumulated depreciation/amortisation and impairment	(30,834)	(162,555)	(193,389)
Opening net book balance	54,232	69,003	123,235
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation equity (a)	21,132	22,574	43,706
By purchase - appropriation ordinary annual services (b)	10,031	12,871	22,902
Total additions	31,163	35,445	66,608
Other movements			
Depreciation/amortisation expense	(17,405)	(18,315)	(35,720)
Total other movements	(17,405)	(18,315)	(35,720)
As at 30 June 2017			
Gross book value	116,229	267,003	383,232
Accumulated depreciation/ amortisation and impairment	(48,239)	(180,870)	(229,109)
Closing net book balance	67,990	86,133	154,123

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17, including Collection Development Acquisition Budgets.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000	2019-20 Forw ard estimate \$'000
OWN-SOURCE INCOME					
Other revenue	-	-	1,431	1,458	1,488
Total non-taxation revenue	-	-	1,431	1,458	1,488
Total own-source revenue administered on behalf of Government	-	-	1,431	1,458	1,488
Total comprehensive income/(loss)	-	-	1,431	1,458	1,488

Prepared on Australian Accounting Standards basis.

**Table 3.8: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000	2019-20 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other	-	-	1,431	1,458	1,488
Total cash received	-	-	1,431	1,458	1,488
Net cash from/(used by) operating activities	-	-	1,431	1,458	1,488
Net increase/(decrease) in cash held	-	-	1,431	1,458	1,488
Cash to Official Public Account	-	-	(1,431)	(1,458)	(1,488)
Total cash to Official Public Account	-	-	(1,431)	(1,458)	(1,488)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* (CCA) and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.

The Australian Energy Regulator (AER) is Australia's national energy market regulator. The AER has an independent Board.

The ACCC and AER share staffing, resources and facilities.

The roles of the ACCC and AER should be seen in the context of the thinking that underpins National Competition Policy – that competition provides the best incentive for businesses to become more efficient, innovative and flexible and to operate in the long term interests of end users. Together the ACCC and AER champion strong, efficient and effective markets.

As Australia's peak consumer protection and competition agency, the ACCC has a number of enduring compliance and enforcement priorities: cartel conduct; agreements that substantially lessen competition, including secondary boycotts; the misuse of market power; and product safety issues which have the potential to cause serious harm to consumers.

This year the ACCC is prioritising compliance and enforcement work in the following areas:

- competition and consumer issues in the agriculture sector;
- competition and consumer issues in the health and medical sectors, including consumer protection issues arising from health claims by large businesses and the ACCC's 2015 report to the Senate on the private health insurance industry;
- cartel conduct impacting on government procurement;
- ensuring small businesses receive the protections of:
 - industry codes of conduct, including the Franchising Code, the Food and Grocery Code and the revised Horticulture Code, and

- new legislative provisions extending unfair contract term protections to small businesses.
- the effectiveness of action taken by suppliers to recall unsafe consumer products;
- consumer guarantees, with a focus on representations made by large retailers about express and extended warranties;
- consumer issues arising in relation to new car retailing, including responses by retailers and manufacturers to consumer guarantee claims;
- in conjunction with other agencies and partners, disruption of scams, particularly those that rely on building deceptive relationships and which cause severe and widespread consumer or small business detriment; and
- consumer protection issues impacting on vulnerable and disadvantaged consumers with a particular focus on older consumers and consumers who are newly arrived in Australia.

The ACCC uses priority factors to direct resources to the investigation and resolution of matters that provide the greatest overall benefit for competition and consumers.

The ACCC will continue to assess and review mergers to prevent structural changes that substantially lessen competition with a particular focus on concentrated markets and proposed acquisitions arising through privatisation of public sector assets.

The ACCC will continue to assess and make decisions about applications for authorisation and notification of certain anti-competitive conduct evaluating if such arrangements or conduct may result in a net public benefit and warrant exemption from the CCA.

The ACCC is the national regulator of natural monopoly infrastructure facilities in communication, bulk water, post and transport industries (energy sector regulation is undertaken by the AER). Fostering efficient infrastructure provision through industry-specific regulation and access conditions – under the umbrella of the long term interest of end users – is the major focus of the economic regulatory role. Access conditions that promote competition in upstream and downstream markets can increase the efficiency and productivity of the overall economy.

The ACCC economic regulation priorities for 2016-17 include:

- undertaking access, pricing and regulatory coverage assessments across key infrastructure sectors;

- promoting competition and efficiency in sectors undergoing major reform and/or transitioning to new market structures, including communications and water markets;
- enforcing and promoting compliance with industry-specific compliance regimes in telecommunications and water;
- assessing the implications of emerging competition issues in communications markets;
- advocating for appropriate regulation of monopoly infrastructure, including in areas where there are efficiency concerns independent of competition concerns; and
- undertaking price monitoring and reporting activities across different sectors, including petrol, airports, stevedoring and communications.

The AER has a diverse work program that is informed by the requirements of the energy market laws and rules. The AER's priorities and work program are guided by the energy laws' objective of promoting efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security.

For 2016-17, the AER's focus will include:

- Delivering network regulation to promote efficient investment in energy network services that customers value, including through:
 - setting the revenues of significant electricity networks and gas pipelines in Australia
 - appropriately considering recent decisions of the Australian Competition Tribunal
 - overseeing tariff reforms that will deliver prices better reflecting the costs of supplying electricity to consumers
 - developing ring fencing guidelines to enable effective introduction of new technologies and services, by providing clear guidance on their regulatory treatment
 - preparing for the extension of national electricity and gas network regulation to Western Australia
- Promoting consumer confidence in retail energy markets by:

- providing clear and useful information about energy business performance, customer rights and protections
- actively promoting industry compliance with regulatory obligations and taking appropriate enforcement action
- applying flexible and adaptable regulatory processes that accommodate innovative products and services while maintaining appropriate consumer protections
- helping consumers make good choices through its price comparator website Energy Made Easy.
- Promoting efficient wholesale energy markets by:
 - promoting compliance with the gas and electricity market rules and taking enforcement action where necessary
 - monitoring wholesale gas and electricity markets, including for market manipulation in spot gas markets
 - preparing for a new role on monitoring and reporting on the effectiveness of competition in the National Electricity Market.

More broadly the AER will also be focussing on supporting the COAG Energy Council through strong participation in energy policy development processes and the provision of clear and targeted advice.

The ACCC and AER work directly and indirectly to achieve a shared outcome, outlined in section 2.1. Both will use strategic communication and undertake an active program of managed partnerships with other organisations to deliver outcomes that impact favourably on competition and consumer welfare.

1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2016-17 as at Budget May 2016

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	21,582	10,860
Departmental appropriation	167,339	174,355
s74 retained revenue receipts (b)	3,780	3,947
Departmental capital budget (c)	1,993	1,987
Annual appropriations - other services - non-operating (d)		
Prior year appropriations available	2,700	14,296
Equity injection	12,896	1,400
<i>Total departmental annual appropriations</i>	<i>210,290</i>	<i>206,845</i>
Total departmental resourcing	210,290	206,845
Administered		
Special appropriations (e)	11,020	20
<i>Total administered special appropriations</i>	<i>11,020</i>	<i>20</i>
Total administered resourcing	11,020	20
Total resourcing for the ACCC	221,310	206,865
	<i>2015-16</i>	<i>2016-17</i>
Average staffing level (number)	739	739

Third party payments from and on behalf of other entities

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Payments made on behalf of the NCC (as disclosed in the respective entity's resource statement)	1,740	1,727
Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above)	3,780	3,947

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2016-17.

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

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) Appropriation Bill (No.2) 2016-17.

(e) Relates to repayments not provided for under other appropriations through section 77 of the PGPA Act.

1.3 BUDGET MEASURES

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

Table 1.2: Entity 2016-17 Budget measures

Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Australian Energy Regulator - additional funding						
Departmental expenses	1.2	-	7,950	-	-	-
Country of Origin Labelling — information and compliance (a)						
Departmental expenses	1.1	-	400	400	1,490	1,190
Total expense measures		-	8,350	400	1,490	1,190
Capital measures						
International Trade Agreements — government procurement reforms						
Departmental capital	1.1	-	300	-	-	-
Total capital measures		-	300	-	-	-

(a) The lead entity for measure titled "Country of Origin Labelling - information and compliance" is the Department of Industry, Innovation and Science. The full measure description and package details appear in *Budget Paper No.2* under the Industry, Innovation and Science portfolio.

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: 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

Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Australian Competition and Consumer Commission					
Departmental expenses					
Departmental appropriations	131,779	131,600	131,286	133,158	130,718
Section 74 Retained revenue receipts (a)	5,695	3,698	3,953	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	6,030	5,691	5,476	5,326	5,292
Departmental total	143,504	140,989	140,715	140,737	138,263
Total expenses for program 1.1	143,504	140,989	140,715	140,737	138,263
Program 1.2: Australian Energy Regulator					
Departmental expenses					
Departmental appropriations	33,567	40,768	33,030	33,225	33,457
Departmental total	33,567	40,768	33,030	33,225	33,457
Total expenses for program 1.2	33,567	40,768	33,030	33,225	33,457
Outcome 1 Totals by appropriation type					
Departmental expenses					
Departmental appropriations	165,346	172,368	164,316	166,383	164,175
Section 74 Retained revenue receipts (a)	5,695	3,698	3,953	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	6,030	5,691	5,476	5,326	5,292
Departmental total	177,071	181,757	173,745	173,962	171,720
Total expenses for Outcome 1	177,071	181,757	173,745	173,962	171,720
	2015-16	2016-17			
Average staffing level (number)	739	739			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

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

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

Table 2.2: Performance criteria for Outcome 1

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

<p>Outcome 1</p> <p>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</p>
<p>Program 1.1 – Australian Competition and Consumer Commission</p> <p>To achieve compliance with the <i>Competition and Consumer Act 2010</i> and other legislation to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians.</p>

Delivery	<ul style="list-style-type: none"> • Maintaining and promoting competition • Protecting the interests and safety of consumers, and supporting fair trading in markets affecting consumers and small business • Promoting the economically efficient operation of, use of, and investment in infrastructure; and identifying market failure 	
Performance information		
Year	Performance criteria	Targets^(a)
2015-16	Number of competition enforcement interventions (court proceeding commenced, section 87B undertakings accepted)	8
	Percentage of merger matters considered that were finalised by pre-assessment	80%
	Percentage of authorisation applications assessed within statutory timeframes	100%
	Number of ACL enforcement interventions (court proceeding commenced, section 87B undertakings accepted, infringement notices issued)	40
	Number of detailed assessments of emerging product safety hazards	40
	Number of small business Infocentre contacts served	12,000
	Number of Infocentre contacts served	150,000
	Number of major regulatory decisions	3
	Number of annual monitoring reports	4
	Number of reports on monitoring of unleaded petroleum products	4
2016-17	Number of competition enforcement interventions (court proceeding commenced, section 87B undertakings accepted)	8
	Percentage of merger matters considered that were finalised by pre-assessment	80%
	Percentage of authorisation applications assessed within statutory timeframes	100%
	Number of ACL enforcement interventions (court proceeding commenced, section 87B undertakings accepted, infringement notices issued)	40
	Number of detailed assessments of emerging product safety hazards	40
	Number of small business Infocentre contacts served	12,000
	Number of Infocentre contacts served	150,000
	Number of major regulatory decisions	3
	Number of annual monitoring reports	4
	Number of reports on monitoring of unleaded petroleum products	4

Year	Performance criteria	Targets ^(a)
2017-18 and beyond	As per 2016-17	As per 2016-17
Purposes	Competitive markets increase the prosperity and welfare of Australian consumers. The ACCC's role is to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians. This means the ACCC will take action where this improves consumer welfare, protects competition or stops conduct that is anti-competitive or harmful to consumers, and promotes the proper functioning of Australian markets.	

(a) Information under 'Targets' for 2015-16 is anticipated result

The above program is linked to the Department of Health (Program 5.1 – Primary Care Financing Quality and Access) and Department of Industry, Innovation and Science (Program 2 – Growing Business Investment and Improving Business Capability).

Program 1.2 – Australian Energy Regulator		
The AER's priorities and work program are guided by the objectives of the national energy legislation. The common objective through the legislation is to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of end users of energy with respect to price, quality, safety, reliability and security of supply.		
Delivery	<ul style="list-style-type: none"> • Providing effective network regulation • Building consumer confidence in retail energy markets • Supporting efficient wholesale energy markets 	
Performance information		
Year	Performance criteria	Targets ^(a)
2015-16	Number of revenue reset determinations for electricity networks and gas pipelines and distribution networks completed	11
	Number of annual reports on compliance in, and performance of, retail energy markets	2
	Number of targeted reviews of compliance with the national energy rules	4
2016-17	Number of completed revenue decisions for electricity networks and gas pipelines ^(b)	3
	Number of annual reports on compliance in, and performance of, retail energy markets	2
	Number of targeted reviews of compliance with the national energy rules	4
2017-18	Number of completed revenue decisions for electricity networks and gas pipelines ^(b)	10
	Number of annual reports on compliance in, and performance of, retail energy markets	2
	Number of targeted reviews of compliance with the national energy rules	4

Year	Performance criteria	Targets^(a)
2018-19	Number of completed revenue decisions for electricity networks and gas pipelines ^(b)	9
	Number of annual reports on compliance in, and performance of, retail energy markets	2
	Number of targeted reviews of compliance with the national energy rules	4
2019-20	Number of completed revenue decisions for electricity networks and gas pipelines ^(b)	7
	Number of annual reports on compliance in, and performance of, retail energy markets	2
	Number of targeted reviews of compliance with the national energy rules	4
Purposes	The AER regulates energy markets and networks under national legislation and rules, which aim to promote efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply.	

(a) Information under 'Targets' for 2015-16 is anticipated result.

(b) Updated to make it consistent with terminology used in our other reporting.

The above program is linked to the Department of Industry, Innovation and Science (Program 2 – Growing Business Investment and Improving Business Capability).

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted 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 Comprehensive income statement

The ACCC received approval for a \$7.0 million operating loss for 2015-16 due to unforeseen litigation expenses. It is budgeting to break-even for 2016-17 and each of the forward estimates.

Operating revenues

Total appropriation revenue for 2016-17 is estimated to be \$172.4 million. This has increased from \$165.3 million as reported in the 2015-16 Portfolio Additional Estimates Statements. The increase is due to additional funding received for new policy proposals for Country of Origin Labelling and Australian Energy Regulator – expanded functions. Refer to Table 1.2 for funding details.

Operating expenses

Total expenses in 2016-17 are estimated to be \$181.8 million. This is a decrease of \$2.3 million from the 2015-16 estimated actual.

Departmental Balance Sheet

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.

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.
- Rent straight-lining adjustments and lease incentives.
- Makegood liability for leased accommodation.
- Onerous lease for the Nishi building in New Acton, Canberra.
- Unpaid expenses as at balance date.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	101,217	97,749	97,052	96,148	95,160
Suppliers	76,856	78,330	71,228	72,489	71,260
Depreciation and amortisation	5,939	5,600	5,385	5,235	5,201
Finance costs	59	78	80	90	99
Total expenses	184,071	181,757	173,745	173,962	171,720
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	5,695	3,698	3,953	2,253	2,253
Total own-source revenue	5,695	3,698	3,953	2,253	2,253
Gains					
Other	91	91	91	91	91
Total gains	91	91	91	91	91
Total own-source income	5,786	3,789	4,044	2,344	2,344
Net (cost of)/contribution by services	(178,285)	(177,968)	(169,701)	(171,618)	(169,376)
Revenue from Government	165,346	172,368	164,316	166,383	164,175
Surplus/(deficit) attributable to the Australian Government	(12,939)	(5,600)	(5,385)	(5,235)	(5,201)
Total comprehensive income/(loss)	(12,939)	(5,600)	(5,385)	(5,235)	(5,201)
Total comprehensive income/(loss) attributable to the Australian Government	(12,939)	(5,600)	(5,385)	(5,235)	(5,201)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	(7,000)	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	5,939	5,600	5,385	5,235	5,201
Total comprehensive income/(loss) - as per the statement of comprehensive income	(12,939)	(5,600)	(5,385)	(5,235)	(5,201)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,000	2,000	2,000	2,000	2,000
Trade and other receivables	24,937	22,768	21,106	19,575	18,034
Total financial assets	26,937	24,768	23,106	21,575	20,034
Non-financial assets					
Land and buildings	10,004	7,786	11,440	9,533	7,707
Property, plant and equipment	4,601	4,623	4,420	3,985	3,876
Intangibles	3,751	3,234	3,304	3,029	2,395
Other non-financial assets	959	967	980	999	981
Total non-financial assets	19,315	16,610	20,144	17,546	14,959
Total assets	46,252	41,378	43,250	39,121	34,993
LIABILITIES					
Payables					
Suppliers	8,892	8,131	8,326	8,573	8,512
Other payables	10,487	9,957	15,429	13,924	12,490
Total payables	19,379	18,088	23,755	22,497	21,002
Provisions					
Employee provisions	27,856	26,792	26,376	25,927	25,660
Other provisions	5,580	5,274	4,174	3,869	3,572
Total provisions	33,436	32,066	30,550	29,796	29,232
Total liabilities	52,815	50,154	54,305	52,293	50,234
Net assets	(6,563)	(8,776)	(11,055)	(13,172)	(15,241)
EQUITY*					
Contributed equity	71,624	75,011	78,117	81,235	84,367
Reserves	3,967	3,967	3,967	3,967	3,967
Retained surplus (accumulated deficit)	(82,154)	(87,754)	(93,139)	(98,374)	(103,575)
Total equity	(6,563)	(8,776)	(11,055)	(13,172)	(15,241)

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

Prepared on Australian Accounting Standards basis.

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

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	(82,154)	3,967	71,624	(6,563)
Opening balance	(82,154)	3,967	71,624	(6,563)
Comprehensive income				
Surplus/(deficit) for the period	(5,600)	-	-	(5,600)
Total comprehensive income	(5,600)	-	-	(5,600)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation	-	-	1,400	1,400
Departmental capital budget (DCB)	-	-	1,987	1,987
Total transactions with owners	-	-	3,387	3,387
Estimated closing balance as at 30 June 2017	(87,754)	3,967	75,011	(8,776)
Closing balance attributable to the Australian Government	(87,754)	3,967	75,011	(8,776)

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	180,886	178,565	170,286	170,352	168,154
Sale of goods and rendering of services	3,780	3,947	4,269	2,442	2,488
Net GST received	7,250	6,608	7,272	6,942	6,823
Total cash received	191,916	189,120	181,827	179,736	177,465
Cash used					
Employees	105,768	101,275	100,333	99,445	98,245
Suppliers	81,951	84,398	77,725	78,349	77,232
s74 Retained revenue receipts transferred to OPA	3,780	3,947	4,269	2,442	2,488
Total cash used	191,499	189,620	182,327	180,236	177,965
Net cash from/(used by) operating activities	417	(500)	(500)	(500)	(500)
INVESTING ACTIVITIES					
Cash received					
Other	-	-	6,300	-	-
Total cash received	-	-	6,300	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	2,793	2,887	8,906	2,618	2,632
Total cash used	2,793	2,887	8,906	2,618	2,632
Net cash from/(used by) investing activities	(2,793)	(2,887)	(2,606)	(2,618)	(2,632)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,293	3,387	3,106	3,118	3,132
Total cash received	3,293	3,387	3,106	3,118	3,132
Net cash from/(used by) financing activities	3,293	3,387	3,106	3,118	3,132
Net increase/(decrease) in cash held	917	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	1,083	2,000	2,000	2,000	2,000
Cash and cash equivalents at the end of the reporting period	2,000	2,000	2,000	2,000	2,000

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,993	1,987	2,006	2,018	2,032
Equity injections - Bill 2	12,896	1,400	1,100	1,100	1,100
Total new capital appropriations	14,889	3,387	3,106	3,118	3,132
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	2,793	2,887	2,606	2,618	2,632
<i>Other Items</i>	12,096	500	500	500	500
Total items	14,889	3,387	3,106	3,118	3,132
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	800	900	600	600	600
Funded by capital appropriation - DCB (b)	1,993	1,987	2,006	2,018	2,032
Funded internally from departmental resources (c)	-	-	6,300	-	-
TOTAL	2,793	2,887	8,906	2,618	2,632
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,793	2,887	8,906	2,618	2,632
Total cash used to acquire assets	2,793	2,887	8,906	2,618	2,632

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

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(c) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- section 74 Retained revenue receipts; and
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

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

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	12,643	6,152	14,512	33,307
Accumulated depreciation/amortisation and impairment	(2,639)	(1,551)	(10,761)	(14,951)
Opening net book balance	10,004	4,601	3,751	18,356
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	-	-	900	900
By purchase - appropriation ordinary annual services (b)	-	1,600	387	1,987
Total additions	-	1,600	1,287	2,887
Other movements				
Depreciation/amortisation expense	(2,218)	(1,578)	(1,804)	(5,600)
Total other movements	(2,218)	(1,578)	(1,804)	(5,600)
As at 30 June 2017				
Gross book value	12,643	7,752	15,799	36,194
Accumulated depreciation/ amortisation and impairment	(4,857)	(3,129)	(12,565)	(20,551)
Closing net book balance	7,786	4,623	3,234	15,643

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17, including Collection Development Acquisition Budgets.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	40,000	40,000	40,000	40,000	40,000
Total non-taxation revenue	40,000	40,000	40,000	40,000	40,000
Total own-source revenue administered on behalf of Government	40,000	40,000	40,000	40,000	40,000
Total own-sourced income administered on behalf of Government	40,000	40,000	40,000	40,000	40,000
Net cost of/(contribution by) services	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Suplus/(deficit)	40,000	40,000	40,000	40,000	40,000

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Trade and other receivables	5,252	5,252	5,252	5,252	5,252
Total financial assets	5,252	5,252	5,252	5,252	5,252
Total assets administered on behalf of Government	5,252	5,252	5,252	5,252	5,252
Net assets/(liabilities)	5,252	5,252	5,252	5,252	5,252

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	40,000	40,000	40,000	40,000	40,000
Total cash received	40,000	40,000	40,000	40,000	40,000
Cash used					
Other	(11,000)	-	-	-	-
Total cash used	(11,000)	-	-	-	-
Net cash from/(used by) operating activities	29,000	40,000	40,000	40,000	40,000
Net increase/(decrease) in cash held	29,000	40,000	40,000	40,000	40,000
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Transfers from other entities (Finance - Whole of Government)	11,000	-	-	-	-
Total cash from Official Public Account	11,000	-	-	-	-
Cash to Official Public Account for:					
- Transfers to other entities (Finance - Whole of Government)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Total cash to Official Public Account	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

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AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Entity 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 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 diversification of the investor base by tapping into additional sources of investor demand. The development of this market has also, at times, been used to facilitate development of the Treasury Bond market through yield curve extensions.

In managing the government's cash balances, the AOFM aims to ensure that the government is able to meet its financial obligations when they fall due, while seeking to minimise the net cost of funding. The issue of Treasury Notes is used to manage cash flow variability arising from the government's within year financing task, while investment in financial assets helps to defray the cost of this task.

The AOFM manages the government's holdings of highly-rated residential mortgage backed securities acquired between 2008 and 2013 in accordance with the Treasurer's directions. In accordance with the current direction, the AOFM will seek to divest its portfolio through a competitive process.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the government. The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

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

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

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
OUTCOME 1		
Departmental		
Annual appropriations - ordinary annual services		
Prior year appropriations available	28,738	29,286
Departmental appropriation (a)	11,184	11,198
s74 retained revenue receipts (b)	811	811
Departmental capital budget (a)(c)	720	720
Annual appropriations - other services - non-operating (d)		
Equity injection	-	150
Total departmental resourcing	41,453	42,165
Administered		
Annual appropriations - ordinary annual services		
Prior year appropriations available	-	-
Administered appropriation (a)	10	10
Total administered annual appropriations	10	10
Special appropriations		
Commonwealth Inscribed Stock Act 1911	15,375,089	16,643,781
Financial Agreement Act 1994	20	20
Loans Securities Act 1919	998	658
Total administered special appropriations (e)	15,376,107	16,644,459
Special capital appropriations (e)		
Commonwealth Inscribed Stock Act 1911	63,524,593	92,474,443
Loans Securities Act 1919	-	6,910
Public Governance, Performance and Accountability Act 2013	573,843,820	448,011,922
Total administered special capital appropriations	637,368,413	540,493,275
Special accounts (e)		
Debt Retirement Reserve Trust Account	943	943
Total special account receipts	943	943
Total administered resourcing	652,745,473	557,138,687
Total resourcing for the AOFM	652,786,926	557,180,852
	2015-16	2016-17
Average staffing level (number)	36	40

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive.

(a) Appropriation Bill (No.1) 2016-17.

(b) Estimated retained revenue receipts under section 74 of the PGPA Act 2013.

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) Appropriation Bill (No.2) 2016-17.

(e) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Australian Office of Financial Management are detailed in *Budget Paper No. 2* and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Part 1: Measures announced since the 2015-16 MYEFO

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Capital measures						
International Trade Agreements — Government Procurement Reforms						
	1.1	-	150	-	-	-
Total capital measures		-	150	-	-	-

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

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

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense Measures						
Public Sector Savings — Shared and Common Services Programme						
	1.1	-	(11)	(22)	(22)	-
Total expense measures		-	(11)	(22)	(22)	-

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: 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

Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Australian Office of Financial Management					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	10	10	10	10	10
Special appropriations <i>Commonwealth Inscribed Stock Act 1911</i>	15,375,089	16,643,781	17,626,436	18,345,438	18,683,444
<i>Financial Agreement Act 1994</i>	20	20	20	20	20
<i>Loans Securities Act 1919</i>	998	658	239	238	239
Special accounts					
Debt Retirement Reserve Trust Account	-	-	-	-	-
Expenses not requiring appropriation in the Budget year (b)	74,625	-	-	-	-
Administered total	15,450,742	16,644,469	17,626,705	18,345,706	18,683,713
Departmental expenses					
Departmental appropriation	11,184	11,198	11,110	11,210	11,344
s74 Retained revenue receipts (a)	811	811	811	811	811
Expenses not requiring appropriation in the Budget year (b)	820	820	820	820	820
Departmental total	12,815	12,829	12,741	12,841	12,975
Total expenses for Outcome 1	15,463,557	16,657,298	17,639,446	18,358,547	18,696,688
	2015-16	2016-17			
Average staffing level (number)	36	40			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

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

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

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with 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		
Program 1.1 – Australian Office of Financial Management		
Delivery	The AOFM is responsible for managing the Commonwealth debt, cash and other asset portfolios on behalf of the Australian Government. It aims to manage these portfolios at least cost over the medium term subject to acceptable risk. In carrying out these responsibilities, the AOFM supports the government in its advancement of macroeconomic growth and stability, and the effective operation of domestic financial markets.	
Performance information		
Performance criteria	2015–16 targets	2016–17 and forward year targets
Meet the budget financing task in a cost-effective manner subject to acceptable risk		
The financing task is met	Difference in volume (\$) between actual issuance and issuance necessary to fund the Budget Target - Zero	Difference in volume (\$) between actual issuance and issuance necessary to fund the Budget Target - Zero
Cost efficient debt portfolio	Monitoring the debt services costs of the debt portfolio Target - Monitor trend	Monitoring the debt services costs of the debt portfolio Target - Monitor trend
Cost efficient debt issuance	Difference between the yields at tender with yields in the secondary market Target – Zero (aspirational)	Difference between the yields at tender with yields in the secondary market Target – Zero (aspirational)
Facilitate the government’s cash outlay requirements as and when they fall due		
Efficient cash management	Number of business days usage of the overdraft facility Target - Zero	Number of business days usage of the overdraft facility Target - Zero
A credible custodian of the AGS market and other portfolio responsibilities		
Secondary market for Treasury Bonds and Treasury Indexed Bonds is liquid and efficient	Annual turnover in the secondary market of Treasury Bonds and Treasury Indexed Bonds as a proportion of the average volume of stock on issue Target - Monitor trend	Annual turnover in the secondary market of Treasury Bonds and Treasury Indexed Bonds as a proportion of the average volume of stock on issue Target - Monitor trend

	Monitor usage of AOFM securities lending facility Target - Monitor trend	Monitor usage of AOFM securities lending facility Target - Monitor trend
Performance criteria	2015–16 targets	2016–17 and forward year targets
Ensure the AOFM is a well-managed organisation		
The AOFM financial management operations are efficient and cost effective	Compare the AOFM's (departmental and administrative) costs to the debt stock issued and managed Target - Monitor trend	Compare the AOFM's (departmental and administrative) costs to the debt stock issued and managed Target - Monitor trend
The AOFM is a risk mature organisation	Compare actual risk management capability with risk management capability targets Target – Capability target	Compare actual risk management capability with risk management capability targets Target – Capability target
The AOFM meets its legislative requirements	Number of reportable breaches of legislative requirements Target - Zero	Number of reportable breaches of legislative requirements Target - Zero
The AOFM is a financially strong organisation, operating within its financial constraints	Difference between actual departmental expenses and departmental revenue Target – Surplus ≥ 0	Difference between actual departmental expenses and departmental revenue Target – Surplus ≥ 0
	Difference between actual departmental capital expenditure and the approved same in the original Budget to Parliament Target – Unused capital ≥ 0	Difference between actual departmental capital expenditure and the approved same in the original Budget to Parliament Target – Unused capital ≥ 0
Purposes	<p>The AOFM's purpose is articulated through its four objectives, which are to:</p> <ul style="list-style-type: none"> • meet the budget financing task in a cost-effective manner subject to acceptable risk; • facilitate the government's cash outlay requirements as and when they fall due; • be a credible custodian of the Australian Government Securities (AGS) market and other portfolio responsibilities; and • ensure the AOFM is a well-managed organisation. 	

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

Departmental

Sales of goods and services revenue as recorded in the comprehensive income statement (Table 3.1) includes resources received free of charge from the Australian National Audit Office for audit services. Departmental entity receipts as recorded in the AOFM's resource statement (Table 1.1) exclude the estimated value of these services received free of charge.

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 AOFM's resource statement (Table 1.1). The administered financial statements identify expenses in the schedule of budgeted administered income and expenses (Table 3.7), and capital expenditure in the administered capital budget schedule (Table 3.10).

3.1.2 Explanatory notes and analysis of budgeted financial statements

Departmental

The AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in leasehold improvements and in specialist debt management systems.

Administered

The budget year 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.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	6,285	7,226	7,242	7,393	7,527
Suppliers	5,030	5,103	4,999	4,948	4,948
Depreciation and amortisation	500	500	500	500	500
Total expenses	11,815	12,829	12,741	12,841	12,975
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	811	811	811	811	811
Resource received free of charge	320	320	320	320	320
Total own-source income	1,131	1,131	1,131	1,131	1,131
Net (cost of)/contribution by services	(10,684)	(11,698)	(11,610)	(11,710)	(11,844)
Revenue from Government	11,184	11,198	11,110	11,210	11,344
Surplus/(deficit) attributable to the Australian Government	500	(500)	(500)	(500)	(500)
Total comprehensive income/(loss)	500	(500)	(500)	(500)	(500)
Total comprehensive income/(loss) attributable to the Australian Government	500	(500)	(500)	(500)	(500)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	1,000	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	500	500	500	500	500
Total comprehensive income/(loss) - as per the statement of comprehensive income	500	(500)	(500)	(500)	(500)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	29,261	29,311	29,366	29,366	29,366
Total financial assets	29,361	29,411	29,466	29,466	29,466
Non-financial assets					
Property, plant and equipment	1,093	1,379	1,674	1,975	2,283
Intangibles	1,388	1,472	1,406	1,340	1,274
Other non-financial assets	87	87	87	87	87
Total non-financial assets	2,568	2,938	3,167	3,402	3,644
Total assets	31,929	32,349	32,633	32,868	33,110
LIABILITIES					
Payables					
Suppliers	163	163	163	163	163
Total payables	163	163	163	163	163
Provisions					
Employee provisions	2,367	2,417	2,472	2,472	2,472
Other provisions	157	157	157	157	157
Total provisions	2,524	2,574	2,629	2,629	2,629
Total liabilities	2,687	2,737	2,792	2,792	2,792
Net assets	29,242	29,612	29,841	30,076	30,318
EQUITY*					
Contributed equity	2,691	3,561	4,290	5,025	5,767
Retained surplus (accumulated deficit)	26,551	26,051	25,551	25,051	24,551
Total equity	29,242	29,612	29,841	30,076	30,318

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

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

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	26,551	-	-	2,691	29,242
Opening balance	26,551	-	-	2,691	29,242
Comprehensive income					
Surplus/(deficit) for the period	(500)	-	-	-	(500)
Total comprehensive income	(500)	-	-	-	(500)
Transactions with owners					
Contributions by owners					
Equity injection - Appropriation	-	-	-	150	150
Departmental capital budget (DCB)	-	-	-	720	720
Total transactions with owners	-	-	-	870	870
Estimated closing balance as at 30 June 2017	26,051	-	-	3,561	29,612
Closing balance attributable to the Australian Government	26,051	-	-	3,561	29,612

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	11,447	11,959	11,866	12,021	12,155
Sale of goods and rendering of services	811	811	811	811	811
Total cash received	12,258	12,770	12,677	12,832	12,966
Cash used					
Employees	6,237	7,176	7,187	7,393	7,527
Suppliers	4,710	4,783	4,679	4,628	4,628
s74 Retained revenue receipts transferred to OPA	811	811	811	811	811
Total cash used	11,758	12,770	12,677	12,832	12,966
Net cash from/(used by) operating activities	500	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	1,220	870	729	735	742
Total cash used	1,220	870	729	735	742
Net cash from/(used by) investing activities	(1,220)	(870)	(729)	(735)	(742)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	720	870	729	735	742
Total cash received	720	870	729	735	742
Net cash from/(used by) financing activities	720	870	729	735	742
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	100	100	100	100	100
Cash and cash equivalents at the end of the reporting period	100	100	100	100	100

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	720	720	729	735	742
Equity injections - Bill 2	-	150	-	-	-
Total new capital appropriations	720	870	729	735	742
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	720	870	729	735	742
Total items	720	870	729	735	742
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	-	150	-	-	-
Funded by capital appropriation - DCB (b)	1,220	720	729	735	742
TOTAL	1,220	870	729	735	742
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,220	870	729	735	742
Total cash used to acquire assets	1,220	870	729	735	742

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

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

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

	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	2,766	5,096	7,862
Accumulated depreciation/amortisation and impairment	(1,673)	(3,708)	(5,381)
Opening net book balance	1,093	1,388	2,481
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation equity (a)	-	150	150
By purchase - appropriation ordinary annual services (b)	486	234	720
Total additions	486	384	870
Other movements			
Depreciation/amortisation expense	(200)	(300)	(500)
Total other movements	(200)	(300)	(500)
As at 30 June 2017			
Gross book value	3,252	5,480	8,732
Accumulated depreciation/ amortisation and impairment	(1,873)	(4,008)	(5,881)
Closing net book balance	1,379	1,472	2,851

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17, including Collection Development Acquisition Budget.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Grants	20	20	20	20	20
Finance costs	15,359,697	16,643,449	17,625,685	18,344,686	18,682,693
Other expenses	16,400	1,000	1,000	1,000	1,000
Total expenses before re-measurement	15,376,117	16,644,469	17,626,705	18,345,706	18,683,713
LESS:					
INCOME					
Non-taxation revenue					
Interest	791,717	928,760	814,234	964,023	877,267
Total non-taxation revenue	791,717	928,760	814,234	964,023	877,267
Total revenue before re-measurement	791,717	928,760	814,234	964,023	877,267
Gains					
Net (loss) on debt repurchase	(74,625)	-	-	-	-
Net gain on asset sale	1,707	-	-	-	-
Total gains (losses) before re-measurement	(72,918)	-	-	-	-
Operating result before re-measurements	(14,657,318)	(15,715,709)	(16,812,471)	(17,381,683)	(17,806,446)
Re-measurements					
Net market revaluation gains (losses)	(4,709,089)	3,162,817	2,549,163	2,350,631	1,966,669
Total re-measurements	(4,709,089)	3,162,817	2,549,163	2,350,631	1,966,669
Net cost of services	(19,366,407)	(12,552,892)	(14,263,308)	(15,031,052)	(15,839,777)
Surplus attributed to the Australian Government	(19,366,407)	(12,552,892)	(14,263,308)	(15,031,052)	(15,839,777)

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	622	622	622	622	622
Receivables	1,958,049	1,880,908	1,801,429	1,719,696	1,636,146
Investments	37,052,938	48,472,636	51,127,213	49,033,235	37,570,969
Total financial assets	39,011,609	50,354,166	52,929,264	50,753,553	39,207,737
Total assets administered on behalf of Government	39,011,609	50,354,166	52,929,264	50,753,553	39,207,737
LIABILITIES					
Interest bearing liabilities					
Treasury Bonds	429,856,739	498,263,352	537,908,093	557,887,564	566,364,340
Treasury Indexed Bonds	41,127,363	45,265,113	50,522,970	51,007,728	56,454,962
Treasury Notes	5,993,959	5,994,479	5,994,480	5,994,480	5,995,080
Other securities	21,344	13,909	13,909	13,908	13,908
Other	119	119	119	119	119
Total interest bearing liabilities	476,999,524	549,536,972	594,439,571	614,903,799	628,828,409
Total liabilities administered on behalf of Government	476,999,524	549,536,972	594,439,571	614,903,799	628,828,409
Net liabilities	(437,987,915)	(499,182,806)	(541,510,307)	(564,150,246)	(589,620,672)

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	766,941	903,134	795,595	955,820	866,078
Total cash received	766,941	903,134	795,595	955,820	866,078
Cash used					
Grant	20	20	20	20	20
Borrowing costs	16,915,757	18,658,665	19,958,494	21,093,783	20,794,479
Total cash used	16,915,777	18,658,685	19,958,514	21,093,803	20,794,499
Net cash used by operating activities	(16,148,836)	(17,755,551)	(19,162,919)	(20,137,983)	(19,928,421)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances and loans	92,229	93,947	95,937	97,813	99,219
Investments	575,319,512	436,608,212	390,110,986	506,946,444	466,310,626
Total cash received	575,411,741	436,702,159	390,206,923	507,044,257	466,409,845
Cash used					
Investments	573,843,820	448,011,922	392,761,482	504,859,848	454,846,426
Total cash used	573,843,820	448,011,922	392,761,482	504,859,848	454,846,426
Net cash from/(used by) investing activities	1,567,921	(11,309,763)	(2,554,559)	2,184,409	11,563,419
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	127,359,822	170,188,666	161,062,830	146,682,997	146,874,193
Total cash received	127,359,822	170,188,666	161,062,830	146,682,997	146,874,193
Cash used					
Net repayment of borrowings	63,504,302	92,481,353	111,281,160	121,120,536	128,878,543
Total cash used	63,504,302	92,481,353	111,281,160	121,120,536	128,878,543
Net cash from financing activities	63,855,520	77,707,313	49,781,670	25,562,461	17,995,650

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Net increase in cash held	49,274,605	48,641,999	28,064,192	7,608,887	9,630,648
Cash and cash equivalents at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for:					
- Appropriations	655,050,687	559,917,626	524,674,823	647,598,990	605,042,107
Total cash from Official Public Account	655,050,687	559,917,626	524,674,823	647,598,990	605,042,107
Cash to Official Public Account for:					
- Appropriations	(704,325,292)	(608,559,625)	(552,739,015)	(655,207,877)	(614,672,755)
Total cash to Official Public Account	(704,325,292)	(608,559,625)	(552,739,015)	(655,207,877)	(614,672,755)
Cash and cash equivalents at end of reporting period	622	622	622	622	622

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Administered capital - special appropriation (Admin only)	637,368,413	540,493,275	504,042,642	625,980,384	583,724,969
Total new capital appropriations	637,368,413	540,493,275	504,042,642	625,980,384	583,724,969
Provided for:					
Repayment of borrowings and purchases of investments	637,368,413	540,493,275	504,042,642	625,980,384	583,724,969
Total items	637,368,413	540,493,275	504,042,642	625,980,384	583,724,969

Prepared on Australian Accounting Standards basis.

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Prudential Regulation Authority (APRA) is to regulate relevant financial institutions in accordance with the laws of the Commonwealth that provide for prudential regulation or retirement income standards. In performing and exercising its functions, APRA is to balance the objectives of financial safety and efficiency, competition, contestability and competitive neutrality, and, in balancing these objectives, is to promote financial system stability in Australia.

APRA's core mission is to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions APRA supervises are met within a stable, efficient and competitive financial system. APRA also administers the Financial Claims Schemes and, as a national statistical agency for the Australian financial sector, collects and publishes data from prudentially regulated and other financial institutions.

In undertaking its core mission, APRA places a strong emphasis on an active program of prudential supervision. APRA's supervisory approach is based on the fundamental premise that the primary responsibility for financial soundness and prudent risk management within an APRA-regulated institution rests with its board of directors and senior management. APRA's role is to promote prudent behaviour by institutions through a robust prudential framework of legislation, prudential standards and prudential guidance, which aims to ensure that risk-taking is conducted within reasonable bounds and that risks are clearly identified and well-managed.

APRA takes a risk-based approach to supervision that is designed to identify and assess those areas of greatest risk to an APRA-regulated institution (or to the financial system as a whole) and then direct supervisory resources and attention to these risks. APRA seeks to ensure that its supervisory judgments are accurate, timely and robust and that its responses are targeted and proportionate.

In doing so, APRA does not pursue a zero failure objective. Rather, APRA seeks to maintain a low incidence of failure of APRA-regulated institutions while not impeding continued improvement in efficiency or hindering competition. APRA cannot eliminate the risk that any institution might fail and it recognises that attempting to do so would impose an unnecessary burden on institutions and the financial system. APRA's objective is to identify likely failure of an APRA-regulated institution early enough so that corrective action can be promptly initiated or orderly exit achieved.

APRA's integrated structure and risk-based supervisory approach enable it to deal efficiently and effectively with the evolution of the financial sector, and the wide range of financial institutions within it.

The global financial crisis provided a searching test of Australia's prudential regime and financial stability arrangements, the strength of which have been widely accepted as an important contributing factor to Australia's continued economic and financial stability through the crisis. Strong and safe financial institutions that will meet their financial promises under all reasonable circumstances, and a stable financial system, are fundamental for fostering growth and sustainable competition.

Each year, APRA considers opportunities to strengthen its core functions and capabilities. APRA's 2016-17 strategic initiatives provide the areas of focus over the medium term:

- enhancing our ability to retain, develop and reward our people;
- honing governance and workplace effectiveness;
- sharpening risk-based management; and
- building recovery and resolution planning capability.

Successful delivery of these initiatives will support the effective delivery of APRA's mission.

1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Departmental appropriation	1,237	1,543
s74 retained revenue receipts (b)	4,720	5,056
<i>Total departmental annual appropriations</i>	<i>5,957</i>	<i>6,599</i>
<i>Total departmental special appropriations</i>		
Special accounts		
Opening balance (c)	65,439	69,111
Appropriation receipts (d)	5,957	6,599
Non-appropriation receipts to Special Accounts	125,221	123,066
<i>Total special accounts</i>	<i>196,617</i>	<i>198,776</i>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>5,957</i>	<i>6,599</i>
Total departmental resourcing	196,617	198,776
Administered		
Special accounts		
Opening balance (c)	2,835	2,835
Non-appropriation receipts to Special Accounts (e)	494,762	532,737
<i>Total special account receipts</i>	<i>497,597</i>	<i>535,572</i>
Total administered resourcing	497,597	535,572
Total resourcing for APRA	694,214	734,348
	2015-16	2016-17
Average staffing level (number)	602	605

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2016-17.
- (b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (c) Excludes 'Special Public Money'. For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (d) Appropriation receipts from the Reserve Bank of Australia, the Australian Bureau of Statistics, the Australian Taxation Office, and special appropriations included above.
- (e) Comprises Private Health Insurance industry risk equalisation receipts, which are redistributed to industry, of \$494.8 million in 2015-16 and \$532.7 million in 2016-17.

1.3 BUDGET MEASURES

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

Table 1.2: Entity 2016-17 Budget measures

Part 1: Measures announced since the 2015-16 MYEFO

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Revenue measures						
Australian Prudential Regulation Authority — modernising data capabilities						
Administered revenues	1.1	-	2,433	3,118	2,307	3,348
Australian Securities and Investments Commission — improving outcomes in financial services (a)						
Administered revenues	1.1	-	36,962	46,336	25,150	12,899
Superannuation Complaints Tribunal — sustaining and modernising functions (a)						
Administered revenues	1.1	-	5,189	-	-	-
Total revenue measures		-	44,584	49,454	27,457	16,247
Expense measures						
Australian Prudential Regulation Authority — modernising data capabilities						
Departmental expenses	1.1	-	2,433	3,118	2,307	3,348
Total expense measures		-	2,433	3,118	2,307	3,348
Capital measures						
Australian Prudential Regulation Authority — modernising data capabilities						
Departmental capital	1	-	2,750	3,698	3,203	-
International Trade Agreements — government procurement reforms						
Departmental capital	1.1	-	150	-	-	-
Total capital measures		-	2,900	3,698	3,203	-

(a) The lead entity for measures 'Superannuation Complaints Tribunal – Sustaining and modernising functions' and 'Improving outcomes in Financial Services' is the Australian Securities and Investments Commission. The full measure description and package details appear in *Budget Paper No. 2* under the Treasury portfolio.

Table 1.2: Entity 2016-17 Budget measures (continued)

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

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Public Sector Savings — Shared and Common Services Programme						
	1.1	-	(17)	(35)	(35)	-
Total expense measures		-	(17)	(35)	(35)	-

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

Section 2: Outcomes and planned performance

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

APRA's outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of APRA in achieving government outcomes.

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: 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 role of APRA is to develop and enforce a robust prudential framework that promotes prudent behaviour by authorised deposit-taking institutions, 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.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Australia Prudential Regulation Authority					
Administered expenses					
Special accounts (a)	494,762	532,737	572,162	613,038	655,364
Administered total	494,762	532,737	572,162	613,038	655,364
Departmental expenses					
Special accounts	125,221	124,719	130,160	127,367	128,303
Ordinary annual services (Appropriation Bill No. 1)	1,237	1,543	2,459	2,860	3,716
s74 Retained revenue receipts (b)	4,532	4,860	4,860	4,860	4,860
Expenses not requiring appropriation in the Budget year (c)	188	196	196	196	196
Departmental total	131,178	131,318	137,675	135,283	137,075
Total expenses for program 1.1	625,940	664,055	709,837	748,321	792,439
Outcome 1 Totals by appropriation type					
Administered expenses					
Special accounts (a)	494,762	532,737	572,162	613,038	655,364
Administered total	494,762	532,737	572,162	613,038	655,364
Departmental expenses					
Special accounts	125,221	124,719	130,160	127,367	128,303
Departmental appropriation	5,769	6,403	7,319	7,720	8,576
Expenses not requiring appropriation in the Budget year (c)	188	196	196	196	196
Departmental total	131,178	131,318	137,675	135,283	137,075
Total expenses for Outcome 1	625,940	664,055	709,837	748,321	792,439
	2015-16	2016-17			
Average staffing level (number)	602	605			

(a) Private Health Insurance industry risk equalisation payments.

(b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(c) Expenses not requiring appropriation in the Budget year are made up of ANAO audit services that are received free of charge, however the expense is recognised along with an equal and offsetting income stream.

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

Table 2.2: Performance criteria for Outcome 1

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

Outcome 1		
Enhanced public confidence in Australia’s financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality		
Program 1.1 – Australian Prudential Regulation Authority		
To enhance public confidence in Australia’s financial institutions through establishing and enforcing prudential standards and practice that balances financial safety and efficiency, competition, contestability and competitive neutrality and promotes financial stability.		
Delivery	Maintain a robust prudential framework that sets requirements for prudent behaviour at regulated institutions and actively supervise regulated institutions with the aim of mitigating financial loss by depositors, policyholders and superannuation fund members that may result from the failure of a regulated institution to adequately manage risk.	
Performance information		
Year	Performance criteria	Targets
2015-16	<p>In 2015-16 APRA included the following performance criteria in its Budgets Statements:</p> <ul style="list-style-type: none"> 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 transparent engagement with stakeholders including timely briefings to government on financial system developments and on major items of policy interest emerging from APRA’s participation in international fora. <p>Expected achievement against criteria: APRA expects to meet these performance criteria.</p>	<p>Each of these performance criteria support APRA’s role of protection of the interests of depositors, policyholders and superannuation fund members (which APRA refers to collectively as its beneficiaries).</p> <p>APRA does not pursue a ‘zero failure’ target. Rather, the objective is to maintain a low incidence of failure of supervised institutions while not impeding continued improvements in efficiency or hindering competition.</p> <p>APRA’s aim is to identify likely failures early enough so that corrective action can be initiated to prevent the failure, or at least to set in train appropriate wind-up or other exit strategies, to minimise losses to beneficiaries.</p>

Year	Performance criteria	Targets
		<p>Since APRA's inception in 1998 the annual Performing Entity Ratio (PER) has averaged 99.92 per cent and the annual Money Protection Ratio (MPR), which is dominated by the losses associated with HIH Insurance in 2001, has averaged 99.96 per cent.</p>
2016-17	<p>Criteria for assessing performance in 2016-17:</p> <ul style="list-style-type: none"> • The Performing Entity Ratio (PER) — is an indicator of the incidence of failure amongst regulated institutions. It is determined as the number of regulated institutions that met their commitments to beneficiaries in a given year divided by the total number of regulated institutions. The higher the percentage, the lower the incidence of failure. • The Money Protection Ratio (MPR) — is an indicator of the incidence of loss in the financial sector. It is determined as the dollar value of liabilities to beneficiaries held in Australia in regulated institutions less any prudential losses to beneficiaries in a given year, divided by the total dollar value of liabilities to beneficiaries in Australia in regulated institutions. Again, the higher the percentage, the lower the incidence of loss. 	<p>APRA does not pursue a 'zero failure' target. Rather, the objective is to maintain a low incidence of failure of supervised institutions while not impeding continued improvements in efficiency or hindering competition.</p> <p>APRA's aim is to identify likely failures early enough so that corrective action can be initiated to prevent the failure, or at least to set in train appropriate wind-up or other exit strategies to minimise losses to beneficiaries.</p> <p>Since APRA's inception in 1998 the annual PER has averaged 99.92 per cent and the annual MPR, which is dominated by the losses associated with HIH Insurance in 2001, has averaged 99.96 per cent.</p>
2017-18 and the forward years	As per 2016-17	As per 2016-17
Purposes	<p>APRA is an independent statutory authority established for the purpose of prudential supervision of individual financial institutions and for promoting financial system stability in Australia. In performing this role, APRA is responsible for, in particular, protecting the interests of depositors, insurance policyholders and superannuation fund members.</p>	

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

The departmental comprehensive income statement (Table 3.1) indicates a small reduction in available appropriation revenue for 2016-17 as a consequence of the proposed return of a small over-collection of industry levies in 2016-17.

Employee expenses of \$98.4 million support an average staffing level (ASL) of 605 in 2016-17. The estimated staffing will enable APRA to supervise regulated institutions and respond to emerging risks, finalise a new prudential standard in relation to bank funding and a simplified framework for securitisation, and contribute to the implementation of a number of recommendations of the Financial System Inquiry. APRA will also continue to monitor the impact of prudential reforms introduced since the global financial crisis.

Supplier costs in 2016-17 reflect the accounting effect of new office leasing costs, IT support and maintenance, travel, training and other non-people related expenditures.

The budgeted departmental balance sheet (Table 3.2) shows that APRA will maintain sufficient financial assets to meet all known employee and supplier commitments as and when they fall due.

Retained surpluses and general reserves are set 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 3.4) reflects the source and application of appropriations and other revenue.

The schedule of budgeted income and expenses administered on behalf of Government (Table 3.7) 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 monies, lost member functions and for the implementation of the Stronger Super – SuperStream reforms; the Australian Securities and Investments Commission (ASIC) for consumer protection, market integrity functions and the recently announced Improving Outcomes in Financial Services measure; and the Department of Human Services (DHS) for the administration of claims for early release of superannuation benefits on compassionate grounds.

In addition, the receipts and distributions relating to the administration of the Private Health Insurance industry risk equalisation processes under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* are also included.

The schedule of budgeted assets and liabilities administered on behalf of government (Table 3.8) mainly reflects the unused funds relating to the Financial Claims Scheme.

The schedule of budgeted administered cash flows (Table 3.9), indicates that cash collected is either 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), or returned to the Private Health Insurance industry as quarterly risk equalisation payments. The residual is retained in the OPA to meet the Treasurer’s Determinations for the ATO, ASIC and DHS.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	97,254	98,350	100,494	105,004	110,124
Suppliers	27,530	24,976	28,898	22,275	18,467
Depreciation and amortisation	6,394	7,992	8,283	8,004	8,484
Total expenses	131,178	131,318	137,675	135,283	137,075
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	3,743	4,000	4,000	4,000	4,000
Other revenue	977	1,056	1,056	1,056	1,056
Total own-source revenue	4,720	5,056	5,056	5,056	5,056
Total own-source income	4,720	5,056	5,056	5,056	5,056
Net (cost of)/contribution by services	(126,458)	(126,262)	(132,619)	(130,227)	(132,019)
Appropriation revenue	126,458	124,609	132,619	130,227	132,019
Surplus/(deficit) attributable to the Australian Government	-	(1,653)	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash	1,311	1,311	1,311	1,311	1,311
Receivables	71,117	74,925	79,560	79,352	82,510
Total financial assets	72,428	76,236	80,871	80,663	83,821
Non-financial assets					
Property, plant and equipment	6,267	7,041	5,866	4,491	3,116
Intangibles	20,422	23,055	27,045	30,619	30,510
Other	3,021	2,482	2,482	2,482	2,482
Total non-financial assets	29,710	32,578	35,393	37,592	36,108
Total assets	102,138	108,814	116,264	118,255	119,929
LIABILITIES					
Provisions					
Employee provisions	36,491	38,369	40,365	42,570	44,936
Other provisions	5,607	9,467	14,216	13,557	12,471
Total provisions	42,098	47,836	54,581	56,127	57,407
Payables					
Suppliers	6,758	9,349	10,054	10,499	10,893
Total payables	6,758	9,349	10,054	10,499	10,893
Total liabilities	48,856	57,185	64,635	66,626	68,300
Net assets	53,282	51,629	51,629	51,629	51,629
EQUITY*					
Contributed equity	16,657	16,657	16,657	16,657	16,657
Reserves	13,392	13,392	13,392	13,392	13,392
Retained surplus (accumulated deficit)	23,233	21,580	21,580	21,580	21,580
Total equity	53,282	51,629	51,629	51,629	51,629

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

Prepared on Australian Accounting Standards basis.

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

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	23,233	7,392	6,000	16,657	53,282
Opening balance	23,233	7,392	6,000	16,657	53,282
Comprehensive income					
Surplus/(deficit) for the period	(1,653)	-	-	-	(1,653)
Total comprehensive income recognised directly in equity	(1,653)	-	-	-	(1,653)
Estimated closing balance as at 30 June 2017	21,580	7,392	6,000	16,657	51,629

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,743	4,000	4,000	4,000	4,000
Appropriations	126,458	124,609	132,619	130,227	132,019
Receipts from Government	4,721	5,056	5,056	5,056	5,056
Other	977	1,056	1,056	1,056	1,056
Machinery of Government (MOG) receipt (a)	3,794	-	-	-	-
Total cash received	139,693	134,721	142,731	140,339	142,131
Cash used					
Employees	97,254	98,350	100,494	105,004	110,124
Suppliers	22,047	19,916	26,083	20,076	19,951
s74 Retained revenue receipts transferred to OPA	4,721	5,056	5,056	5,056	5,056
MOG transfer to Special Account	3,794	-	-	-	-
Total cash used	127,816	123,322	131,633	130,136	135,131
Net cash from/(used by) operating activities	11,877	11,399	11,098	10,203	7,000
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	11,877	11,399	11,098	10,203	7,000
Total cash used	11,877	11,399	11,098	10,203	7,000
Net cash from/(used by) investing activities	(11,877)	(11,399)	(11,098)	(10,203)	(7,000)
FINANCING ACTIVITIES					
Net increase/(decrease) in cash held					
Cash at the beginning of the reporting period	1,311	1,311	1,311	1,311	1,311
Cash at the beginning of the reporting period	1,311	1,311	1,311	1,311	1,311

(a) Machinery of Government (MOG) receipt refers to the closure and transition of the responsibilities of the former Private Health Insurance Administration Council (PHIAC) to APRA on 1 July 2015.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total new capital appropriations	-	-	-	-	-
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	-	-	-	-	-
Total items	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	11,877	11,399	11,098	10,203	7,000
TOTAL	11,877	11,399	11,098	10,203	7,000
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	11,877	11,399	11,098	10,203	7,000
Total cash used to acquire assets	11,877	11,399	11,098	10,203	7,000

Prepared on Australian Accounting Standards basis.

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

	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	15,248	53,102	68,350
Accumulated depreciation/amortisation and impairment	(8,981)	(32,680)	(41,661)
Opening net book balance	6,267	20,422	26,689
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - other	2,149	9,250	11,399
Total additions	2,149	9,250	11,399
Other movements			
Depreciation/amortisation expense	(1,375)	(6,617)	(7,992)
Total other movements	(1,375)	(6,617)	(7,992)
As at 30 June 2017			
Gross book value	17,397	62,352	79,749
Accumulated depreciation/ amortisation and impairment	(10,356)	(39,297)	(49,653)
Closing net book balance	7,041	23,055	30,096

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Waivers and write-offs					
Risk Equalisation distributions	494,762	532,737	572,162	613,038	655,364
Total expenses administered on behalf of Government	494,762	532,737	572,162	613,038	655,364
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
<i>Financial Institutions Supervisory Levies Collection Act 1998</i>					
Collection Act 1998	237,748	251,655	259,382	203,479	192,164
Risk Equalisation receipts	494,762	532,737	572,162	613,038	655,364
Total non-taxation revenue	732,510	784,392	831,544	816,517	847,528
Total own-source revenue administered on behalf of Government	732,510	784,392	831,544	816,517	847,528
Total own-sourced income administered on behalf of Government	732,510	784,392	831,544	816,517	847,528
Net cost of/(contribution by) services	(237,748)	(251,655)	(259,382)	(203,479)	(192,164)
Surplus/(deficit)	(237,748)	(251,655)	(259,382)	(203,479)	(192,164)

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash - Financial Claims Scheme special account	835	835	835	835	835
Receivables	373	373	373	373	373
Total financial assets	1,208	1,208	1,208	1,208	1,208
Total assets administered on behalf of Government	1,208	1,208	1,208	1,208	1,208

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash or equivalent received					
Transfer from Official Public Account					
- Administered revenue	732,510	784,392	831,544	816,517	847,528
Total cash or equivalents received	732,510	784,392	831,544	816,517	847,528
Cash or equivalents used					
Cash to Official Public Account					
- Administered revenue	732,510	784,392	831,544	816,517	847,528
Total cash or equivalent used	732,510	784,392	831,544	816,517	847,528
Net cash from/(used by) operating activities	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Entity 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, to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC's strategic priorities are to:

- promote investor and financial consumer trust and confidence;
- ensure fair, orderly, transparent and efficient markets; and
- provide efficient and accessible registration.

As the financial services regulator, ASIC has responsibility for investor and consumer protection in financial services. ASIC administers the Australian financial services (AFS) licensing regime and monitors financial services businesses to ensure that they operate efficiently, honestly and fairly. These businesses typically deal in

superannuation, managed funds, deposit and payment products, shares and company securities, derivatives and insurance.

As the consumer credit regulator, ASIC regulates people and businesses engaging in consumer credit activities (including banks, credit unions, finance companies, and mortgage and finance brokers). ASIC ensures that licensees meet the standards - including their responsibilities to consumers - that are set out in the *National Consumer Credit Protection Act 2009* (National Credit Act).

As the markets regulator, ASIC monitors how effectively financial markets are complying with their legal obligations to operate fair, orderly and transparent markets. ASIC also advises the Minister about authorising new markets. It has responsibility for the supervision of trading on Australia's domestic licensed equity, derivatives and futures markets.

As the corporate regulator, ASIC ensures that companies, schemes and related entities meet their obligations under the *Corporations Act 2001* (Corporations Act). ASIC registers, and regulates companies at every point from their incorporation through to their winding up, and ensures that company officers comply with their responsibilities. This 'cradle to grave' approach enhances regulatory oversight. It also registers and, where necessary, take disciplinary action against company auditors and liquidators. ASIC also monitors public companies' financial reporting and disclosure and fundraising activities.

ASIC promotes financial literacy, to ensure investors can have greater confidence when buying financial services, and are able to make sensible and informed financial decisions.

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

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the government. The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

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

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

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 Estimated actual \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	91,049	96,478
Departmental appropriations (c)	311,480	341,588
s74 retained revenue receipts (d)	3,073	4,522
Departmental capital budget (e)	19,131	24,095
Annual appropriations - other services - non-operating (f)		
Prior year appropriations available (a)	-	-
Equity injection	5,301	29,449
Total departmental annual appropriations	430,034	496,132
Special accounts (g)		
Opening balance	-	62,127
Appropriation receipts (h)	26,920	26,815
Non-appropriation receipts	1,000	1,000
Total special accounts	27,920	89,942
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(26,920)</i>	<i>(26,815)</i>
Total departmental resourcing	431,034	559,259
Administered		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	2,142	-
Outcome 1 - Assetless Administration fund	3,580	3,591
Outcome 1 - Ordinary annual services	2,515	577
Outcome 1 - Corporations Unclaimed Money interest	1,332	1,695
Total administered annual appropriations	9,569	5,863
Special appropriations		
<i>Banking Act 1959</i>	75,343	32,869
<i>Life Insurance Act 1995</i>	8,719	3,540
Total administered special appropriations (f)	84,062	36,409
Total administered resourcing	93,631	42,272
Total resourcing for ASIC	524,665	601,531
	2015-16	2016-17
Average staffing level (number)	1,658	1,687

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2016-17.
- (b) Estimated adjusted balance carried forward from previous year. Excludes \$0.631 million withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (c) Excludes the Departmental Capital Budget (DCB).
- (d) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (e) DCB is not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (f) Appropriation Bill (No. 2) 2016-17.
- (g) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.
- (h) Amounts credited to the special account(s) from ASIC's annual and special appropriations.

1.3 BUDGET MEASURES

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

Table 1.2: Entity 2016-17 Budget measures

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

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Revenue measures						
Asia Region Funds Passport						
Administered revenues	1.1	-	435	870	870	870
Ten Year Enterprise Tax Plan — implementing a new suite of collective investment vehicles						
Administered revenues	1.1	-	-	232	238	244
Total revenue measures		-	435	1,102	1,108	1,114
Expense measures						
Asia Region Funds Passport						
Departmental expenses	1.1	-	786	888	896	904
Superannuation Complaints Tribunal — sustaining and modernising functions						
Departmental expenses	1.1	-	2,504	-	-	-
Ten Year Enterprise Tax Plan — implementing a new suite of collective investment vehicles						
Departmental expenses	1.1	-	1,556	1,403	1,039	355
Australian Securities Investment Commission — Commission Registry Further Market Testing						
Departmental expenses	1.1	1,100	5,900	-	-	-
Australian Securities Investment Commission - improving outcomes in financial services						
Departmental expenses	1.1	-	22,023	27,569	19,672	12,899
- industry charging arrangements						
Departmental expenses	1.1	-	-	-	-	-
Total expense measures		1,100	33,204	29,860	21,607	14,158

Table 1.2: Entity 2016-17 Budget measures (continued)

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Capital measures						
Asia Region Funds Passport						
Departmental capital	1.1	-	2,900	-	-	-
Australian Securities Investment Commission						
- improving outcomes in financial services						
Departmental capital	1.1	-	14,939	18,767	5,478	12,899
- industry charging arrangements						
Departmental capital	1.1	-	-	-	-	-
Superannuation Complaints Tribunal — sustaining and modernising functions						
Departmental capital	1.1	-	2,685	-	-	-
Ten Year Enterprise Tax Plan — implementing a new suite of collective investment vehicles						
Departmental capital	1.1	-	1,852	1,610	-	-
Total capital measures		-	22,376	20,377	5,478	12,899

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

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

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Public Sector Savings - Shared and Common Services Programme						
Departmental expenses	1.1	-	(124)	(248)	(248)	(305)
Total expense measures		-	(124)	(248)	(248)	(305)

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration

Budgeted expenses for Outcome 1

This table shows how much ASIC intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Australian Securities and Investments Commission					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	6,095	4,168	4,237	4,263	4,292
Expenses not requiring appropriation in the Budget year (a)	46,920	47,495	45,377	48,667	49,265
Administered total	53,015	51,663	49,614	52,930	53,557
Departmental expenses					
Departmental appropriation	323,950	341,987	337,513	331,245	327,865
Expenses not requiring appropriation in the Budget year (b)	40,148	37,899	30,510	30,276	31,037
Departmental total	364,098	379,886	368,023	361,521	358,902
Total expenses for program 1.1	417,113	431,549	417,637	414,451	412,459
Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts					
Administered expenses					
Companies unclaimed monies - s77 of the PGPA Act	30,813	31,230	31,230	31,796	32,226
Ordinary annual services (Appropriation Bill No. 1)	1,332	1,695	2,025	2,242	2,486
Special appropriations					
<i>Banking Act 1959</i> - Banking Unclaimed Monies	20,301	4,338	3,644	3,156	45,634
<i>Life Insurance Act 1995</i> - Life Insurance Unclaimed Monies	2,637	453	377	321	4,330
Administered total	55,083	37,716	37,276	37,515	84,676
Total expenses for program 1.2	55,083	37,716	37,276	37,515	84,676

Table 2.1. Budgeted expenses for Outcome 1 (continued)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Outcome 1 Totals by appropriation type					
Ordinary annual services (Appropriation Bill No. 1)	7,427	5,863	6,262	6,505	6,778
Companies unclaimed monies - section 77 of the PGPA Act	30,813	31,230	31,230	31,796	32,226
Special appropriations	22,938	4,791	4,021	3,477	49,964
Expenses not requiring appropriation in the Budget year (a)	46,920	47,495	45,377	48,667	49,265
Administered total	108,098	89,379	86,890	90,445	138,233
Departmental expenses					
Departmental appropriation	323,950	341,987	337,513	331,245	327,865
Expenses not requiring appropriation in the Budget year (b)	40,148	37,899	30,510	30,276	31,037
Departmental total	364,098	379,886	368,023	361,521	358,902
Total expenses for Outcome 1	472,196	469,265	454,913	451,966	497,135
	2015-16	2016-17			
Average staffing level (number)	1,658	1,687			

(a) Expenses not requiring appropriation in the Budget year are doubtful debts.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

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

Table 2. 2: Performance criteria for Outcome 1

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

Outcome 1

To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration

Program 1.1 – Australian Securities and Investments Commission

Program 1.1 contributes to Outcome 1 by improving industry behaviour through ASIC’s detect, understand and respond approach where investor and financial consumer trust and confidence and fair, orderly and transparent markets are most at risk. ASIC:

- detects misconduct or the risk of misconduct through surveillance, breach reporting, reports from whistleblowers and the public, data gathering and matching;
- understands and analyses the intelligence it receives; and
- responds to misconduct or the risk of misconduct through education, disrupting harmful behaviour, enforcement, communicating the actions we take, engagement with industry and stakeholders, guidance and policy advice.

This program also seeks to improve ASIC’s registry services by developing initiatives for business and consumer stakeholders to simplify and reduce the cost of interactions with ASIC.

Delivery

ASIC will deliver this objective through engagement with industry and stakeholders, surveillance, guidance, education, enforcement, policy advice, and communicating the actions we take.

Program deliverables are focused under each strategic priority.

Promoting investor and financial consumer trust and confidence

Deliverables are designed to:

- educate investors and promote information about risk, reward and diversification, and improve financial literacy levels so investors and financial consumers are empowered with trust and confidence in the financial system;
- hold people with a trusted role in the financial system (gatekeepers such as advisers, custodians, and product manufacturers and distributors) to account if they are not meeting their obligations;
- supervise and hold accountable those in the financial services sector where misconduct is detected; and
- recognise and understand how and why investors and financial consumers make financial decisions, and respond using this understanding.

Ensuring fair, orderly, transparent, and efficient markets

Deliverables focus on:

- supervising equities and derivatives markets for instances of market misconduct;
- supervising market operators for compliance with statutory obligations;
- promoting good corporate governance; and
- holding people with a trusted role in the financial system (gatekeepers such as auditors, directors, market operators and participants) to account if they are not meeting their obligations.

Providing efficient and accessible registration

Deliverables seek to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate registers;
- improve public access to information about registered and licensed entities;
- reduce costs and red tape for business by making it easier to transact with ASIC; and
- administer the law to enhance commercial certainty and reduce business costs.

Performance information		
Performance criteria	2015–16 targets	2016–17 and forward year targets
<p><i>Promoting investor and financial consumer trust and confidence</i></p> <ul style="list-style-type: none"> investors and financial consumers have trust and confidence to participate, and when participating, in the financial system; product issuers, credit providers and advisers meet required standards; fair and efficient processes are in place for resolution of disputes; and misconduct is dealt with and deterred. <p><i>Ensuring fair, orderly, and transparent markets</i></p> <ul style="list-style-type: none"> participants in financial markets meet required standards; issuers and their officers meet required standards; financial markets are fair, orderly and transparent; and misconduct is dealt with and deterred. <p><i>Providing efficient and accessible registration</i></p> <ul style="list-style-type: none"> registration is efficient, accurate and cost effective for business; business complies with ongoing registration obligations; the public has easy access to information in ASIC registers; and 	<p><i>Promoting investor and financial consumer trust and confidence/ensuring fair, orderly, transparent, and efficient markets</i></p> <p>On track to meet performance criteria for 2015-16 through engagement, surveillance, enforcement, guidance, education, and policy activities.</p> <p><i>Providing efficient and accessible registration</i></p> <p>On track to meet the performance criteria for 2015-16.</p>	<p><i>Promoting investor and financial consumer trust and confidence/ensuring fair, orderly, transparent, and efficient markets</i></p> <p>Surveillance</p> <ul style="list-style-type: none"> number of surveillances completed failures to comply with conduct obligations identified and addressed improvements to market practices, disclosures and systems, processes or procedures by regulated entities in response to identified areas of improvement published reports on surveillance and review data to articulate standards and expectations, and industry commitment to address ASIC concerns raised industry messages delivered to stakeholders, including market intermediaries, to articulate standards and expectations <p>Enforcement</p> <ul style="list-style-type: none"> successful enforcement or other action—including criminal actions, civil actions; administrative actions; enforceable undertakings; infringement notices; and compensation secured. <p>Education</p> <ul style="list-style-type: none"> number of financial literacy resources and tools produced number of unique visitors to ASIC's MoneySmart website, and proportion who took subsequent action on their finance external survey data e.g. ANZ Survey of Adult Financial Literacy in Australia. <p>Guidance</p> <ul style="list-style-type: none"> published regulatory guidance

<ul style="list-style-type: none"> misconduct is dealt with and deterred. 		<p>Policy</p> <ul style="list-style-type: none"> identification of policy issues and law reform options international policy initiatives progressed and milestones achieved <p>Engagement</p> <ul style="list-style-type: none"> financial literacy messages delivered about innovative products and services number of meetings with industry groups and other stakeholders relief applications received and processed total dollar value of regulatory cost savings <p><i>Delivering efficient and accessible registration</i></p> <ul style="list-style-type: none"> total companies registered new companies registered total business names registered estimated savings in fees to register or renew business names calls and online inquiries responded to forms lodged online percentage of forms lodged online number of searches on ASIC registers performance against ASIC's service charter
<p>Purposes</p>	<p>ASIC's vision is to allow markets to fund the real economy and, in turn, economic growth. In doing so, we contribute to improved standards of living for all Australians.</p>	

<p>Program 1.2 – Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts.</p> <p>ASIC is responsible for the administration of unclaimed money from banking and deposit taking institutions and life insurance institutions</p>		
Delivery	Provide an accurate register of unclaimed money and special accounts administered by ASIC.	
Performance information		
Performance criteria	2015–16 targets	2016–17 and forward year targets
<ul style="list-style-type: none"> ensure that refunds of unclaimed monies are paid to successful claimants promptly; and ensure that payments of monies from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation. 	Process claims within 28 days of receiving all necessary claim documentation.	As per 2016-17
Purposes	ASIC's vision is to allow markets to fund the real economy and, in turn, economic growth. In doing so, we contribute to improved standards of living for all Australians.	

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of ASIC's finances for the 2016-17 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 and special accounts.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Budgeted departmental income statement

ASIC is budgeting for a break-even operating result for 2016-17 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

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 2016-17 is \$110.7 million.

The 2016-17 equity position reflects the cumulative effect of capital injections of \$53.5 million received during 2016-17.

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 monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and section 77 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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 monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and the *Corporations Act 2001*.

Expenses represent budgeted payments of unclaimed monies, refund of overpaid fees and charges levied under the *Corporations Act 2001*, bad debt expense, administered advertising expenses and grant 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 2016-17 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 2016-17 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*, estimated claims payable under the *Banking Act 1959* and the *Life Insurance Act 1995* and companies unclaimed monies under section 77 of the PGPA Act.

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.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	218,161	239,544	241,306	234,564	229,938
Suppliers	105,289	101,943	95,707	96,177	92,251
Depreciation and amortisation	40,148	37,899	30,510	30,276	31,037
Finance costs	500	500	500	504	5,676
Total expenses	364,098	379,886	368,023	361,521	358,902
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	2,208	3,657	3,698	3,662	3,720
Other revenue	865	865	865	865	865
Total own-source revenue	3,073	4,522	4,563	4,527	4,585
Gains					
Other	330	330	330	330	330
Total gains	330	330	330	330	330
Total own-source income	3,403	4,852	4,893	4,857	4,915
Net (cost of)/contribution by services	(360,695)	(375,034)	(363,130)	(356,664)	(353,987)
Revenue from Government	323,900	340,488	335,973	329,741	324,013
Surplus/(deficit) attributable to the Australian Government	(36,795)	(34,546)	(27,157)	(26,923)	(29,974)
OTHER COMPREHENSIVE INCOME					
Total comprehensive income/(loss)	(36,795)	(34,546)	(27,157)	(26,923)	(29,974)
Total comprehensive income/(loss) attributable to the Australian Government	(36,795)	(34,546)	(27,157)	(26,923)	(29,974)
Note: Impact of net cash appropriation arrangements					
	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	36,795	34,546	27,157	26,923	29,974
Total comprehensive income/(loss) - as per the statement of comprehensive income	(36,795)	(34,546)	(27,157)	(26,923)	(29,974)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	8,132	9,232	9,232	9,232	9,232
Trade and other receivables	100,314	96,697	93,955	93,955	93,955
Total financial assets	108,446	105,929	103,187	103,187	103,187
Non-financial assets					
Land and buildings	30,502	25,391	24,487	30,890	29,264
Property, plant and equipment	20,136	17,362	14,794	13,984	14,061
Intangibles	83,463	107,992	123,773	117,372	112,525
Other non-financial assets	10,032	10,032	10,032	10,032	10,032
Total non-financial assets	144,133	160,777	173,086	172,278	165,882
Total assets	252,579	266,706	276,273	275,465	269,069
LIABILITIES					
Payables					
Suppliers	37,775	36,827	34,801	34,801	34,801
Other payables	27,018	22,948	18,879	15,526	14,463
Total payables	64,793	59,775	53,680	50,327	49,264
Provisions					
Employee provisions	80,369	80,369	80,369	80,369	80,369
Other provisions	15,685	15,832	13,943	13,439	13,439
Total provisions	96,054	96,201	94,312	93,808	93,808
Total liabilities	160,847	155,976	147,992	144,135	143,072
Net assets	91,732	110,730	128,281	131,330	125,997
EQUITY*					
Contributed equity	314,306	367,850	412,558	442,530	467,171
Reserves	6,365	6,365	6,365	6,365	6,365
Retained surplus (accumulated deficit)	(228,939)	(263,485)	(290,642)	(317,565)	(347,539)
Total equity	91,732	110,730	128,281	131,330	125,997

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

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

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	(228,939)	6,365	314,306	91,732
Opening balance	(228,939)	6,365	314,306	91,732
Comprehensive income				
Surplus/(deficit) for the period	(34,546)	-	-	(34,546)
Total comprehensive income	(34,546)	-	-	(34,546)
Contributions by owners				
Equity injection - Appropriation	-	-	29,449	29,449
Departmental capital budget (DCB)	-	-	24,095	24,095
Total transactions with owners	-	-	53,544	53,544
Estimated closing balance as at 30 June 2017	(263,485)	6,365	367,850	110,730
Closing balance attributable to the Australian Government	(263,485)	6,365	367,850	110,730

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	321,347	344,105	338,715	329,741	324,013
Sale of goods and rendering of services	2,208	3,657	3,698	3,662	3,720
Net GST received	12,501	12,188	13,972	12,577	9,584
Other	865	865	865	865	865
Total cash received	336,921	360,815	357,250	346,845	338,182
Cash used					
Employees	215,482	239,544	241,306	234,564	229,938
Suppliers	108,591	106,704	101,545	96,855	97,597
Net GST paid	12,500	12,188	13,972	12,577	9,584
Other	597	280	2,316	3,353	1,063
Total cash used	337,170	358,716	359,139	347,349	338,182
Net cash from/(used by) operating activities	(249)	2,099	(1,889)	(504)	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	22,407	54,543	42,819	29,468	24,641
Total cash used	22,407	54,543	42,819	29,468	24,641
Net cash from/(used by) investing activities	(22,407)	(54,543)	(42,819)	(29,468)	(24,641)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	21,556	53,544	44,708	29,972	24,641
Total cash received	21,556	53,544	44,708	29,972	24,641
Net cash from/(used by) financing activities	21,556	53,544	44,708	29,972	24,641
Net increase/(decrease) in cash held	(1,100)	1,100	-	-	-
Cash and cash equivalents at the beginning of the reporting period	9,232	8,132	9,232	9,232	9,232
Cash and cash equivalents at the end of the reporting period	8,132	9,232	9,232	9,232	9,232

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	19,131	24,095	24,331	24,473	24,641
Equity injections - Bill 2	5,301	29,449	20,377	5,499	-
Total new capital appropriations	24,432	53,544	44,708	29,972	24,641
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	23,762	53,191	42,819	29,468	18,965
Total items	23,762	53,191	42,819	29,468	18,965
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	3,946	30,801	20,377	5,499	-
Funded by capital appropriation - DCB (b)	18,461	23,742	22,442	23,969	24,641
TOTAL	22,407	54,543	42,819	29,468	24,641
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	22,407	54,543	42,819	29,468	24,641
Total cash used to acquire assets	22,407	54,543	42,819	29,468	24,641

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

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

Prepared on Australian Accounting Standards basis.

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

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	74,137	61,588	288,060	423,785
Accumulated depreciation/amortisation and impairment	(43,635)	(41,452)	(204,597)	(289,684)
Opening net book balance	30,502	20,136	83,463	134,101
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	1,469	3,600	49,474	54,543
Total additions	1,469	3,600	49,474	54,543
Other movements				
Depreciation/amortisation expense	(6,580)	(6,374)	(24,945)	(37,899)
Total other movements	(6,580)	(6,374)	(24,945)	(37,899)
As at 30 June 2017				
Gross book value	75,606	65,188	337,534	478,328
Accumulated depreciation/ amortisation and impairment	(50,215)	(47,826)	(229,542)	(327,583)
Closing net book balance	25,391	17,362	107,992	150,745

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Suppliers	2,515	577	585	589	593
Grants	3,580	3,591	3,652	3,674	3,699
Write-down and impairment of assets	46,920	47,495	45,377	48,667	49,265
Interest expense	4,382	3,939	4,159	4,261	4,552
Other expenses	58,579	33,360	33,117	33,254	80,124
Total expenses administered on behalf of Government	115,976	88,962	86,890	90,445	138,233
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Fees and fines	869,156	898,766	925,512	953,896	980,474
Total taxation revenue	869,156	898,766	925,512	953,896	980,474
Non-taxation revenue					
Other revenue	39,337	43,016	44,091	45,193	115,216
Total non-taxation revenue	39,337	43,016	44,091	45,193	115,216
Total own-source revenue administered on behalf of Government	908,493	941,782	969,603	999,089	1,095,690
Total own-sourced income administered on behalf of Government	908,493	941,782	969,603	999,089	1,095,690
Net cost of/(contribution by) services	(792,517)	(852,820)	(882,713)	(908,644)	(957,457)
Surplus/(deficit)	792,517	852,820	882,713	908,644	957,457
Total comprehensive income/(loss)	792,517	852,820	882,713	908,644	957,457

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,464	2,464	2,464	2,464	2,464
Taxation receivables	76	76	76	76	76
Trade and other receivables	141,583	148,940	155,098	156,526	160,730
Total financial assets	144,123	151,480	157,638	159,066	163,270
Total assets administered on behalf of Government	144,123	151,480	157,638	159,066	163,270
LIABILITIES					
Payables					
Suppliers	19,921	19,922	19,920	19,919	19,919
Other payables	352,652	323,991	305,441	293,174	319,983
Total payables	372,573	343,913	325,361	313,093	339,902
Total liabilities administered on behalf of Government	372,573	343,913	325,361	313,093	339,902
Net assets/(liabilities)	(228,450)	(192,433)	(167,723)	(154,027)	(176,632)

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees and fines	804,491	843,915	873,976	905,840	927,005
Net GST received	328	331	331	331	331
Other	39,337	43,016	44,091	45,193	115,216
Total cash received	844,156	887,262	918,398	951,364	1,042,552
Cash used					
Grant	3,580	3,591	3,652	3,710	3,699
Other	130,512	66,537	56,411	50,371	58,460
Net GST paid	328	331	331	331	331
Total cash used	134,420	70,459	60,394	54,412	62,490
Net cash from/(used by) operating activities	709,736	816,803	858,004	896,952	980,062
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	144,399	80,128	70,063	64,081	72,159
Total cash received	144,399	80,128	70,063	64,081	72,159
Cash used					
Cash to Official Public Account	853,828	896,931	928,067	961,033	1,052,221
Total cash used	853,828	896,931	928,067	961,033	1,052,221
Net cash from/(used by) financing activities	(709,429)	(816,803)	(858,004)	(896,952)	(980,062)
Net increase/(decrease) in cash held	307	-	-	-	-
Cash and cash equivalents at beginning of reporting period	2,157	2,464	2,464	2,464	2,464
Cash and cash equivalents at end of reporting period	2,464	2,464	2,464	2,464	2,464

Prepared on Australian Accounting Standards basis.

AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Taxation Office's (ATO) vision is to be a leading tax and superannuation administration, known for its contemporary service, expertise and integrity. The ATO will contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems.

The ATO is changing the way it works to deliver the best possible experience with the tax and superannuation systems for its clients, staff and partners. This work will support a whole-of-government experience for the Australian community.

Services and interactions will be professional, contemporary, and tailored to take into account different circumstances, making it easy for clients and staff to get things right and hard not to. The ATO will take a risk-based approach, and interactions will be based on the behaviours and choices exhibited by taxpayers in their dealings with us. With access to the right information in a more timely way, the ATO will be more transparent and provide the community with greater certainty of their entitlements, obligations and position in the tax and superannuation systems.

The ATO will continue to build community confidence by supporting everyone to pay the right amount of tax at the right time. This includes individuals, small and large business including multinational enterprises conducting economic activity in Australia.

Critically, the integrity of the system will be maintained by supporting those who choose to do the right thing and dealing with those who do not. Ultimately, client experience and participation in the tax and superannuation systems will be the true measure of success.

1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	383,106	217,050
Departmental appropriation	3,189,396	3,191,265
s74 retained revenue receipts (b)	100,681	152,374
Departmental capital budget (c)	115,390	111,619
Annual appropriations - other services - non-operating (d)		
Prior year appropriations available	33,710	59,738
Equity injection	142,486	54,429
Total departmental annual appropriations	3,964,769	3,786,475
Special accounts (e)		
Opening balance	6,290	4,216
Appropriation receipts (f)	13,190	13,111
Total special accounts	19,480	17,327
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(19,480)</i>	<i>(17,327)</i>
Total departmental resourcing	3,964,769	3,786,475
Administered		
Annual appropriations - ordinary annual services (a)		
Outcome 1	611	5,303
Total administered annual appropriations	611	5,303
Special appropriations		
<i>Public Governance, Performance and Accountability Act 2013 - s77</i>	100,000	100,000
<i>Product Grants and Benefits Administration Act 2000</i>		
Cleaner fuel grants	8,000	-
Product stewardship for oil	63,000	66,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	364,000	347,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	11,012,338	11,081,386
Total administered special appropriations	11,547,338	11,594,386
Special accounts (e)		
Opening balance	101,216	130,316
Appropriation receipts (g)	59,500	38,300
Non-appropriation receipts	2,614,000	3,220,000
Total special account receipts	2,774,716	3,388,616
<i>less administered appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(59,500)</i>	<i>(38,300)</i>
Total administered resourcing	14,263,165	14,950,005
Total resourcing for ATO	18,227,934	18,736,480
	2015-16	2016-17
Average staffing level (number)	17,781	18,320

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2016-17.
- (b) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (d) Appropriation Bill (No.2) 2016-17.
- (e) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 — Agency Resourcing*. Please also see Table 2.1.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (f) Amounts credited to the special account from ATO's Departmental annual appropriations.
- (g) Amounts credited to the special account from ATO's Administered annual and special appropriations.

Third party payments from and on behalf of other entities

	<i>2015-16 Estimated actual \$'000</i>	<i>2016-17 Estimate \$'000</i>
Payments made on behalf of another entity (as disclosed in the respective entity's resource statement)	5,958	6,001
Payments made to other entities for the provision of services (disclosed above)	154,028	160,036
Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above)	77,336	129,796
Payments made to corporate entities within the Portfolio Reserve Bank Australia	74,432	120,130

1.3 BUDGET MEASURES

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

**Table 1.2: Entity 2016-17 Budget measures
Measures announced since the 2015-16 MYEFO**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Applying GST to low value goods imported by consumers						
Departmental expenses	1.1	-	4,210	3,595	3,270	2,567
Australian Taxation Office - Functional and Efficiency Review						
Departmental expenses	1.1	-	520	(7,414)	(7,449)	(7,496)
eInvoicing						
Departmental expenses	1.1	-	-	-	-	-
Higher Education Reform - further consultation						
Departmental expenses	1.1	(655)	(388)	265	-	-
National Register of Foreign Ownership of Water Entitlements						
Departmental expenses	1.1	-	-	-	-	-
Superannuation Reform Package						
- introduce a \$1.6 million superannuation transfer balance cap						
Departmental expenses	1.1	-	4,400	-	-	-
- introducing a Low Income Superannuation Tax Offset (LISTO)						
Administered expenses	1.11	-	-	100,000	100,000	100,000
Departmental expenses	1.1	-	-	994	1,132	1,141
- reforming the taxation of concessional superannuation contributions						
Departmental expenses	1.1	-	-	900	2,200	1,100
Tax Integrity Package						
- establishing the Tax Avoidance Taskforce						
Departmental expenses	1.1	-	48,815	203,303	212,578	214,213
Trans-Pacific Partnership - implementation						
Administered expenses	1.5	-	400	-	-	-
Total expense measures						
Administered		-	400	100,000	100,000	100,000
Departmental		(655)	57,557	201,643	211,731	211,525

Measures announced since the 2015-16 MYEFO (continued)

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Capital measures						
Applying GST to low value goods imported by consumers						
Departmental capital	1.1	-	146	-	-	-
International Trade Agreements - government procurement reforms						
Departmental capital	1.1	-	300	-	-	-
Superannuation Reform Package						
- introducing a Low Income Superannuation Tax Offset (LISTO)						
Departmental capital	1.1	-	-	1,847	-	-
- reforming the taxation of concessional superannuation contributions						
Departmental capital	1.1	-	2,800	-	-	-
Ten Year Enterprise Tax Plan - implementing a new suite of collective investment vehicles						
Departmental capital	1.1	-	2,000	-	-	-
Total capital measures		-	5,246	1,847	-	-

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

(a) The lead entity for measure titled Pause indexation HELP debtors is Department of Education and Training. The full measure description and package details appear in *Budget Paper No. 2* under the Education and Training portfolio.

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Changes to program structure

The ATO has made changes to its program structure for 2016-17.

- The Australian Valuation Office (AVO) program, ceased trading on 30 June 2014. As such, there are no objectives, deliverables or purposes for this program. The AVO special account lapses on 1 October 2016.
- The ATO had responsibility for the Baby Bonus program (previously program 1.15) which ceased on 30 June 2009. Residual claims have also ceased, with a small number of prior year amendments contributing to a negligible number of payments made under this program in 2015-16.
- The Cleaner Fuels Grant Scheme, Conservation Tillage Refundable Tax Offset, Seafarer Tax Offset, Education Tax Refund and First Home Saver Accounts Scheme (previously program 1.7, 1.8, 1.14, 1.16 and 1.17 respectively) are now grouped together under 1.18 Other Administered. These changes have resulted in re-numbering of the remaining administered programs.

The revised program structure is shown in Table 2.1.

Table 2.1: Changes to the outcome and program structures since the last portfolio statement

Program No.	Program title	Description of change
1.4	Australian Valuation Office	Ceased trading on 30 June 2014 ^(a) .
1.7	Cleaner Fuels Grant Scheme	PBS program reference amended and combined with program 1.18.
1.8	Conservation Tillage Refundable Tax Offset	PBS program reference amended and combined with program 1.18.
1.14	Seafarer Tax Offset	PBS program reference amended and combined with program 1.18.
1.16	Education Tax Refund	PBS program reference amended and combined with program 1.18.
1.17	First Home Saver Accounts Scheme	PBS program reference amended and combined with program 1.18.
1.4	Australian Charities and Not for profits Commission	PBS program reference amended from 1.5.
1.5	Australian Screen Production Incentive	PBS program reference amended from 1.6.
1.6	Exploration Development Incentive	PBS program reference amended from 1.7.
1.7	Fuel Tax Credits Scheme	PBS program reference amended from 1.8.
1.8	National Rental Affordability Scheme	PBS program reference amended from 1.9.
1.9	Product Stewardship for Oil	PBS program reference amended from 1.10.
1.10	Research and Development Tax Incentive	PBS program reference amended from 1.11.
1.11	Low Income Superannuation Contribution	PBS program reference amended from 1.12.
1.12	Private Health Insurance Rebate	PBS program reference amended from 1.13.
1.13	Superannuation Co-contribution	PBS program reference amended from 1.14.
1.14	Superannuation Guarantee Scheme	PBS program reference amended from 1.15.
1.15	Targeted Assistance Through the Taxation system	PBS program reference amended from 1.16.
1.16	Interest on Overpayment and Early Payments of Tax	PBS program reference amended from 1.17.
1.17	Bad and Doubtful Debts	PBS program reference amended from 1.18.
1.18	Other Administered	New program name

(a) The AVO special account lapses on 1 October 2016.

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

Linked programs

Australian Financial Security Authority

- Program 1.1 – Personal Insolvency and Trustee Services

Contribution to Outcome 1 made by linked programs

Australian Financial Security Authority exchanges information with the ATO and administers the bankruptcy notices and payment arrangements to support this service.

Australian Prudential Regulation Authority

- Program 1.1 – Australian Prudential Regulation Authority

Contribution to Outcome 1 made by linked programs

Australian Prudential Regulation Authority (APRA) exchanges information with the ATO on superannuation matters. APRA also contributes to the governance and management of the Standard Business Reporting program.

Australian Securities and Investments Commission

- Program 1.1 – Australian Securities and Investment Commission

Contribution to Outcome 1 made by linked programs

Australian Securities and Investments Commission (ASIC) exchanges information with the ATO in relation to self-managed superannuation fund auditor registration, and financial crime intelligence. ASIC contributes to the management and governance of Standard Business Reporting program.

Australian Transaction Reports and Analysis Centre

- Program 1.1 – AUSTRAC

Contribution to Outcome 1 made by linked programs

Australian Transaction Reports and Analysis Centre (AUSTRAC) exchanges information with the ATO and delivers financial crime intelligence that assist key stakeholder agencies to make operational and intelligence decisions. The AUSTRAC call centre is incorporated into the ATO call centre environment.

Department of Education and Training

- Program 2.4 – Higher Education Loan Program
- Program 2.8 – Building Skills and Capacity

Contribution to Outcome 1 made by linked programs

Department of Education and Training exchanges information with the ATO in relation to the Higher Education Loans Program and Trade Support Loans.

<p>Department of the Treasury</p> <ul style="list-style-type: none"> • Program 1.1 – Department of the Treasury <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of the Treasury (Treasury) contributes to the administration of the National Tax Equivalent Regime. Treasury also exchanges information and provides advice to the ATO relating to foreign investment proposal.</p>
<p>Department of Health</p> <ul style="list-style-type: none"> • Program 4.1 – Medical Benefits • Program 4.4 – Private Health Insurance <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of Health (DoH) contributes to the administrative arrangements for the Government’s Private Health Insurance Rebate. DoH also works with the ATO to deliver the Multi-agency Data Integration Project.</p>
<p>Department of Human Services</p> <ul style="list-style-type: none"> • Program 1.1 – Services to the Community – Social Security and Welfare • Program 1.2 – Services to the Community – Health • Program 1.3 – Child Support <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of Human Services supports individuals, families and communities to achieve greater self-sufficiency by providing administration and payments services on behalf of the ATO.</p>
<p>Department of Immigration and Border Protection</p> <ul style="list-style-type: none"> • Program 3.1 – Border-Revenue Collection <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of Immigration and Border Protection exchanges information with the ATO and collects border revenue for the Tourist Refund Scheme, Excise Equivalent Goods, Goods and Services Tax, Luxury Car Tax and Wine Equalisation Tax on behalf of the ATO.</p>
<p>Department of Industry, Innovation and Science</p> <ul style="list-style-type: none"> • Program 1.1 – Supporting Science and Commercialisation • Program 1.2 – Growing Business Investment and Improving Business Capability • Program 1.3 – Program Support <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of Industry, Innovation and Science work together with the ATO to enable the growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.</p>
<p>Department of the Environment</p> <ul style="list-style-type: none"> • Program 1.6 – Management of Hazardous Wastes, Substances and Pollutants • Program 2.1 – Reducing Australia’s Greenhouse Gas Emissions <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of the Environment (DoE) contributes to the joint administration of the Product Stewardship of Oil Program. DoE also exchanges information with the ATO to confirm trees meet certain conditions when a taxpayer claims a deduction under the Carbon Sink Forest measure.</p>

Budgeted expenses for Outcome 1

Table 2.2 shows how much the ATO intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.2: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Australian Taxation Office					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	611	5,303	8,797	272	-
Administered total	611	5,303	8,797	272	-
Departmental expenses					
Departmental appropriation	3,010,545	3,014,715	3,032,707	2,957,297	2,861,577
s74 Retained revenue receipts (a)	95,887	144,952	63,041	62,144	62,809
Expenses not requiring appropriation in the Budget year (b)	197,054	202,793	207,948	213,238	218,668
Departmental total	3,303,486	3,362,460	3,303,696	3,232,679	3,143,054
Total expenses for program 1.1	3,304,097	3,367,763	3,312,493	3,232,951	3,143,054
Program 1.2: Tax Practitioners Board					
Departmental expenses					
Departmental appropriation	16,978	16,895	15,903	15,509	15,061
Departmental total	16,978	16,895	15,903	15,509	15,061
Total expenses for program 1.2	16,978	16,895	15,903	15,509	15,061
Program 1.3: Australian Business Register					
Departmental expenses					
Departmental appropriation	148,683	146,544	140,371	137,322	133,854
Departmental total	148,683	146,544	140,371	137,322	133,854
Total expenses for program 1.3	148,683	146,544	140,371	137,322	133,854
Program 1.4: Australian Charities and Not-for-profits					
Departmental expenses					
Special accounts	13,190	13,111	12,235	11,887	11,492
Departmental total	13,190	13,111	12,235	11,887	11,492
Total expenses for program 1.4	13,190	13,111	12,235	11,887	11,492
Program 1.5: Australian Screen Production Incentive					
Administered expenses					
Special appropriations	367,500	307,400	300,000	264,000	264,000
Administered total	367,500	307,400	300,000	264,000	264,000
Total expenses for program 1.5	367,500	307,400	300,000	264,000	264,000

Table 2.2: Budgeted expenses for Outcome 1 (continued)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.6: Exploration Development Incentive					
Administered expenses					
Special appropriations	22,000	30,000	-	-	-
Administered total	22,000	30,000	-	-	-
Total expenses for program 1.6	22,000	30,000	-	-	-
Program 1.7: Fuel Tax Credits Scheme					
Administered expenses					
Special appropriations	6,116,900	6,236,000	6,465,900	6,723,700	7,069,700
Administered total	6,116,900	6,236,000	6,465,900	6,723,700	7,069,700
Total expenses for program 1.7	6,116,900	6,236,000	6,465,900	6,723,700	7,069,700
Program 1.8: National Rental Affordability Scheme					
Administered expenses					
Special appropriations	182,538	224,586	230,578	236,707	238,286
Administered total	182,538	224,586	230,578	236,707	238,286
Total expenses for program 1.8	182,538	224,586	230,578	236,707	238,286
Program 1.9: Product Stewardship for Oil					
Administered expenses					
Special appropriations	63,000	66,000	70,000	72,000	74,000
Administered total	63,000	66,000	70,000	72,000	74,000
Total expenses for program 1.9	63,000	66,000	70,000	72,000	74,000
Program 1.10: Research and Development Tax Incentive					
Administered expenses					
Special appropriations	2,885,000	2,901,000	3,290,000	3,567,000	3,873,000
Administered total	2,885,000	2,901,000	3,290,000	3,567,000	3,873,000
Total expenses for program 1.10	2,885,000	2,901,000	3,290,000	3,567,000	3,873,000
Program 1.11: Low Income Earner Superannuation Contribution					
Administered expenses					
Special appropriations	742,400	718,400	100,000	100,000	100,000
Administered total	742,400	718,400	100,000	100,000	100,000
Total expenses for program 1.11	742,400	718,400	100,000	100,000	100,000
Program 1.12: Private Health Insurance Rebate					
Administered expenses					
Special appropriations	272,000	249,000	255,000	255,000	246,000
Administered total	272,000	249,000	255,000	255,000	246,000
Total expenses for program 1.12	272,000	249,000	255,000	255,000	246,000
Program 1.13: Superannuation Co-contribution Scheme					
Administered expenses					
Special appropriations	165,000	159,000	158,000	157,000	154,000
Administered total	165,000	159,000	158,000	157,000	154,000
Total expenses for program 1.13	165,000	159,000	158,000	157,000	154,000

Table 2.2: Budgeted expenses for Outcome 1 (continued)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.14: Superannuation Guarantee Scheme					
Administered expenses					
Special appropriations	364,000	347,000	337,000	331,000	340,000
Administered total	364,000	347,000	337,000	331,000	340,000
Total expenses for program 1.14	364,000	347,000	337,000	331,000	340,000
Program 1.15 Targeted Assistance Through the Taxation System					
Administered expenses					
Special appropriations	22,000	26,000	10,000	9,000	9,000
Administered total	22,000	26,000	10,000	9,000	9,000
Total expenses for program 1.15	22,000	26,000	10,000	9,000	9,000
Program 1.16: Interest on Overpayment and Early Payments of Tax					
Administered expenses					
Special appropriations	230,000	230,000	275,000	275,000	275,000
Administered total	230,000	230,000	275,000	275,000	275,000
Total expenses for program 1.16	230,000	230,000	275,000	275,000	275,000
Program 1.17: Bad and Doubtful Debts and Remissions					
Administered expenses					
Expenses not requiring appropriation in the Budget year (b)	5,791,408	6,498,000	7,064,000	7,689,000	8,138,000
Administered total	5,791,408	6,498,000	7,064,000	7,689,000	8,138,000
Total expenses for program 1.17	5,791,408	6,498,000	7,064,000	7,689,000	8,138,000
Program 1.18: Other Administered					
Administered expenses					
Cleaner Fuels Grant Scheme (Special appropriation)	8,000	-	-	-	-
Conservation Tillage Refundable Tax Offset (Special appropriation)	-	-	-	-	-
Seafarer Tax Offset (Special appropriation)	7,000	-	-	-	-
Education Tax Refund (Special appropriation)	-	-	-	-	-
First Home Saver Accounts Scheme (Special appropriation)	-	-	-	-	-
Administered total	15,000	-	-	-	-
Total expenses for program 1.18	15,000	-	-	-	-

Table 2.2: Budgeted expenses for Outcome 1 (continued)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Outcome 1 Totals by appropriation type					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	611	5,303	8,797	272	-
Special appropriations	11,447,338	11,494,386	11,491,478	11,990,407	12,642,986
Expenses not requiring appropriation in the Budget year (b)	5,791,408	6,498,000	7,064,000	7,689,000	8,138,000
Administered total	17,239,357	17,997,689	18,564,275	19,679,679	20,780,986
Departmental expenses					
Departmental appropriation	3,176,206	3,178,154	3,188,981	3,110,128	3,010,492
s74 Retained revenue receipts (a)	95,887	144,952	63,041	62,144	62,809
Special accounts	13,190	13,111	12,235	11,887	11,492
Expenses not requiring appropriation in the Budget year (b)	197,054	202,793	207,948	213,238	218,668
Departmental total	3,482,337	3,539,010	3,472,205	3,397,397	3,303,461
Total expenses for Outcome 1	20,721,694	21,536,699	22,036,480	23,077,076	24,084,447
	2015-16	2016-17			
Average staffing level (number)	17,781	18,320			

(a) Estimated expenses incurred in relation to receipts retained under *section 74 of the PGPA Act*.

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

Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds. Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.3: Performance criteria for Outcome 1

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

<p>Outcome 1</p> <p>Confidence in the administration of aspects of Australia’s taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law</p>		
<p>Program 1.1 — Australian Taxation Office</p> <p>The ATO’s objective is to administer aspects of Australia’s tax and superannuation systems by:</p> <ul style="list-style-type: none"> • providing clients with certainty, engaging early and being professional, respectful and fair; • focusing on desired cultural traits and encouraging engagement to deliver improved services; • providing interactions which are easy to access, minimising red tape and reducing compliance costs; • ensuring correct and timely registrations, lodgments, reporting and payments; • undertaking activities to ensure appropriate collection of revenue for government to support and fund services for the community; and • improving efficiency, productivity and performance. 		
<p>Delivery</p>	<p>The ATO effectively manages and shapes the tax and superannuation systems that support and fund services for Australians, by:</p> <ul style="list-style-type: none"> • collecting revenue; • administering the goods and services tax on behalf of the Australian States and Territories; and • administering major aspects of Australia’s superannuation system. 	
<p>Purposes</p>	<p>The ATO contributes to the economic and social wellbeing of Australians through:</p> <ul style="list-style-type: none"> • ensuring integrity in the system; • encouraging willing participation; • collecting appropriate revenue; and • demonstrating productivity. 	
<p>Performance information</p>		
<p>Performance criteria -Integrity</p>	<p>2015-16 targets</p>	<p>2016-17 and the forward estimates targets</p>
<p>An increase in trust and confidence by providing clients with certainty, engaging early and being professional, respectful and fair. Measured by:</p>		
<p>Satisfaction — Community satisfaction with ATO performance</p>	<p>Year-to-date result (31 December 2015): 74%</p>	<p>Target: Greater than or equal to 2015-16.</p>
<p>Fairness — Perceptions of fairness in disputes</p>	<p>Year-to-date result (31 December 2015): 60%</p>	<p>Target: Greater than or equal to 2015-16</p>
<p>Professionalism — People surveyed agreed that ATO listens to and responds to feedback</p>	<p>Performance criteria not included in 2015-16</p>	<p>Target: Greater than or equal to 2015-16</p>

Performance criteria -Integrity	2015-16 targets	2016-17 and the forward estimates targets
Create a client focused and future oriented workforce by focusing on desired cultural traits and encouraging engagement to deliver improved services. Measured by:		
Culture — Level of employee engagement	Performance criteria not included in 2015-16	Target: Greater than or equal to 2015-16
Improve the client experience by providing interactions which are easy to access, minimising red tape and reducing compliance cost. Measured by:		
Ease — People surveyed agree the ATO makes it easy to access services and information	Performance criteria not included in 2015-16	Target: Greater than or equal to 2015-16
Digital — Proportion of inbound interactions received digitally	Performance criteria not included in 2015-16	Target: 85%
Compliance cost — Adjusted average cost of managing tax affairs	Latest result (2014-15): Average cost of \$293 and adjusted median of \$131	Target: Remain steady
Increase in clients meeting their obligations by ensuring correct and timely registrations, lodgments, reporting and payments. Measured by:		
Registration — Proportion of companies and individuals registered in the system	Year-to-date result (31 December 2015): Slight improvement in both categories compared to 2014-15	Target: The ATO aims to ensure that all entities that are required to participate in the tax and superannuation system are registered on the ATO client register.
Lodgment — Proportion of activity statements and income tax returns lodged on time	Year-to-date results (31 December 2015): Tax returns 81.7% Activity statements 78.4%	Target: Tax returns 83.4% Activity statements 78.7%
Payment — Proportion of liabilities paid on time by value	Year-to-date result (31 December 2015): Overall 90.4%	Target: Overall 85%
Superannuation — Adjusted employer superannuation contributions as a proportion of adjusted salary and wages	Forecast: 9.5%	Target: 9.5%
Correct reporting — Tax gap as a proportion of revenue	Latest result (2013-14): 4.9% GST gap — a slight downward trend over time	Target: Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available. Note: prior to 2016-17, this PBS measure referred only to the GST gap.

Performance criteria -Integrity	2015-16 targets	2016-17 and the forward estimates targets
Increase in clients paying the right tax at the right time by undertaking activities to ensure appropriate collection of revenue for government to support and fund services for the community. Measured by:		
Tax assured — Proportion of the tax base where the ATO has justified trust that it is accurate	Performance criteria not included in 2015–16	Target: Under development
Audit yield — Cash collected from direct compliance activities	Latest result (2014-15): \$9.6 billion	Target: \$6.2 billion
Total revenue effects — Cash collected from all compliance activities	Performance criteria not included in 2015-16	Target: Under development
Debt — Ratio of collectable debt to net tax collections	Year-to-date result (31 December 2015): 5.5%	Target: Below 6%
Expected revenue — Proportion of revenue collected compared with forecast	Performance criteria not included in 2015-16	Target: +/- 2.5%
Decrease administrative costs by improving efficiency, productivity and performance. Measured by:		
Budget — ATO manages its operating budget to balance	Performance criteria not included in 2015-16	Target: +/-0.6%
Cost of collection — Cost to collect net \$100	Latest result (2014-15): \$0.84 per net \$100 and \$0.66 per gross \$100	Target: Consistent with trend
Expenditure — Tax administration expenditure as % of gross domestic product	Performance criteria not included in 2015-16	Target: 0.2%
Expenditure — Non-tax expenditure as % of total expenditure	Performance criteria not included in 2015-16	Target: Consistent with trend
Cost per transaction	Performance criteria not included in 2015-16	Target: Under development

Performance criteria ceased from 2015-16	2015-16 targets	2016-17 and the forward estimates targets
Proportion of draft legislation which is assured before introduction to Parliament	Forecast: The ATO has consulted with Treasury on all draft legislation at the appropriate time	Not applicable, ceased 2015-16
Proportion of self-managed superannuation funds contraventions compared to the total number of self-managed superannuation funds.	Latest result (2014-15): 2.5%	Not applicable, ceased 2015-16
Time-cost index for business and superannuation funds to prepare and complete key tax forms	Latest result (2014-15): Continued variability in the index for superannuation funds, based on significant changes in the sector	Not applicable, ceased 2015-16
Material changes to Program 1.1 resulting from the following measures:		
<ul style="list-style-type: none"> Corporate Tax Avoidance Taskforce 		

Program 1.2 — Tax Practitioners Board	
<p>The Tax Practitioners Board (TPB) has general administration of the <i>Tax Agent Services Act 2009</i> (TASA) and is responsible for the regulation of tax practitioners. These include tax agents, business activity statement (BAS) agents and tax (financial) advisers. The TPB's objective is to ensure that tax agent services provided by tax practitioners to the public, are in accordance with appropriate standards of professional and ethical conduct.</p>	
Delivery	<p>The TPB engages and works collaboratively with key stakeholders to:</p> <ul style="list-style-type: none"> ensure tax practitioners maintain appropriate knowledge and skills to provide competent services; ensure tax practitioners are aware of and understand their obligations by communicating with them, issuing clear guidance and employing transparent processes in administering the TASA; and respond promptly and effectively to complaints about tax practitioners.
Purposes	<p>The TPB's purpose is to regulate tax practitioners in a fair, consistent and practical way under the TASA to protect consumers, thereby strengthening the integrity of the tax practitioner profession.</p>
Performance information	
Performance criteria(a)	2015-16 and the forward estimates targets
Administer a system for the registration of tax agents, BAS agents and tax (financial) advisers (collectively known as tax practitioners)	<p>Forecast (2015-16): Achieving service standards and key business priorities as outlined in the 'TPB Strategic Plan 2015-16'</p> <p>Target: Maintain and improve service standards</p>

Performance criteria(a)	2015-16 and the forward estimates targets
Maintain a public register of registered and deregistered tax practitioners	<p>Forecast (2015-16): Public register is available 99.7% of the time</p> <p>Target: Meet 98% internal service standard</p>
Maintain an effective complaints handling and review process	<p>Forecast (2015-16) and target: Complaints process is transparent and publicly accessible for both complainants and practitioners</p>
Action to deter non-compliant or illegal behaviour	<p>Forecast (2015-16) and target: All actions taken in accordance with the law</p>
Number and types of sanctions applied	<p>Forecast (2015-16) and target: All sanctions applied in accordance with the law</p>
Improvement in the number of registration and renewal applications processed without requiring further applicant interaction	<p>Forecast (2015-16): 72%</p> <p>Target: Improvement</p>
Proportion of complaints resolved within service standard	<p>Forecasts (2015-16):</p> <ul style="list-style-type: none"> • 90% of complaints received completed within 150 days • 95% of complaints received completed within 210 days <p>Targets:</p> <ul style="list-style-type: none"> • 80% of complaints received completed within 150 days • 90% of complaints received completed within 210 days
Significant majority of registered tax practitioners meet the TPB's professional indemnity insurance requirements	<p>Forecast (2015-16): Over 60%</p> <p>Target: Improvement</p>
Tax practitioners' and other stakeholders' satisfaction with communication and consultation by the TPB	<p>Forecast (2015-16): Conduct regular consultative forums during the year with key industry stakeholders. These forums form a major avenue for consultation and feedback</p> <p>Target: Feedback from practitioners and other stakeholders indicates continuing satisfaction with communication and consultation by the TPB</p>
Regular publication on the TPB website of guidance to registered tax practitioners on their rights and obligations	<p>Forecast (2015-16): Publish over 40 information sheets and other guidance material and issue five eNews for tax practitioner subscribers</p> <p>Target: Publish information sheets and other guidance material, and eNews for tax practitioner subscribers</p>

<p>Program 1.3 — Australian Business Register</p> <p>The Commissioner of Taxation is also the Registrar of the Australian Business Register (ABR). The Registrar has separate and distinct responsibilities as outlined in section 28 of the <i>A New Tax System (Australian Business Number) Act 1999</i>.</p> <p>The ABR contributes to improving the wellbeing of Australian people by facilitating the use of integrated digital services, technologies and processes to reduce administrative costs for business.</p> <p>The ABR program encompasses:</p> <ul style="list-style-type: none"> • The ABR: a comprehensive national business dataset; • A secure authentication system giving business easy-to-use access to online government services; and • Standard Business Reporting (SBR): SBR defines a common language for business information and standards for electronic information sharing. It is used in business record-keeping software to support running the business and reduce the burden of reporting to government. 		
Delivery	<p>The ABR program works with government, software developers, the business community and other key stakeholders in facilitating more streamlined online interactions between business and government and ultimately business and business. This will be achieved through increased use of a complete and single source of business information and broader adoption and use of consistent information exchange standards.</p>	
Purposes	<p>The ABR program contributes to improving the wellbeing of the Australian people through enhanced business productivity by:</p> <ul style="list-style-type: none"> • reducing the administrative cost to business in their dealings with other businesses and in complying with government regulation; • influencing government policy development and implementation, through advocating the use of whole-of-government services, technologies and processes to minimise the administrative impact on business; and • encouraging the broader use of the national business register information, and the ABN as the key identifier for business. 	
Performance information		
Performance criteria	2015-16 targets	2016-17 and the forward estimates targets
Increased use of the ABR as the national business dataset by government agencies and the community	Year-to-date result (29 February 2016): 87 (an increase of four)	Targets: 2016-17: 50% increase 2017-18: 20% increase
Reduction in the unintended administrative costs to business of complying with government regulation	Forecast: Estimated annual savings to business of \$1.14 billion	Target: Estimated annual savings to business of \$1.39 billion (2016-17) and \$1.41 billion (2017-18)
Increase in the number of government agencies using the ABR database as their own	Performance criteria not included in 2015–16	Target: Annual increase of three government agencies using the ABR as their own
Increase in the number of government agencies implementing and using SBR	Performance criteria not included in 2015–16	Target: Annual increase of three government agencies using the ABR as their own

Performance criteria	2015-16 targets	2016-17 and the forward estimates targets
Improvement in the quality of key data in the ABR	Forecast: 10% increase in the accuracy of key data	Performance criteria not included
Proportion of ABN applicants obtaining a decision online at the point of application	Forecast: 75% of applicants for the month of June obtain an ABN decision on the spot	Performance criteria not included

Program 1.4 — Australian Charities and Not-for-profits Commission

The Australian Charities and Not-for-profits Commission (ACNC) is the independent regulator of charities at the Commonwealth level established by the *Australian Charities and Not-for-profits Act 2012* (ACNC Act). The ACNC Act gave the ACNC the following objects:

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

The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers contained in the ACNC Act and accompanying legislation and regulations. A not-for-profit organisation that wishes to access certain Commonwealth concessions (including tax concessions, exemptions and benefits) must first be registered as a charity by the ACNC. The ACNC provides a range of guidance material and help services to registered charities to assist them to understand their obligations under the ACNC Act, which includes ensuring they are able to meet core minimum standards of governance. The ACNC also looks into complaints against charities and initiates compliance action against charities that contravene the ACNC Act or governance standards.

The ACNC maintains a free public register of information about charities for the public, funders, donors and governments. The ACNC Charity Register enables charities to demonstrate transparency by publishing information in a central repository and it gives the public free access to information about individual charities and their governance. This information promotes the important contribution that charities make to Australian society and around the world and serves as a vehicle to promote and maintain public confidence in the charitable sector.

The ACNC works with other Commonwealth, state and territory government agencies to reduce red tape for charities. The ACNC aims to harmonise and simplify reporting for charities and align regulatory obligations.

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| Delivery | <ul style="list-style-type: none"> • maintaining and enhancing public trust and confidence in charities ; • supporting charities to be healthy and sustainable; • making it easier for charities by driving regulatory and reporting simplification; and • developing an independent, transparent and well-governed organisation which is enhanced by a positive culture. |
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| Purposes | <ul style="list-style-type: none"> • to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector; • to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and • to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector. |
|-----------------|--|

Performance information		
Year	Performance criteria	Targets / Forecasts
2015-16	Number of charitable status determinations made within agreed timeframes	Forecast: 95% of determinations meet agreed timeframes
	Maintenance of a free to access public charity register	Forecast: Met
	Provision of guidance to assist charities to understand and meet their regulatory obligations and to assist the public to understand the work of the charity sector	Forecast: Met
	Number of investigations into non-compliance with the ACNC Act and actions taken	Forecast: 80 investigations completed
	ACNC deregulation target met	Forecast: Met
	Analysis of charity information and provision of research reports to the community	Forecast: Met
	Proportion of registration determinations delivered within agreed timeframes	Forecast: Agreed service standards met
	Proportion of complaints and concerns of non-compliance with the ACNC Act addressed within agreed timeframes	Forecast: Agreed service standards partially met
	Proportion of advice, education and guidance delivered within agreed timeframes	Forecast: Agreed service standards partially met
	Percentage of charities' annual information statements submitted compared to the number of registered charities	Forecast: Improved
	Number of visits to website, and charity register	Forecast: Improved

Year	Performance criteria	Targets / Forecasts
2016-17	Maintaining and enhancing public trust and confidence in charities by ensuring:	
	<ul style="list-style-type: none"> registered charities meet their Annual Information Statement reporting obligations 	Target: 95% of all charities complete their Annual Information Statement
	<ul style="list-style-type: none"> charities identified as no longer entitled to registration are removed from the register 	Target: 100% of charities that are assessed as no longer entitled to be registered are removed from the register
	<ul style="list-style-type: none"> charity registration applications are processed according to published service standards 	Target: Applications are processed within the agreed service standards published on the ACNC website
	<ul style="list-style-type: none"> concerns raised about charities are processed according published service standards 	Target: Compliance processes complaints according to the agreed service standards published on the ACNC website
	Supporting charities to be healthy and sustainable by ensuring:	
	<ul style="list-style-type: none"> enquiries are responded to according to published service standards 	Target: Enquiries are responded to within the agreed service standards published on the ACNC website
	<ul style="list-style-type: none"> targeted guidance is developed to meet the needs of charities 	Target: Met
	<ul style="list-style-type: none"> charity Annual Information Statement data is analysed and at least one report is published to demonstrate the contribution Australian charities make to the community 	Target: Met
	Making it easier for charities by driving regulatory and reporting simplification:	
	<ul style="list-style-type: none"> where possible agreements are negotiated with state and territory agencies to work towards harmonising regulatory and reporting obligations for charities 	Target: Demonstrated progress
	<ul style="list-style-type: none"> reporting for charities in highly regulated education, health, aged care and disability sectors is simplified and duplication eliminated wherever possible 	Target: Demonstrated progress

Year	Performance criteria	Targets / Forecasts
2016-17 (continued)	Developing an independent, transparent and well-governed organisation which is enhanced by a positive culture will be demonstrated by:	
	<ul style="list-style-type: none"> employee census results improving each year it is conducted 	Target: Improvement
	<ul style="list-style-type: none"> implementing a cloud hosting system to improve IT system performance 	Target: Implemented
2017-18 and beyond	As per 2016-17	As per 2016-17

Programs 1.5 — 1.17 Administered programs		
<p>The ATO administers a range of payments and transfers on behalf of the Australian Government, including incentives and rebates delivered through the taxation and superannuation systems.</p>		
Delivery	Administered programs may be administered by the ATO with policy and delivery assistance from other Commonwealth agencies, or directly through the taxation and superannuation systems.	
Purpose	The ATO contributes to the economic and social wellbeing of Australians through governing a range of programs that result in transfers and benefits back to the community.	
Performance information		
Program 1.5 — Australian Screen Production Incentive		
<p>The Australian Screen Production Incentive comprises three refundable film tax offsets: the Producer Offset, the Location Offset, and the Post, Digital and Visual Effects (PDV) Offset. These offsets are designed to ensure Australia remains competitive in attracting high budget film and television productions and are aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions. The Ministry for the Arts, along with Screen Australia and the ATO, have co-administration responsibilities for the program. Screen Australia has responsibility for the Producer Offset while the Ministry for the Arts has responsibility for the Location and PDV Offset.</p>		
Performance criteria	2015-16 targets	2016-17 and forward estimates targets
Number of tax offsets processed	Latest result (2014-15): 166	Target: The ATO aims to administer the Australian Screen Production Incentive program in accordance with the law
Value of tax offsets processed	Forecast: \$228 million	
Number of tax offsets issued compared to the number of tax offset entitlements	Latest result (2014-15): 166	
Value of tax offsets issued compared to the value of tax offset entitlements	Forecast: \$228 million	

Program 1.6 — Exploration Development Incentive		
<p>The Exploration Development Incentive will allow small mineral exploration companies with no taxable income to provide exploration credits, paid as a refundable tax offset, to their Australian resident shareholders for greenfield mineral exploration.</p>		
Performance criteria	2015-16 targets	2016-17 and forward estimates targets
Number of applications made by mining exploration companies	This measure is reported annually and does not yet have its first result.	Target: The ATO aims to administer the Exploration Development Incentive program in accordance with the law
Value of exploration expenditure sought to be converted into credits before ATO applies statutory cap on total credits		
Modulation factor provided by the ATO in sufficient time to allow allocation of capped exploration credits to shareholders		Target: By 31 December 2016

Program 1.7 — Fuel Tax Credits Scheme		
<p>The objective of the Fuel Tax Credits Scheme is to remove or reduce the incidence of fuel tax levied on taxable fuels by providing a credit for fuel used for:</p> <ul style="list-style-type: none"> • business activities in machinery, plant and equipment and heavy vehicles • the domestic generation of electricity by taxpayers not in business. 		
Performance criteria	2015-16 targets	2016-17 and forward estimates targets
Number of registered participants	Latest result (2014-15): Over 250,000 participants	Target: The ATO aims to administer the Fuel Tax Credits Scheme in accordance with the law
Value of claims	Latest result (2014-15): \$6.1 billion	
Proportion of payments processed within service standard timeframes	Forecast: 85%	Target: 85%

Program 1.8 — National Rental Affordability Scheme

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

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

Performance criteria	2015-16 targets	2016-17 and forward estimates targets
Number of tax offsets processed	Latest result (2014-15): Nearly 24,000	Target: 26,000
Value of tax offsets processed	Latest result (2014-15): Over \$82 million	Target: \$185 million
Ratio of claims made through the ATO compared to the Department of Social Services	Latest result (2014-15): 3:1	Target: 3:1

Program 1.9 — Product Stewardship for Oil

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

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

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

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

Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of claims processed	Latest result (2014-15): Over 480	Target: The ATO aims to administer the Product Stewardship for Oil program in accordance with the law
Number of participants registered	Latest result (2014-15): 37	
Value of payments processed	Latest result (2014-15): Over \$49 million	
Value of revenue collected	Latest result (2014-15): Over \$33 million	
Proportion of payments processed within service standard timeframes	Forecast: 85%	Target: 85%

Program 1.10 — Research and Development Tax Incentive		
<p>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.</p> <p>The Department of Industry has the primary policy responsibility for the program with the aim of increasing both the number of companies investing in innovation and the value of innovation investment over time.</p> <p>The ATO has an important supporting role in processing claims through the tax system for the R&D offset.</p>		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of claims processed for 40% non-refundable research and development tax offset claimants	Latest result (2014-15): Over 1,700	Target: The ATO aims to administer the Research and Development Incentive program in accordance with the law
Number of claims processed for 45% refundable research and development tax offset claimants	Latest result (2014-15): Over 8,900	
Value of claims processed for 40% non-refundable research and development tax offset claimants	Latest result (2014-15): \$14.2 billion	
Value of claims processed for 45% refundable research and development tax offset claimants	Latest result (2014-15): \$5.2 billion	
Proportion of offsets processed within service standard timeframes	Latest result (2014-15): 51.4%	

Program 1.11 — Low Income Superannuation Contribution
<p>The Low Income Superannuation Contribution aimed to address some of the inequity in the superannuation system, where low income earners with a marginal rate of tax less than 15 per cent, pay a higher rate of tax on superannuation contributions than if they had received the money as salary and wages. The program started from the 2012-13 income year.</p> <p>The Bill to repeal low income superannuation contributions came into effect on 5 September 2014. Low Income Superannuation Contribution will continue to be payable for concessional contributions made up to and including the 2016-17 year, however, determinations will cease at 1 July 2019.</p> <p>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 advice and education services.</p>

Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of beneficiaries of entitlements determined	Latest result (2014-15): 3.2 million	Target: The ATO aims to administer the Low Income Superannuation Contribution program in accordance with the law.
Value of entitlements determined	Latest result (2014-15): Over \$797 million determined and over \$791 million paid	
Value of entitlements paid		
Proportion of original contributions paid within 60 days	Forecast: 97%	Target: 97%

Program 1.12 — Private Health Insurance Rebate

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

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

Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of claims processed Value of rebates processed Proportion of private health insurance rebates claimed through the tax system Liability imposed on, lodging eligible individuals	Forecast: Approximately 7.8 million tax returns with private health insurance details	Targets: Approximate number of tax returns with private health insurance details: 2016-17: 8.2 million 2017-18: 8.5 million 2018-19: 8.9 million

Program 1.13 — Superannuation Co-contribution Scheme		
<p>The Superannuation Co-contribution Scheme is to help low and middle income earners save for their retirement. Eligible individuals who make personal superannuation contributions to a complying superannuation fund or retirement savings account receive a co-contribution from the government up to certain limits.</p> <p>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.</p>		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of beneficiaries of entitlements determined	Latest result (2014-15): Over 500,000	Target: The ATO aims to administer the Superannuation Co-contribution Scheme in accordance with the law.
Value of entitlements determined and paid	Latest result (2014-15): Over \$161 million determined and over \$168 million paid	
Proportion of original co-contributions paid within 60 days	Forecast: 97%	Target: 97%

Program 1.14 — Superannuation Guarantee Scheme		
<p>Under the <i>Superannuation Guarantee (Administration) Act 1992</i> (SGAA), most employers must pay superannuation contributions into a complying superannuation fund or retirement savings account.</p> <p>Non-compliance with the SGAA by employers means that eligible employees will not receive their entitlements to, and benefits of, superannuation in their retirement.</p>		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result	Latest result (2014-15): Over 14,000 complaints raised with 8,000 leading to no result	Target: The ATO aims to administer the Superannuation Guarantee Scheme in accordance with the law.
Number of employees who have had superannuation guarantee entitlements raised as a result of ATO compliance activities and voluntary disclosures	<p>Latest result (2014-15): Employees with entitlements raised</p> <ul style="list-style-type: none"> • over 132,000 through compliance activities • over 85,000 through voluntary disclosures 	
Number of employers whose records are checked and the number leading to a superannuation liability being raised	Latest result (2014-15): Over 21,000	

Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Proportion of employers for whom superannuation guarantee liabilities were raised by the ATO	Latest result (2013-14): 2.4%	
Value of superannuation guarantee charge: <ul style="list-style-type: none"> raised (including penalties and interest) collected 	Latest result (2014-15): Over \$734 million raised and over \$379 million collected	Targets: 2016-17: \$702 million raised, \$381 million collected 2017-18 and beyond: \$724 million raised and \$373 million collected (annually)
Value of superannuation guarantee entitlements distributed to individuals or superannuation funds	Latest result (2014-15): Over \$372 million	Targets: 2016-17: \$380 million 2017-18 and beyond: \$369 million (annually)
Value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue	Latest result (2014-15): \$1.2 billion superannuation guarantee debt on hand and \$223.1 million superannuation debt written off	Targets: 2016-17: \$1.3 billion on hand and \$219 million written off 2017-18 and beyond: \$1.6 billion on hand and \$240 million written off (annually)

Program 1.15 — Targeted Assistance Through the Taxation system

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

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

Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of interest payments processed	Latest result (2014-15): Over 198,000	Target: The ATO aims to administer the Targeted Assistance Through the Taxation system program in accordance with the law.
Value of interest payments processed	Latest result (2014-15): \$3.4 million	
Proportion of unclaimed superannuation accounts where interest is paid to the account owner compared to total accounts transferred	Latest result (2014-15): 100%	

Program 1.16 — Interest on Overpayment and Early Payments of Tax		
<p>The objective of the program is to apply credit interest to taxpayers' accounts where they are entitled under the law.</p> <p>The application of credit interest is non-discretionary where an entitlement exists under the <i>Taxation (Interest on Overpayments and Early Payments) Act 1983</i>. Administered interest regimes include:</p> <ul style="list-style-type: none"> • interest on overpayments of tax; • delayed refund interest; and • interest on early payments of tax. 		
Performance criteria (a)	2015-16 targets	2016-17 and forward estimates targets
Number of clients entitled to credit interest due to processing performance	Not available	Target: The ATO aims to administer the Interest on Overpayments and Early Payments of Tax program in accordance with the law
Value of credit interest applied to client accounts due to processing performance	Latest result (2014-15): Over \$216 million	
Proportion of credit interest paid due to processing performance compared to all credit interest paid	Latest result (2014-15): 26.3%	

Program 1.17 — Bad and Doubtful Debts		
<p>The primary objective of the program is to help ensure that the value of tax receivables reported is a true and fair estimate of what can be collected on behalf of the Australian Government.</p> <p>The ATO may not be able to collect all tax liabilities due. The ATO estimates the amount it does not expect to recover and, in accordance with Australian Accounting Standards, creates an impairment allowance provision for this amount. This provision is one of the amounts offset against the gross total taxation receivables to determine the net total taxation receivables, which is a true and fair estimate of what can be collected on behalf of the Australian Government.</p>		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Value of provision for bad and doubtful debts	Latest result (2014-15): \$3.5 billion	Not applicable, ceased 2015-16.
Value of remissions	Latest result (2014-15): \$1.8 billion	
Penalty remissions as a proportion of penalty imposed	Latest result (2014-15): 41%	
Interest remissions as a proportion of interest imposed	Latest result (2014-15): 32%	
Provision for bad and doubtful debts as a proportion of total tax receivables	Forecast: Below 35%	Target: Below 35%

Program 1.18 — Other administered

Other administered includes the Cleaner Fuels Grant Scheme, the Conservation Tillage Refundable Tax Offset, the Seafarer Tax Offset, the Education Tax Refund and the First Home Saver Accounts Scheme.

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

The **Conservation Tillage Refundable Tax Offset** is part of the Carbon Farming Futures Program, which was established to help farmers and landholders benefit from carbon farming.

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

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

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

Delivery	<p>The Cleaner Fuels Grants Scheme closed on 1 July 2015. Clients can register for the Cleaner Fuels Grants Scheme and claim a grant until 30 June 2016 but only for fuel delivered into home consumption prior to 1 July 2015.</p> <p>The government has abolished the Conservation Tillage Refundable Tax Offset starting from 1 July 2014.</p> <p>The government has announced that the Seafarer Tax Offset will be abolished from 2015-16.</p> <p>All expenses arising from the Education Tax Refund have been recognised in prior years. However, the ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.</p> <p>Administration of the First Home Saver Accounts Scheme was split between the ATO, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission. The First Home Saver Account Scheme was effectively closed 1 July 2015 with residual payments continuing through to 30 June 2017.</p>
Purposes	<p>The ATO contributes to the economic and social wellbeing of Australians through governing a range of programs that result in transfers and benefits back to the community.</p>

Performance information

Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Cleaner Fuels Grant Scheme		
Number of claims processed	Latest result (2014-15): 817	Target: The ATO aims to administer the Interest on Cleaner Fuels Grant Scheme program in accordance with the law
Number of participants registered	Latest result (2014-15): 32	
Value of payments processed	Latest result (2014-15): Over \$171 million	

Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Cleaner Fuels Grant Scheme (continued)		
Proportion of payments processed within service standard timeframes	Forecast: 85%	Target: 85%
Conservation Tillage Refundable Tax Offset		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
The Conservation Tillage Refundable Tax Offset was abolished from 1 July 2014. There are no performance criteria for the Conservation Tillage Refundable Tax Offset.	Forecast: Not applicable	Target: Not applicable
Seafarer Tax Offset		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Number of tax offsets processed	Latest result (2014-15): less than five	Target: The ATO aims to administer the Interest on Seafarer Tax Offset program in accordance with the law.
Value of tax offsets processed	Latest result (2014-15): more than \$8 million	
Survey all taxpayers who are eligible to claim the seafarers tax offset (previously: relevant taxpayers are aware of how to claim the offset).	Latest result (2014-15): 100%	Target: 100%
Education Tax Refund		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
The Education Tax Refund scheme finished on 30 June 2012. There are no performance criteria for the Education Tax Refund Program.	Latest result (2014-15): Residual payments of \$3.9 million	Target: The ATO will continue to make residual payments under the scheme in accordance with the law.

First Home Saver Accounts Scheme		
Performance criteria(a)	2015-16 targets	2016-17 and forward estimates targets
Proportion of government contributions paid to eligible account holders within 60 days	Latest result (2014-15): 98%	Target: 92%
Number of government contributions paid	Latest result (2014-15): Over 37,000	Target: The ATO aims to administer the Interest on the First Home Saver Accounts Scheme program in accordance with the law
Value of government contributions paid	Latest result (2014-15): Over \$26.1 million	
Value of account balances	Latest result (2014-15): \$618 million	

Section 3: Explanatory tables and budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

Departmental comprehensive income statement (Table 3.1)

ATO is budgeting for a balanced operating result in 2016-17 before allowing for unfunded depreciation expenses of \$196.2 million. Under net cash funding arrangements, asset replacement is funded through capital appropriations.

Total operating revenue for 2016-17 is estimated at \$3.3 billion while expenditure is estimated to be \$3.5 billion, inclusive of \$196.2 million of unfunded depreciation. These budgeted amounts have increased since the 2015-16 Additional Estimates mainly due to new Budget expense measures, changes in own-source income and indexation movements.

Departmental balance sheet (Table 3.2)

ATO's budgeted net assets as at 30 June 2017 is expected to be \$257.6 million. This has decreased by \$12.6 million since the 2015-16 Additional Estimates due to increases in depreciation expense, offset by an increase in contributed equity as a net result of new capital measures.

Departmental cash flow (Table 3.4)

The cashflow in 2016-17 has been changed since the 2015-16 Additional Estimates, mainly due to new Budget measures, changes in expenses, movement of capital expenditure and changes in own-source revenue.

Departmental Capital Budget Statement (Table 3.5)

Total capital appropriations in 2016-17 have increased by \$7.0 million since the 2015-16 Additional Estimates, as a net result of new capital measures and indexation movements.

Total purchase of non-financial assets in 2016-17 have increased by \$25.4 million since the 2015-16 Additional Estimates are primarily due to movement of capital expenditure and new capital measures.

3.1.3 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	1,809,373	1,833,339	1,772,760	1,761,466	1,718,678
Suppliers	1,482,488	1,509,456	1,498,075	1,429,271	1,372,693
Depreciation and amortisation	190,476	196,215	201,370	206,660	212,090
Total expenses	3,482,337	3,539,010	3,472,205	3,397,397	3,303,461
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of	95,887	144,952	63,041	62,144	62,809
Other	6,578	6,578	6,578	6,578	6,578
Total own-source revenue	102,465	151,530	69,619	68,722	69,387
Net (cost of)/contribution by services	(3,379,872)	(3,387,480)	(3,402,586)	(3,328,675)	(3,234,074)
Revenue from Government	3,189,396	3,191,265	3,201,216	3,122,015	3,021,984
Surplus/(deficit) attributable to the Australian Government	(190,476)	(196,215)	(201,370)	(206,660)	(212,090)
Total comprehensive income/(loss) attributable to the Australian Government	(190,476)	(196,215)	(201,370)	(206,660)	(212,090)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	190,476	196,215	201,370	206,660	212,090
Total comprehensive income/(loss) - as per the statement of comprehensive income	(190,476)	(196,215)	(201,370)	(206,660)	(212,090)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

Prepared on Australian Accounting Standards basis

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash	46,087	46,087	46,087	46,087	46,087
Trade and other receivables	279,233	291,705	278,795	276,179	288,095
Total financial assets	325,320	337,792	324,882	322,266	334,182
Non-financial assets					
Building - Leasehold improvements	229,371	237,652	261,795	293,474	287,683
Plant and equipment	52,389	68,989	66,765	64,273	54,474
Intangibles - computer software	505,139	464,611	388,046	275,316	201,757
Other non-financial assets	114,191	108,314	103,071	99,393	98,448
Total non-financial assets	901,090	879,566	819,677	732,456	642,362
Total assets	1,226,410	1,217,358	1,144,559	1,054,722	976,544
LIABILITIES					
Payables					
Employees	12,829	21,216	20,665	20,570	35,771
Suppliers	227,149	224,793	223,980	224,473	226,504
Other payables	3,158	3,125	3,113	3,120	3,148
Total payables	243,136	249,134	247,758	248,163	265,423
Interest bearing liabilities					
Lease incentive received	100,964	89,072	77,390	65,709	54,497
Total interest bearing liabilities	100,964	89,072	77,390	65,709	54,497
Provisions					
Employee provisions	579,289	607,230	613,299	619,429	625,620
Other provisions	15,225	14,293	13,257	12,109	10,841
Total provisions	594,514	621,523	626,556	631,538	636,461
Total liabilities	938,614	959,729	951,704	945,410	956,381
Net assets	287,796	257,629	192,855	109,312	20,163
EQUITY*					
Contributed equity	1,344,121	1,510,169	1,646,765	1,769,882	1,892,823
Reserves	109,165	109,165	109,165	109,165	109,165
Retained surplus (accumulated deficit)	(1,165,490)	(1,361,705)	(1,563,075)	(1,769,735)	(1,981,825)
Total equity	287,796	257,629	192,855	109,312	20,163

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

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

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	(1,165,490)	109,165	1,344,121	287,796
Total opening balance	(1,165,490)	109,165	1,344,121	287,796
Comprehensive income				
Surplus/(deficit) for the period	(196,215)	-	-	(196,215)
Total comprehensive income	(196,215)	-	-	(196,215)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation	-	-	54,429	54,429
Departmental capital budget (DCB)	-	-	111,619	111,619
Total transactions with owners	-	-	166,048	166,048
Closing balance attributable to the Australian Government	(1,361,705)	109,165	1,510,169	257,629

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,356,557	3,163,030	3,199,477	3,122,684	3,008,305
Rendering of services	100,681	152,374	66,253	65,214	65,799
Receipts transferred from the OPA	249,822	247,230	246,336	246,879	249,113
Net GST received	132,822	132,239	123,769	114,312	108,339
Total cash received	3,839,882	3,694,873	3,635,835	3,549,089	3,431,556
Cash used					
Employees	1,951,805	1,796,755	1,766,371	1,755,288	1,696,684
Suppliers	1,638,255	1,650,888	1,623,128	1,546,922	1,485,759
Receipts transferred to the OPA	249,822	247,230	246,336	246,879	249,113
Total cash used	3,839,882	3,694,873	3,635,835	3,549,089	3,431,556
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	47,835	61,267	59,261	67,510	23,741
Purchase of intangibles - computer software	185,959	119,301	87,463	55,607	99,200
Total cash used	233,794	180,568	146,724	123,117	122,941
Net cash from/(used by) investing activities	(233,794)	(180,568)	(146,724)	(123,117)	(122,941)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	233,794	180,568	146,724	123,117	122,941
Total cash received	233,794	180,568	146,724	123,117	122,941
Net cash from/(used by) financing activities	233,794	180,568	146,724	123,117	122,941
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	46,087	46,087	46,087	46,087	46,087
Cash and cash equivalents at the end of the reporting period	46,087	46,087	46,087	46,087	46,087

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	115,390	111,619	114,773	115,783	116,803
Equity injections - Bill 2	142,486	54,429	21,823	7,334	6,138
Total new capital appropriations	257,876	166,048	136,596	123,117	122,941
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>257,876</i>	<i>166,048</i>	<i>136,596</i>	<i>123,117</i>	<i>122,941</i>
Total items	257,876	166,048	136,596	123,117	122,941
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	116,458	70,895	31,951	7,334	6,138
Funded by capital appropriation - DCB (b)	117,336	109,673	114,773	115,783	116,803
TOTAL	233,794	180,568	146,724	123,117	122,941

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

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

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

	Building - Leasehold improvements \$'000	Plant and equipment \$'000	Intangibles - computer software \$'000	Total \$'000
As at 1 July 2016				
Gross book value	257,186	99,455	1,365,654	1,722,295
Accumulated depreciation/amortisation and impairment	(27,815)	(47,066)	(860,515)	(935,396)
Opening net book balance	229,371	52,389	505,139	786,899
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	1,840	-	69,055	70,895
By purchase - appropriation ordinary annual services (b)	33,530	25,897	50,246	109,673
Total additions	35,370	25,897	119,301	180,568
Other movements				
Depreciation/amortisation expense	(27,089)	(9,297)	(159,829)	(196,215)
Total other movements	(27,089)	(9,297)	(159,829)	(196,215)
As at 30 June 2017				
Gross book value	292,556	125,352	1,484,955	1,902,863
Accumulated depreciation/ amortisation and impairment	(54,904)	(56,363)	(1,020,344)	(1,131,611)
Closing net book balance	237,652	68,989	464,611	771,252

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Suppliers	611	5,303	8,797	272	-
Subsidies	9,651,938	9,764,986	10,356,478	10,863,407	11,518,986
Personal benefits	1,179,400	1,126,400	513,000	512,000	500,000
Interest	230,000	230,000	275,000	275,000	275,000
Write-down and impairment of assets	5,791,408	6,498,000	7,064,000	7,689,000	8,138,000
Other expenses	386,000	373,000	347,000	340,000	349,000
Total expenses administered on behalf of Government	17,239,357	17,997,689	18,564,275	19,679,679	20,780,986
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	269,432,397	284,551,686	307,982,216	331,207,431	354,391,431
Indirect tax	82,933,000	86,605,000	91,030,000	96,040,000	100,090,000
Other taxes	982,019	1,051,155	1,070,900	1,136,200	1,151,454
Total taxation revenue	353,347,416	372,207,841	400,083,116	428,383,631	455,632,885
Non-taxation revenue					
Other revenue	573,500	579,000	369,000	369,000	371,000
Total non-taxation revenue	573,500	579,000	369,000	369,000	371,000
Total own-sourced income administered on behalf of Government	353,920,916	372,786,841	400,452,116	428,752,631	456,003,885
Net cost of/(contribution by) services	(336,681,559)	(354,789,152)	(381,887,841)	(409,072,952)	(435,222,899)
Surplus/(deficit)	(336,681,559)	(354,789,152)	(381,887,841)	(409,072,952)	(435,222,899)

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	314,859	314,859	314,859	314,859	314,859
Taxation receivables	18,516,924	19,888,659	21,946,474	24,522,504	26,298,985
Accrued revenues	13,426,279	14,081,279	14,676,279	15,346,279	15,691,279
Total financial assets	32,258,062	34,284,797	36,937,612	40,183,642	42,305,123
Total assets administered on behalf of Government	32,258,062	34,284,797	36,937,612	40,183,642	42,305,123
LIABILITIES					
Payables					
Subsidies	4,437,526	4,717,176	5,009,368	5,320,497	5,711,476
Personal benefits	1,288,474	1,270,774	658,174	620,474	608,474
Other payables	881,472	904,872	918,072	910,572	901,572
Total payables	6,607,472	6,892,822	6,585,614	6,851,543	7,221,522
Provisions					
Taxation refunds provided	2,251,926	2,251,926	2,251,926	2,251,926	2,251,926
Other provisions	1,076,274	1,190,274	1,046,274	934,274	834,274
Total provisions	3,328,200	3,442,200	3,298,200	3,186,200	3,086,200
Total liabilities administered on behalf of Government	9,935,672	10,335,022	9,883,814	10,037,743	10,307,722
Net assets/(liabilities)	22,322,390	23,949,775	27,053,798	30,145,899	31,997,401

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	345,447,861	363,232,951	389,880,401	416,975,401	444,900,401
Other	1,373,019	1,296,455	867,400	868,200	883,403
Total cash received	346,820,880	364,529,406	390,747,801	417,843,601	445,783,804
Cash used					
Subsidies paid	9,307,602	9,485,336	10,064,286	10,552,278	11,128,007
Personal benefits	1,169,900	1,144,100	1,125,600	549,700	512,000
Payment to suppliers	611	5,303	8,797	272	-
Interest	230,000	230,000	275,000	275,000	275,000
Other	550,400	502,900	490,300	485,500	497,400
Total cash used	11,258,513	11,367,639	11,963,983	11,862,750	12,412,407
Net cash from operating activities	335,562,367	353,161,767	378,783,818	405,980,851	433,371,397
Net increase in cash held	335,562,367	353,161,767	378,783,818	405,980,851	433,371,397
Cash and cash equivalents at beginning of reporting period	314,859	314,859	314,859	314,859	314,859
Cash from Official Public Account for:					
- Appropriations	11,243,113	11,352,739	11,947,683	11,847,250	12,398,007
- Special accounts	15,400	14,900	16,300	15,500	14,400
Total cash from Official Public Account	11,258,513	11,367,639	11,963,983	11,862,750	12,412,407
Cash to Official Public Account for:					
- Administered receipts	(346,760,280)	(364,490,906)	(390,718,301)	(417,821,301)	(445,765,004)
- Special accounts	(60,600)	(38,500)	(29,500)	(22,300)	(18,800)
Total cash to Official Public Account	(346,820,880)	(364,529,406)	(390,747,801)	(417,843,601)	(445,783,804)
Cash and cash equivalents at end of reporting period	314,859	314,859	314,859	314,859	314,859

Prepared on Australian Accounting Standards basis.

COMMONWEALTH GRANTS COMMISSION

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COMMONWEALTH GRANTS COMMISSION

Section 1: Entity 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 and Territories 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 and Territories. The reports are considered by the Council on 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 entities and the reports are considered by their ministers.

1.2 ENTITY RESOURCE STATEMENT

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

The table summarises how resources will be applied by outcome (government strategic policy objectives) and departmental (for the Commission's operations) classification.

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

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 Estimated actual \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	3,883	3,883
Departmental appropriation	6,241	6,207
s74 retained revenue receipts (c)	-	-
Departmental capital budget (d)	64	63
<i>Total departmental annual appropriations</i>	<i>10,188</i>	<i>10,153</i>
Total departmental resourcing	10,188	10,153
Total resourcing for the Commission	10,188	10,153
	2015-16	2016-17
Average staffing level (number)	29	30

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2016-17.

(b) Excludes \$2,000 subject to quarantine by the Department of Finance.

(c) Estimated retained revenue receipts under section 74 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

Budget measures in Table 1.2 below relating to the Commission are detailed in 2015-16 MYEFO and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Measures not previously reported in a portfolio statement

Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense Measures					
Public Sector Superannuation					
Accumulation Plan Administration Fees					
Departmental expenses	1.1	(2)	(2)	(2)	-
Total expense measures		(2)	(2)	(2)	-

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Informed 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.

Budgeted expenses for Outcome 1

Table 2.1 shows how much the Commission intends to spend (on an accrual basis) on achieving the outcome broken down by Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Commonwealth Grants Commission					
Departmental expenses					
Departmental appropriation (a)	6,241	6,207	6,237	6,266	6,301
Expenses not requiring appropriation in the Budget year (b)	114	98	96	96	96
Departmental total	6,355	6,305	6,333	6,362	6,397
Total expenses for program 1.1	6,355	6,305	6,333	6,362	6,397
	2015-16	2016-17			
Average staffing level (number)	29	30			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

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

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

Table 2.2: Performance criteria for Outcome 1

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

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		
Program 1.1 — Commonwealth Grants Commission		
The Commission makes recommendations on the distribution of the GST pool, which are considered by government.		
Delivery	The Commission will prepare a report, on an annual basis, recommending the distribution to the states and territories.	
Performance information		
Performance criteria	2015–16 targets	2016–17 and forward year targets
Quality of research, the accuracy of calculations and the acceptance of the results presented to Government in response to terms of reference.	Performance criteria and delivery target are forecast to be fully met.	As per 2015–16.
Purposes	<p>The Commission's sole function is to provide advice to the Australian Government in response to terms of reference from the Treasurer.</p> <p>The main subject on which advice is sought is the allocation among the states of the revenue from the GST. However, 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.</p> <p>Terms of reference for those inquiries are developed by relevant Australian Government agencies, sent to the Commission by the Treasurer, to whom the Commission provides any required reports.</p>	

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between the financial information presented in the Budget Papers (most notably *Budget Paper No. 1: Budget Strategy and Outlook*) and Portfolio Budget Statements as a result of differences between whole-of-government level financial reporting.

3.1.2 Explanatory notes and analysis of budgeted financial statements

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

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	4,600	4,700	4,800	4,800	4,900
Suppliers	1,674	1,540	1,470	1,499	1,434
Depreciation and amortisation	81	65	63	63	63
Total expenses	6,355	6,305	6,333	6,362	6,397
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	33	33	33	33	33
Total gains	33	33	33	33	33
Total own-source income	33	33	33	33	33
Net (cost of)/contribution by services	(6,322)	(6,272)	(6,300)	(6,329)	(6,364)
Revenue from Government	6,241	6,207	6,237	6,266	6,301
Surplus/(deficit) attributable to the Australian Government	(81)	(65)	(63)	(63)	(63)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(81)	(65)	(63)	(63)	(63)
Total comprehensive income/(loss) attributable to the Australian Government	(81)	(65)	(63)	(63)	(63)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	81	65	63	63	63
Total comprehensive income/(loss) - as per the statement of comprehensive income	(81)	(65)	(63)	(63)	(63)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	116	116	116	116	116
Trade and other receivables	3,788	3,788	3,788	3,788	3,788
Other financial assets	6	6	6	6	6
Total financial assets	3,910	3,910	3,910	3,910	3,910
Non-financial assets					
Land and buildings	142	142	142	142	142
Property, plant and equipment	88	86	86	86	86
Total non-financial assets	230	228	228	228	228
Total assets	4,140	4,138	4,138	4,138	4,138
LIABILITIES					
Payables					
Suppliers	130	130	130	130	130
Other payables	212	212	212	212	212
Total payables	342	342	342	342	342
Provisions					
Employee provisions	1,645	1,645	1,645	1,645	1,645
Total provisions	1,645	1,645	1,645	1,645	1,645
Total liabilities	1,987	1,987	1,987	1,987	1,987
Net assets	2,153	2,151	2,151	2,151	2,151
EQUITY*					
Contributed equity	127	190	253	316	379
Reserves	343	343	343	343	343
Retained surplus	1,683	1,618	1,555	1,492	1,429
Total equity	2,153	2,151	2,151	2,151	2,151

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

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

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	1,683	343	-	127	2,153
Opening balance	1,683	343	-	127	2,153
Comprehensive income					
Surplus/(deficit) for the period	(65)	-	-	-	(65)
Total comprehensive income	(65)	-	-	-	(65)
Transactions with owners					
Contributions by owners					
Departmental Capital Budget (DCB)	-	-	-	63	63
Total transactions with owners	-	-	-	63	63
Estimated closing balance as at 30 June 2017	1,618	343	-	190	2,151
Closing balance attributable to the Australian Government	1,618	343	-	190	2,151

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,241	6,207	6,237	6,266	6,301
Total cash received	6,241	6,207	6,237	6,266	6,301
Cash used					
Employees	4,600	4,700	4,800	4,800	4,900
Suppliers	1,641	1,507	1,437	1,466	1,401
Total cash used	6,241	6,207	6,237	6,266	6,301
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	64	63	63	63	63
Total cash used	64	63	63	63	63
Net cash from/(used by) investing activities	(64)	(63)	(63)	(63)	(63)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	64	63	63	63	63
Total cash received	64	63	63	63	63
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	64	63	63	63	63
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	116	116	116	116	116
Cash and cash equivalents at the end of the reporting period	116	116	116	116	116

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	64	63	63	63	63
Total new capital appropriations	64	63	63	63	63
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	64	63	63	63	63
Total items	64	63	63	63	63
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	64	63	63	63	63
TOTAL	64	63	63	63	63
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	64	63	63	63	63
Total cash used to acquire assets	64	63	63	63	63

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).
Prepared on Australian Accounting Standards basis.

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

	Land and Buildings \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2016			
Gross book value	256	225	481
Accumulated depreciation/amortisation and impairment	(114)	(137)	(251)
Opening net book balance	142	88	230
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation ordinary annual services (a)	-	63	63
Total additions	-	63	63
Other movements			
Depreciation/amortisation expense	-	(65)	(65)
Total other movements	-	(65)	(65)
As at 30 June 2017			
Gross book value	256	288	544
Accumulated depreciation/ amortisation and impairment	(114)	(202)	(316)
Closing net book balance	142	86	228

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.
Prepared on Australian Accounting Standards basis.

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to government and its relevant entities.

The IGT's strategic direction for 2016-17 is to achieve this by delivering independent advice for improvement through:

- establishing and maintaining an effective and efficient complaints handling function;
- identifying and prioritising areas of tax administration for improvement; and
- conducting reviews and making recommendations for improvement to government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB).

1.2 ENTITY RESOURCE STATEMENT

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

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

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2016-17 as at Budget May 2016

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	4,321	3,780
Departmental appropriation	6,503	6,565
Departmental capital budget (c)	29	29
Annual appropriations - other services - non-operating (d)		
Prior year appropriations available	-	-
Equity injection	198	-
<i>Total departmental annual appropriations</i>	<i>11,051</i>	<i>10,374</i>
Total departmental resourcing	11,051	10,374
Total resourcing for the Inspector-General of Taxation	11,051	10,374
	<i>2015-16</i>	2016-17
Average staffing level (number)	34	35

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2016-17.

(b) Excludes \$0.542 million subject to administrative quarantine by the Department of Finance and withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) Appropriation Bill (No.2) 2016-17.

1.3 BUDGET MEASURES

The IGT has no budget measures.

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities

Table 2: Changes to the outcome and program structures since the last portfolio budget statement

New Outcome 1	<i>Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities</i>
----------------------	---

Description of change:

New outcome, created for Budget 2016-17, supersedes the old Outcome 1.

Old Statement:

Improved tax administration through community consultation, review, and independent advice to Government

Budgeted expenses for Outcome 1

Table 2.1 shows how much IGT intends to spend (on an accrual basis) on achieving the outcome.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriation (a)	6,503	6,565	6,621	6,670	6,715
Expenses not requiring appropriation in the Budget year (b)	29	29	30	31	32
Departmental total	6,532	6,594	6,651	6,701	6,747
Total expenses for program 1.1	6,532	6,594	6,651	6,701	6,747
	2015-16	2016-17			
Average staffing level (number)	34	35			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses.

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

Table 2.2: Performance criteria for Outcome 1

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

Outcome 1		
Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to government and its relevant entities.		
Program 1.1 – Inspector-General of Taxation		
To improve tax administration through investigation of complaints, consulting with stakeholders to prioritise areas of tax administration for review as well as providing independent advice to the Government, the ATO and the TPB.		
Delivery	<ul style="list-style-type: none"> investigating tax administration complaints conducting reviews into tax administration issues publicly reporting on tax administration providing independent advice to Government and its relevant entities on improvements to the administration of the tax laws 	
Performance information		
Performance criteria	2015–16 targets	2016–17 and the forward year targets
<ul style="list-style-type: none"> effective handling of tax administration complaints efficient conduct of reviews into tax administration issues publication of reports on tax administration independent advice to Government and relevant entities on improvements to tax administration 	<ul style="list-style-type: none"> the effective establishment of the complaints handling function positive feedback on IGT reviews and continued support from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities reports of IGT reviews published recommendations for improvements in tax administration agreed and implemented by the ATO or adopted by the Government 	<ul style="list-style-type: none"> positive feedback on IGT complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities responding to tax administration complaints responding to tax administration issues through reviews issuing public reports on tax administration issues providing independent advice and recommendations to Government and its relevant entities on improvements in tax administration
Purposes	<p>Our role is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant agencies.</p> <p>Our objectives are to:</p> <ul style="list-style-type: none"> establish and maintain an effective and efficient complaint handling function; identify and prioritise areas of tax administration for improvement; and conduct reviews and make recommendations for improvement to Government, the ATO and the TPB. 	

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between IGT's resourcing and the financial statements.

3.1.2 Explanatory notes and 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 2016-17.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	5,207	5,348	5,392	5,292	5,285
Suppliers	1,296	1,217	1,229	1,378	1,430
Depreciation and amortisation	29	29	30	31	32
Total expenses	6,532	6,594	6,651	6,701	6,747
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	-	-	-	-	-
Total own-source revenue	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net (cost of)/contribution by services	(6,532)	(6,594)	(6,651)	(6,701)	(6,747)
Revenue from Government	6,503	6,565	6,621	6,670	6,715
Surplus/(deficit) attributable to the Australian Government	(29)	(29)	(30)	(31)	(32)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(29)	(29)	(30)	(31)	(32)
Total comprehensive income/(loss) attributable to the Australian Government	(29)	(29)	(30)	(31)	(32)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	29	29	30	31	32
Total comprehensive income/(loss) - as per the statement of comprehensive income	(29)	(29)	(30)	(31)	(32)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	114	114	114	114	114
Trade and other receivables	4,216	4,216	4,216	3,347	3,347
Total financial assets	4,330	4,330	4,330	3,461	3,461
Non-financial assets					
Land and buildings	100	100	100	100	100
Property, plant and equipment	212	212	212	1,081	1,081
Intangibles	248	248	248	248	248
Other non-financial assets	25	25	25	25	25
Total non-financial assets	585	585	585	1,454	1,454
Total assets	4,915	4,915	4,915	4,915	4,915
LIABILITIES					
Payables					
Suppliers	71	71	71	71	71
Other payables	50	50	50	50	50
Total payables	121	121	121	121	121
Provisions					
Employee provisions	543	543	543	543	543
Total provisions	543	543	543	543	543
Total liabilities	664	664	664	664	664
Net assets	4,251	4,251	4,251	4,251	4,251
EQUITY*					
Contributed equity	1,201	1,230	1,260	1,291	1,323
Reserves	438	438	438	438	438
Retained surplus	2,612	2,583	2,553	2,522	2,490
Total equity	4,251	4,251	4,251	4,251	4,251

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

Prepared on Australian Accounting Standards basis.

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

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	2,612	438	-	1,201	4,251
Opening balance	2,612	438	-	1,201	4,251
Comprehensive income					
Surplus/(deficit) for the period	(29)	-	-	-	(29)
Total comprehensive income	(29)	-	-	-	(29)
Transactions with owners					
Contributions by owners					
Departmental capital budget (DCB)	-	-	-	29	29
Total transactions with owners	-	-	-	29	29
Closing balance attributable to the Australian Government	2,583	438	-	1,230	4,251

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,503	6,565	6,621	7,539	6,728
Total cash received	6,503	6,565	6,621	7,539	6,728
Cash used					
Employees	5,207	5,348	5,392	5,292	5,285
Suppliers	1,296	1,217	1,229	1,378	1,443
Total cash used	6,503	6,565	6,621	6,670	6,728
Net cash from/(used by) operating activities	-	-	-	869	-
INVESTING ACTIVITIES					
Cash received					
Cash used					
Purchase of property, plant and equipment and intangibles	227	29	30	900	32
Total cash used	227	29	30	900	32
Net cash from/(used by) investing activities	(227)	(29)	(30)	(900)	(32)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	227	29	30	31	32
Total cash received	227	29	30	31	32
Net cash from/(used by) financing activities	227	29	30	31	32
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	114	114	114	114	114
Cash and cash equivalents at the end of the reporting period	114	114	114	114	114

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	29	29	30	31	32
Equity injections - Bill 2	198	-	-	-	-
Total new capital appropriations	227	29	30	31	32
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	227	29	30	31	32
Total items	227	29	30	31	32
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	198	-	-	-	-
Funded by capital appropriation - DCB (b)	29	29	30	31	32
Funded Internally by Departmental resources (c)	-	-	-	869	-
TOTAL	227	29	30	900	32
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	227	29	30	900	32
Total cash used to acquire assets	227	29	30	900	32

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

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(c) Consists of funding from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

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

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	217	464	256	937
Accumulated depreciation/amortisation and impairment	(117)	(252)	(8)	(377)
Opening net book balance	100	212	248	560
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	29	-	29
Total additions	-	29	-	29
Other movements				
Depreciation/amortisation expense	-	(29)	-	(29)
Total other movements	-	(29)	-	(29)
As at 30 June 2017				
Gross book value	217	493	256	966
Accumulated depreciation/ amortisation and impairment	(117)	(281)	(8)	(406)
Closing net book balance	100	212	248	560

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

NATIONAL COMPETITION COUNCIL

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NATIONAL COMPETITION COUNCIL

Section 1: Entity 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.

In order to maintain the sustainability and efficiency of its operations, from 1 July 2014, the NCC replaced its secretariat staff with an arrangement whereby the ACCC provides it with staff and secretariat services as required.

The NCC remains an independent entity but rather than directly engaging staff (and other resources) to provide secretariat services, it draws on ACCC resources as required. These arrangements maintain the NCC's independence and its ability to respond to access issues and provide high quality and timely recommendations.

The NCC makes recommendations and decisions that reflect the relevant law and economic and policy developments. It also ensures that its websites, guidelines and other information resources remain relevant and available to all stakeholders.

1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

Table 1.1: National Competition Council resource statement — Budget estimates for 2016-17 as at Budget May 2016

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	2,555	2,272
Departmental appropriation	1,740	1,727
<i>Total departmental annual appropriations</i>	<i>4,295</i>	<i>3,999</i>
Total departmental resourcing	4,295	3,999
Total resourcing for the NCC	4,295	3,999
	<i>2015-16</i>	2016-17
Average staffing level (number)	1	1

Third party payments from and on behalf of other entities

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Payments made by the ACCC on behalf of the NCC	1,740	1,727
Payments made to the ACCC for the provision of secretariat services	700	700

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2016-17.

1.3 BUDGET MEASURES

Table 1.2 presents the measures announced subsequent to the 2015-16 MYEFO. No measures have been announced at Budget.

Table 1.2: Measures announced since the 2015-16 MYEFO

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Public Sector Savings - Shared and Common Services Program						
Departmental expenses	1.1	-	(3)	(5)	(5)	-
Total expense measures		-	(3)	(5)	(5)	-

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: 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

Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: National Competition Council					
Departmental expenses					
Departmental appropriation (a)	1,740	1,727	1,710	1,720	1,737
Expenses not requiring appropriation in the Budget year (b)	32	32	32	32	32
Departmental total	1,772	1,759	1,742	1,752	1,769
Total expenses for program 1.1	1,772	1,759	1,742	1,752	1,769
Total expenses for Outcome 1	1,772	1,759	1,742	1,752	1,769
	2015-16	2016-17			
Average staffing level (number)	1	1			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the *Public Governance Performance and Accountability Act 2013*.

(b) Expenses not requiring appropriation in the Budget year represent audit services received free of charge from the Australian National Audit Office (ANAO).

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

Table 2.2: Performance criteria for Outcome 1

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

<p>Outcome 1</p> <p>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</p>	
<p>Program 1.1 — National Competition Council</p> <p>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.</p>	
<p>Delivery</p>	<p>Program 1.1 aims to:</p> <ul style="list-style-type: none"> • make 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; • make recommendations to ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives; • make decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and • advise the Parliament on the operation of the National Access Regime in accordance with s290(2) of the CCA.
<p>Performance information</p>	
<p>Performance criteria</p>	<p>2015-16 and forward year targets</p>
<p>Recommendations on declaration applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.</p>	<p>All recommendations are forecast to be made within the statutory time limits.</p>
<p>Recommendations on certification applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.</p>	<p>All recommendations are forecast to be made within the statutory time limits.</p>
<p>Recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet the advice requirements of Ministers.</p>	<p>All recommendations and decisions are forecast to be made within the statutory time limits.</p>
<p>Accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website.</p>	<p>The Council website is forecast to hold all documents relevant to the Council's functions.</p>

<p>Up to date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website.</p>	<p>Guidelines are forecast to be updated within 30 days of relevant decisions or developments in case law.</p>
<p>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.</p>	<p>Case law developments, legislative amendments and developments in Council processes or policies are forecast to be reflected in Council information resources within 30 days.</p>
<p>The NCC's annual report to the Parliament includes a comprehensive report that meets the requirements of s29O(2) of the CCA and is provided within 60 days of the end of the financial year.</p>	<p>The Council annual report provides comprehensive information on the National Access Regime and NGL, addresses all matters required under s29O(2) of the CCA and is forecast to be provided within the required timeframe.</p>
<p>Purposes</p>	<p>The NCC is a Commonwealth statutory agency established by s29A of the <i>Competition and Consumer Act 2010</i> (CCA). It was created in 1995 following agreement by the Council of Australian Governments (COAG) to a National Competition Policy (NCP). NCP places competition at the forefront as a means of promoting productivity and economic growth to enhance the economic welfare of Australians.</p> <p>The NCC makes recommendations under the National Access Regime in Part IIIA of the CCA and recommendations and decisions under the National Gas Law (NGL). The National Access Regime provides for access to the services of infrastructure facilities on appropriate terms, through the declaration of services. The NCC's role is to make recommendations to relevant ministers in relation to applications for declaration of services and also the certification of state or territory access regimes.</p> <p>The NCC has a similar role under the National Gas Law (NGL), contained in the Schedule to the <i>National Gas (South Australia) Act 2008</i>, where it makes recommendations on the coverage of natural gas pipeline systems. Under the NGL, the NCC also has the tasks of deciding the form of regulation of natural gas pipeline systems (light or full regulation), classifying pipeline (as transmission or distribution) and recommending in relation to various exemptions for greenfields gas pipelines.</p> <p>Both the National Access Regime and the NGL seek to promote the efficient operation of, use of, and investment in significant bottleneck infrastructure, and to promote competition, efficiency and productivity in markets that depend on the use of services provided by significant bottleneck infrastructure facilities.</p>

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

The NCC is budgeting for a break-even operating result for 2016-17 and the forward years. The financial statements have been prepared on an Australian Accounting Standards basis.

The NCC is estimated to receive own source income of \$8,000 in 2016-17, being fees for applications made to it under the NGL.

The NCC's assets are mainly financial assets consisting of appropriation receivables and cash.

The NCC's liabilities are mainly supplier payables. There are no employee liabilities as Council members do not receive leave entitlements. Councillor remuneration is established through *Determination 2015/20: Remuneration and Allowances for Holders of Part-time Public Office*, which is set by the Remuneration Tribunal, an independent statutory authority established under the *Remuneration Tribunal Act 1973*.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	143	135	137	139	141
Suppliers	1,629	1,624	1,605	1,613	1,628
Total expenses	1,772	1,759	1,742	1,752	1,769
Gains					
Other	32	32	32	32	32
Total gains	32	32	32	32	32
Total own-source income	32	32	32	32	32
Net (cost of)/contribution by services					
	(1,740)	(1,727)	(1,710)	(1,720)	(1,737)
Revenue from Government	1,740	1,727	1,710	1,720	1,737
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	35	35	35	35	35
Trade and other receivables	2,239	2,239	2,239	2,239	2,239
Total financial assets	2,274	2,274	2,274	2,274	2,274
Non-financial assets					
Other non-financial assets	2	2	2	2	2
Total non-financial assets	2	2	2	2	2
Total assets	2,276	2,276	2,276	2,276	2,276
LIABILITIES					
Payables					
Suppliers	4	4	4	4	4
Other payables	1	1	1	1	1
Total payables	5	5	5	5	5
Total liabilities	5	5	5	5	5
Net assets	2,271	2,271	2,271	2,271	2,271
EQUITY*					
Contributed equity	178	178	178	178	178
Retained surplus (accumulated deficit)	2,093	2,093	2,093	2,093	2,093
Total equity	2,271	2,271	2,271	2,271	2,271

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

Prepared on Australian Accounting Standards basis.

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

	Retained earnings \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016			
Balance carried forward from previous period	2,093	178	2,271
Opening balance	2,093	178	2,271
Comprehensive income			
Surplus/(deficit) for the period	-	-	-
Total comprehensive income	-	-	-
Estimated closing balance as at 30 June 2017	2,093	178	2,271
Closing balance attributable to the Australian Government	2,093	178	2,271

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,120	1,727	1,710	1,720	1,737
Net GST received	174	162	160	161	162
Total cash received	2,294	1,889	1,870	1,881	1,899
Cash used					
Employees	398	135	137	139	141
Suppliers	1,896	1,754	1,733	1,742	1,758
Total cash used	2,294	1,889	1,870	1,881	1,899
Net cash from/(used by) operating activities	-	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	35	35	35	35	35
Cash and cash equivalents at the end of the reporting period	35	35	35	35	35

Prepared on Australian Accounting Standards basis.

Table 3.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	8	8	8	8	8
Total non-taxation revenue	8	8	8	8	8
Total own-source revenue administered on behalf of Government	8	8	8	8	8
Total own-sourced income administered on behalf of Government	8	8	8	8	8
Net cost of (contribution by) service	(8)	(8)	(8)	(8)	(8)
Surplus/ (deficit)	8	8	8	8	8

Prepared on Australian Accounting Standards basis.

Table 3.6: Schedule of budgeted administered cash flows (for the period ended 30 June)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	8	8	8	8	8
Total cash received	8	8	8	8	8
Net cash from/(used by) operating activities	8	8	8	8	8
Net increase/(decrease) in cash held	8	8	8	8	8
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Transfers to other entities (Finance - Whole of Government)	(8)	(8)	(8)	(8)	(8)
Total cash to Official Public Account	(8)	(8)	(8)	(8)	(8)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

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: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Auditing and Assurance Standards Board (AUASB) is an Australian Government entity 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 2016-17 include to:

- increase confidence in assurance on external reporting by contributing to the development of, and convergence with, one set of robust international auditing and assurance standards;
- be recognised by key stakeholders as the standards setting body that formulates and maintains auditing and assurance standards and guidance pronouncements to address local issues;
- provide thought leadership, identify and respond to emerging issues;

- communicate and engage with stakeholders to promote audit quality and increase engagement in developing standards and promote consistency in the application of AUASB pronouncements; and
- harmonise Australian and New Zealand Auditing and Assurance Standards.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the AUASB for its operations and to deliver programs and services on behalf of the government. The table summarises how resources will be applied by outcome (government strategic policy objectives) and by departmental (for the entity’s operations) classification.

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

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	1,164	1,361
Departmental appropriation	2,161	2,126
s74 retained revenue receipts (c)	36	3
Departmental capital budget (d)	37	37
<i>Total departmental annual appropriations</i>	<u>3,398</u>	<u>3,527</u>
Total departmental resourcing	3,398	3,527
Total resourcing for Office of the Auditing and Assurance Standards Board	3,398	3,527
	<u>2015-16</u>	<u>2016-17</u>
Average staffing level (number)	7	7

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2016-17.

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

(c) Estimated retained revenue receipts under section 74 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a ‘contribution by owner’.

1.3 BUDGET MEASURES

Budget measures in the table below relating to the AUASB are detailed in *Budget Paper No. 2* and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Measures announced since the 2015-16 MYEFO

Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures					
Public Sector Savings — Shared and Common Services Programme					
Departmental expenses	1.1	-	(1)	(1)	(1)
Total expense measures		-	(1)	(1)	(1)

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE CRITERIA FOR OUTCOME 1

Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program and funding source.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Auditing and Assurance Standards Board					
Departmental expenses					
Departmental appropriation (a)	2,161	2,126	2,142	2,154	2,169
s74 Retained revenue receipts (a)	36	3	-	-	-
Expenses not requiring appropriation in the Budget year (b)	129	83	64	64	64
Departmental total	2,326	2,212	2,206	2,218	2,233
Total expenses for program 1.1	2,326	2,212	2,206	2,218	2,233
	2015-16	2016-17			
Average staffing level (number)	7	7			

(a) Departmental appropriation combines 'ordinary annual services (Appropriation Bill No. 1)' and 'revenue from independent sources under section 74 of the PGPA Act.

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

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

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for program 1 associated with Outcome 1. It also summarises how the program is delivered and that the 2016-17 Budget measures have not created new programs or materially changed existing programs.

<p>Outcome 1</p> <p>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.</p>	
<p>Program 1.1 – Auditing and Assurance Standards Board</p> <p>The key strategies to achieve Outcome 1 are:</p> <ul style="list-style-type: none"> • making auditing standards under section 336 of the <i>Corporations Act 2001</i> 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, the auditor’s responsibility relating to other information, auditing financial report disclosures, the project on agreed-upon procedures, and the Innovation and Integrated Reporting Working Groups. 	
<p>Delivery</p>	<p>The AUASB has the following deliverables:</p> <ul style="list-style-type: none"> • prepare and issue auditing standards under section 336 of the <i>Corporations Act 2001</i>; • prepare and issue new and revised assurance standards, standards on review engagements and related guidance as required; and • contribute to the development of international auditing and assurance standards.
<p>Performance information</p>	
<p>Performance criteria</p>	<p>2015-16 and forward year targets</p>
<p>The AUASB has the following key performance indicators:</p> <ul style="list-style-type: none"> • issued auditing standards are high quality, developed and/or revised as required 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 and/or revised as required on a timely basis; • relevant guidance is issued to auditors, assurance practitioners and other users, as required on an appropriate and 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. 	<ul style="list-style-type: none"> • An increase in engagement of Australian constituents in the standard setting process; • Responses made to all significant IAASB exposure drafts; and • All standards and guidance are issued in accordance with published AUASB strategic and work program timelines. <p>The AUASB expects to meet all its targets and expectations implied by performance criteria in 2015-16.</p>

Purposes (a)	The functions of the AUASB are to: <ul style="list-style-type: none">• make auditing standards under section 336 of the <i>Corporations Act 2001</i> 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 <i>Australian Securities and Investments Commission Act 2001</i>.
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(a) Refers to updated purposes that will be reflected in the 2016-17 Corporate Plan.

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

The AUASB is budgeting for a surplus operating result for 2015-16 after adding back non-appropriated depreciation and amortisation expenses.

The forward years show reduced spending on suppliers, reflecting lower accommodation costs due to a move to smaller office premises, offset to some extent by more resources being allocated to stakeholder outreach.

Depreciation is also projected to be lower in the forward years because the AUASB is utilising shared office improvements and office systems in its new premises.

Own-source revenue is projected to be lower in the forward years because a sub-lease arrangement in the previous premises will expire.

The financial statements have been prepared on an Australian accounting standards basis.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	1,276	1,474	1,498	1,516	1,537
Suppliers	752	657	661	661	655
Depreciation and amortisation	101	57	40	40	40
Other expenses	4	2	-	-	-
Total expenses	2,133	2,190	2,199	2,217	2,232
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	36	3	-	-	-
Total own-source revenue	36	3	-	-	-
Gains					
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	60	27	24	24	24
Net (cost of)/contribution by services	(2,073)	(2,163)	(2,175)	(2,193)	(2,208)
Revenue from Government	2,161	2,126	2,142	2,154	2,169
Surplus/(deficit) attributable to the Australian Government	88	(37)	(33)	(39)	(39)
Total comprehensive income/(loss)	88	(37)	(33)	(39)	(39)
Total comprehensive income/(loss) attributable to the Australian Government	88	(37)	(33)	(39)	(39)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	189	20	7	1	1
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	101	57	40	40	40
Total comprehensive income/(loss) - as per the statement of comprehensive income	88	(37)	(33)	(39)	(39)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	340	438	468	490	473
Trade and other receivables	970	937	930	1,039	892
Total financial assets	1,310	1,375	1,398	1,529	1,365
Non-financial assets					
Property, plant and equipment	35	20	22	20	33
Intangibles	4	-	16	49	53
Total non-financial assets	39	20	38	69	86
Total assets	1,349	1,395	1,436	1,598	1,451
LIABILITIES					
Payables					
Suppliers	52	46	44	35	27
Other payables	65	64	46	63	80
Total payables	117	110	90	98	107
Provisions					
Employee provisions	378	429	485	639	482
Other provisions	95	97	97	97	97
Total provisions	473	526	582	736	579
Total liabilities	590	636	672	834	686
Net assets	759	759	764	764	765
EQUITY*					
Contributed equity	237	274	312	351	391
Reserves	38	38	38	38	38
Retained surplus (accumulated deficit)	484	447	414	375	336
Total equity	759	759	764	764	765

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

Prepared on Australian Accounting Standards basis.

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

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	484	38	237	759
Opening balance	484	38	237	759
Comprehensive income				
Surplus/(deficit) for the period	(37)	-	-	(37)
Total comprehensive income	(37)	-	-	(37)
Transactions with owners				
Contributions by owners				
Departmental capital budget (DCB)	-	-	37	37
Total transactions with owners	-	-	37	37
Estimated closing balance as at 30 June 2017	447	38	274	759
Closing balance attributable to the Australian Government	447	38	274	759

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,230	2,280	2,268	2,194	2,398
Sale of goods and rendering of services	36	3	-	-	-
Other	72	16	-	-	-
Total cash received	2,338	2,299	2,268	2,194	2,398
Cash used					
Employees	1,283	1,413	1,443	1,362	1,693
Suppliers	758	680	677	653	638
Other	21	10	88	135	101
Total cash used	2,062	2,103	2,208	2,150	2,432
Net cash from/(used by) operating activities	276	196	60	44	(34)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	37	37	38	39	40
Total cash used	37	37	38	39	40
Net cash from/(used by) investing activities	(37)	(37)	(38)	(39)	(40)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	37	37	38	39	40
Total cash received	37	37	38	39	40
Net cash from/(used by) financing activities	37	37	38	39	40
Net increase/(decrease) in cash held	138	98	30	22	(17)
Cash and cash equivalents at the beginning of the reporting period	202	340	438	468	490
Cash and cash equivalents at the end of the reporting period	340	438	468	490	473

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	37	37	38	39	40
Total new capital appropriations	37	37	38	39	40
<i>Provided for:</i>					
Purchase of non-financial assets	37	37	38	39	40
Total items	37	37	38	39	40
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	37	37	38	39	40
TOTAL	37	37	38	39	40
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	37	37	38	39	40
Total cash used to acquire assets	37	37	38	39	40

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.
Prepared on Australian Accounting Standards basis.

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

	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	632	92	724
Accumulated depreciation/amortisation and impairment	(601)	(83)	(684)
Opening net book balance	31	9	40
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation ordinary annual services (a)	24	13	37
Total additions	24	13	37
Other movements			
Depreciation/amortisation expense	(35)	(22)	(57)
Total other movements	(35)	(22)	(57)
As at 30 June 2017			
Gross book value	656	105	761
Accumulated depreciation/ amortisation and impairment	(636)	(105)	(741)
Closing net book balance	20	-	20

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

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: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Australian Accounting Standards Board (AASB) is an Australian Government entity under the *Australian Securities and Investments Commission Act 2001*.

The strategic directions of the AASB are to:

- use International Financial Reporting Standards (IFRS) and transaction-neutrality as a starting point, taking into account cost/benefit considerations and user needs;
- take a leadership role in shaping the Australian Reporting Framework;
- enhance international influence with respect to International Accounting Standards Board (IASB) & International Public Sector Accounting Standards Board (IPSASB) outcomes;
- facilitate and encourage active stakeholder participation in developing standards; and
- to maintain relevance, investigate expanding the scope of activities to cover external reporting rather than just financial reporting.

Key priorities for 2016-17 include:

- issuing Australian Accounting Standards based on IFRS, which are transaction neutral when appropriate, taking into account cost/benefit considerations for both the for-profit and not-for-profit sectors that meet user needs;
- ensuring that IFRS are made available as Australian Accounting Standards expeditiously;
- finalising domestic standards that address key public sector and not-for-profit private sector accounting issues and commence work on new issues prioritised as a result of the AASB's 2016 agenda consultation process;
- taking a leadership role in shaping the Australian Reporting Framework, including improving the differential reporting framework (Reduced Disclosure Requirements);

- assisting regulators to objectively identify entities that should prepare and lodge general purpose financial reports;
- enhancing the AASB's international influence with respect to IASB and IPSASB outcomes;
- providing high quality thought leadership with an overlay of practical application to meet user needs;
- being recognised as a high quality contributor to the IASB's Accounting Standards Advisory Forum (ASAF);
- developing and maintaining appropriate alliances, including through the Asian Oceanian Standard Setters Group (AOSSG), New Zealand Accounting Standards Board, and relevant national standard setters who can assist AASB to influence international outcomes;
- facilitating and encouraging active stakeholder participation in the development of standards internationally and in Australia;
- issuing consultative documents incorporating IASB exposure drafts and discussion papers and where appropriate IPSASB consultative documents;
- promoting feedback through roundtables, discussions with decision makers/advisory panels and social media; and
- working closely with the New Zealand Accounting Standards Board to maintain converged reporting requirements for for-profit entities across the Tasman, consistent with the Outcome Proposals agreed in August 2009 (as amended in 2011) by the Australian and New Zealand Prime Ministers.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the government. The table summarises how resources will be applied by outcome (government strategic policy objectives) and departmental (for the entity's operations) classification.

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

Table 1.1: Office of the Australian Accounting Standards Board resource statement - Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	3,904	3,788
Departmental appropriation	3,651	3,597
s74 retained revenue receipts (c)	770	710
Departmental capital budget (d)	79	80
<i>Total departmental annual appropriations</i>	<u>8,404</u>	<u>8,175</u>
Total departmental resourcing	8,404	8,175
	<u>2015-16</u>	<u>2016-17</u>
Average staffing level (number)	22	22

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2016-17.

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

(c) Estimated retained revenue receipts under section 74 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

Table 1.2 presents the measures announced subsequent to the 2015-16 MYEFO. No measures have been announced in the Budget.

Table 1.2: Entity 2016-17 Budget measures**Measures announced since the 2015-16 MYEFO**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Public Sector Savings - Shared and Common Services Program						
	1.1	-	(1)	(1)	(1)	-
Total expense measures		-	(1)	(1)	(1)	-

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

Section 2: Outcomes and planned performance

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

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

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE CRITERIA FOR OUTCOME 1

Outcome 1: The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions

Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Australian Accounting Standards Board					
Departmental expenses					
Departmental appropriation (a)	3,651	3,597	3,621	3,643	3,669
s74 Retained revenue receipts (b)	770	710	710	710	710
Expenses not requiring appropriation in the Budget year (c)	211	89	89	89	89
Departmental total	4,632	4,396	4,420	4,442	4,468
Total expenses for program 1.1	4,632	4,396	4,420	4,442	4,468
	2015-16	2016-17			
Average staffing level (number)	22	22			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

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

(c) Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

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

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for program 1 associated with Outcome 1. It also summarises how the program is delivered and that the 2016-17 Budget measures have not created new programs or materially changed existing programs.

Outcome 1	
The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions	
Program 1: Australian Accounting Standards Board	
Make and maintain Australian accounting standards that facilitate both for-profit and not-for-profit entities preparing high-quality financial statements. Ensure Australian standards applying to for-profit entities comply with international standards to facilitate access to international capital markets.	
Delivery	<p>In consultation with key stakeholders the AASB achieves its objectives of making and maintaining Australian accounting standards by:</p> <ul style="list-style-type: none"> • promulgating each International Financial Reporting Standard (IFRS) and IFRS amendment developed by the International Accounting Standards Board (IASB) into Australian Law; • promulgating 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; • preparing and publishing accounting standards, compiled versions of standards and exposure drafts; • participating in international standard setting and other research projects; and • maintaining close relationships with equivalent organisations in other jurisdictions.
Performance information	
Performance criteria	2015-16 and forward year targets
<ul style="list-style-type: none"> • Accounting standard and standard amendments are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements and are made publicly available on a timely basis. Standards based on IFRS are available for adoption in Australia shortly after being issued by the IASB. • Thought leadership documents presented to meetings of the IASB's Accounting Standards Advisory Forum, the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters Group and other appropriate forums. • AASB staff recognised as technical experts in their respective fields. 	<ul style="list-style-type: none"> • An increase in engagement of Australian constituents in the standard setting process. • Responses made to all significant IASB and IPSASB exposure drafts. <p>The AASB expects to meet all its targets and expectations implied by performance criteria in 2015-16.</p>
Purposes	Make accounting standards under the <i>Corporations Act 2001</i> for the purposes of the corporations legislation and for other purposes. Participate in and contribute to the development of a single set of accounting standards for world-wide use. In a financial reporting context, enable Australian entities to compete effectively; and maintain investor confidence in the Australian economy, including its capital markets; having regard to the interests of Australian corporations raising capital in major international financial centres.

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between the financial information presented in the PB Statements and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The forward years show reduced spending on suppliers, reflecting lower accommodation costs due to a move to smaller office premises, offset by more resources being allocated to stakeholder outreach.

Employee expenses have been reduced from 2014-15 as a result of closing the defined benefit fund and replacement of long term senior staff. The 2015-16 employee expenses are abnormally low due to non-replacement of staff on maternity leave and delayed replacement of senior staff.

Depreciation is also projected to be lower in the forward years because the entity is utilising shared office improvements and office systems in its new premises and accordingly owns few of its own assets.

Own-source revenue is projected to be lower in the forward years because a sub-lease arrangement in the previous premises will expire.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	3,114	3,325	3,406	3,428	3,453
Suppliers	1,303	961	959	959	959
Depreciation and amortisation	177	55	55	55	55
Finance costs	14	-	-	-	-
Total expenses	4,608	4,341	4,420	4,442	4,467
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	270	210	210	210	210
Other	500	500	500	500	500
Total own-source revenue	770	710	710	710	710
Gains					
Other	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	804	744	744	744	744
Net (cost of)/contribution by services	(3,804)	(3,597)	(3,676)	(3,698)	(3,723)
Revenue from Government	3,651	3,597	3,621	3,643	3,669
Surplus/(deficit) attributable to the Australian Government	(153)	-	(55)	(55)	(54)
Total comprehensive income/(loss)	(153)	-	(55)	(55)	(54)
Total comprehensive income/(loss) attributable to the Australian Government	(153)	-	(55)	(55)	(54)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	24	55	-	-	1
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	177	55	55	55	55
Total comprehensive income/(loss) - as per the statement of comprehensive income	(153)	-	(55)	(55)	(54)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	104	172	237	363	529
Trade and other receivables	3,699	3,688	3,739	3,715	3,633
Total financial assets	3,803	3,860	3,976	4,078	4,162
Non-financial assets					
Property, plant and equipment	64	96	86	76	67
Intangibles	21	21	57	91	126
Other non-financial assets	-	2	-	-	-
Total non-financial assets	85	119	143	167	193
Total assets	3,888	3,979	4,119	4,245	4,355
LIABILITIES					
Payables					
Suppliers	73	73	73	73	73
Other payables	37	5	9	19	40
Total payables	110	78	82	92	113
Provisions					
Employee provisions	1,021	1,097	1,174	1,253	1,334
Other provisions	301	268	302	312	292
Total provisions	1,322	1,365	1,476	1,565	1,626
Total liabilities	1,432	1,443	1,558	1,657	1,739
Net assets	2,456	2,536	2,561	2,588	2,616
EQUITY*					
Contributed equity	522	602	683	765	847
Reserves	62	62	62	62	62
Retained surplus (accumulated deficit)	1,872	1,872	1,816	1,761	1,707
Total equity	2,456	2,536	2,561	2,588	2,616

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

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

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	1,872	62	522	2,456
Opening balance	1,872	62	522	2,456
Comprehensive income				
Surplus/(deficit) for the period	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners				
Contributions by owners				
Departmental capital budget (DCB)	-	-	80	80
Total transactions with owners	-	-	80	80
Estimated closing balance as at 30 June 2017	1,872	62	602	2,536
Closing balance attributable to the Australian Government	1,872	62	602	2,536

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,296	3,546	3,623	3,736	3,833
Sale of goods and rendering of services	270	210	210	210	210
Other	525	571	496	496	495
Total cash received	4,091	4,327	4,329	4,442	4,538
Cash used					
Employees	2,880	2,999	3,101	3,117	3,138
Suppliers	1,443	1,337	1,117	1,155	1,178
Net GST paid	51	8	(2)	(1)	-
s74 Retained revenue receipts transferred to OPA	-	-	63	65	76
Other	15	(85)	(15)	(20)	(20)
Total cash used	4,389	4,259	4,264	4,316	4,372
Net cash from/(used by) operating activities	(298)	68	65	126	166
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	79	80	81	82	82
Total cash used	79	80	81	82	82
Net cash from/(used by) investing activities	(79)	(80)	(81)	(82)	(82)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	79	80	81	82	82
Total cash received	79	80	81	82	82
Net cash from/(used by) financing activities	79	80	81	82	82
Net increase/(decrease) in cash held	(298)	68	65	126	166
Cash and cash equivalents at the beginning of the reporting period	402	104	172	237	363
Cash and cash equivalents at the end of the reporting period	104	172	237	363	529

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	79	80	81	82	82
Total new capital appropriations	79	80	81	82	82
<i>Provided for:</i>					
Purchase of non-financial assets	79	80	81	82	82
Total items	79	80	81	82	82
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	79	80	81	82	82
TOTAL	79	80	81	82	82
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	79	80	81	82	82
Total cash used to acquire assets	79	80	81	82	82

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.
Prepared on Australian Accounting Standards basis.

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

	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	1,176	204	1,380
Accumulated depreciation/amortisation and impairment	(1,126)	(162)	(1,288)
Opening net book balance	50	42	92
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation equity	64	16	80
Total additions	64	16	80
Other movements			
Depreciation/amortisation expense	(53)	(2)	(55)
Disposals			
From disposal of entities or operations (including restructuring)	35	(35)	-
Total other movements	(18)	(37)	(55)
As at 30 June 2017			
Gross book value	1,275	185	1,460
Accumulated depreciation/amortisation and impairment	(1,179)	(164)	(1,343)
Closing net book balance	96	21	117

Prepared on Australian Accounting Standards basis.

PRODUCTIVITY COMMISSION

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PRODUCTIVITY COMMISSION

Section 1: Entity 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 and 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
- self-initiated research and statutory annual reporting.

In 2016-17 and the forward years, the Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research. Commissioned projects underway and carrying over into 2016-17 include: public inquiries into *Intellectual Property Arrangements*; *Regulation of Agriculture*; *Regulation of Marine Fisheries and Aquaculture*; *Alternative Default Superannuation Fund Models*; *Data Availability and Use*; the *Education Evidence Base*; and a study into *Superannuation Competitiveness and Efficiency*.

The Commission is providing cross-jurisdictional reporting to the Council of Australian Governments (COAG) on performance of government services; indicators of indigenous disadvantage; and expenditure on services to Indigenous Australians. The Commission is also expecting to commence reviews related to the National Water Initiative and the Murray-Darling Basin Plan (and associated water resource plans).

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. It receives and investigates complaints, and advises the Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists entities in, implementing competitive neutrality requirements.

The Commission has a mandate to undertake research to complement its other activities. This self-initiated research currently includes work on: *Indigenous Primary School Education Outcomes: Key Contributors*; and *Disruptive Technologies: What do governments need to do?* The Commission's most recent research publications include papers on: *Developments in Anti-Dumping Arrangements*; and *Housing Decisions of Older Australians*. A full list of the Commission's research reports and supporting research is provided on the Commission's website.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Commission.

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

Table 1.1: Productivity Commission resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	27,263	27,320
Departmental appropriation	32,890	33,395
s74 retained revenue receipts (c)	841	1,007
Departmental capital budget (d)	846	838
<i>Total departmental annual appropriations</i>	<i>61,840</i>	<i>62,560</i>
Total departmental resourcing	61,840	62,560
Total resourcing for Productivity Commission	61,840	62,560
	2015-16	2016-17
Average staffing level (number)	164	167

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2016-17.

(b) Excludes \$0.3 million withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

Budget measures in Table 1.2 relating to the Commission are detailed in the *2015-16 Mid-Year Economic and Fiscal Outlook*.

Table 1.2: Entity 2016-17 Budget measures

Measures not previously reported in a portfolio statement

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Measures						
Public Sector Savings —						
Enterprise Resource Planning Systems						
Departmental expenses	1.1	-	-	(19)	(23)	-
Public Sector Superannuation						
Accumulation Plan Administration						
Fees						
Departmental expenses	1.1	(8)	(8)	(8)	(8)	(8)
Total expense measures		(8)	(8)	(27)	(31)	(8)

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

Section 2: Outcomes and planned performance

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

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.

Note:

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: 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

Budgeted expenses for Outcome 1

Table 2.1 shows how much the Commission intends to spend (on an accrual basis) on achieving the outcome.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Productivity Commission					
Departmental expenses					
Departmental appropriation (a)	32,890	33,395	33,192	32,371	32,568
s74 Retained revenue receipts (a)	841	1,007	10	10	10
Expenses not requiring appropriation in the Budget year (b)	1,123	1,123	1,103	1,100	1,100
Departmental total	34,854	35,525	34,305	33,481	33,678
Total expenses for program 1.1	34,854	35,525	34,305	33,481	33,678
Total expenses for Outcome 1	34,854	35,525	34,305	33,481	33,678

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and audit fees (resources received free of charge from ANAO).

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

Table 2.2: Performance criteria for Outcome 1

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

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		
Program 1.1 — Productivity Commission		
The Commission provides governments and the Australian community with information and advice that better informs policy decisions to improve Australians' wellbeing.		
Delivery	The Commission provides independent research and advice on a range of economic, social and environmental issues. The Commission consults, including through hearings, round tables, seminars and submissions, to seek informed input to its reports. The Commission publishes all its working papers and models which contribute to its conclusions.	
Performance information		
Performance criteria	2015–16 targets	2016–17 and forward year targets
The Commission aims to complete projects, reports and associated activities that are of a high quality, useful to stakeholders and timely.	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.	The Commission's work being widely referenced in public policy forums; projects and reports meeting commissioned timelines; and independent and transparent processes are followed.
Purposes	The Commission's purpose, as embodied in the <i>Productivity Commission Act 1998</i> , is to provide governments and the Australian community with information and advice that better inform policy decisions to improve Australians' wellbeing. To do this, we apply robust, transparent analysis and we adopt a community-wide perspective.	

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Explanatory notes and analysis of budgeted financial statements

The Commission is budgeting for a break-even result in 2016-17 and the forward years.

3.1.2 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	26,648	26,613	26,112	26,391	26,549
Suppliers	7,115	7,820	7,121	6,020	6,058
Depreciation and amortisation	1,073	1,073	1,053	1,050	1,050
Finance costs	18	19	19	20	21
Total expenses	34,854	35,525	34,305	33,481	33,678
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	841	1,007	10	10	10
Total own-source revenue	841	1,007	10	10	10
Gains					
Other	50	50	50	50	50
Total gains	50	50	50	50	50
Total own-source income	891	1,057	60	60	60
Net (cost of)/contribution by services	(33,963)	(34,468)	(34,245)	(33,421)	(33,618)
Revenue from Government	32,890	33,395	33,192	32,371	32,568
Surplus/(deficit) attributable to the Australian Government	(1,073)	(1,073)	(1,053)	(1,050)	(1,050)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(1,073)	(1,073)	(1,053)	(1,050)	(1,050)
Total comprehensive income/(loss) attributable to the Australian Government	(1,073)	(1,073)	(1,053)	(1,050)	(1,050)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	1,073	1,073	1,053	1,050	1,050
Total comprehensive income/(loss) - as per the statement of comprehensive income	(1,073)	(1,073)	(1,053)	(1,050)	(1,050)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	346	346	346	346	346
Trade and other receivables	27,265	25,578	26,098	26,632	26,672
Total financial assets	27,611	25,924	26,444	26,978	27,018
Non-financial assets					
Land and buildings	2,506	3,588	2,788	1,988	1,188
Property, plant and equipment	991	917	967	958	1,378
Intangibles	185	152	119	89	79
Other non-financial assets	562	562	562	562	562
Total non-financial assets	4,244	5,219	4,436	3,597	3,207
Total assets	31,855	31,143	30,880	30,575	30,225
LIABILITIES					
Payables					
Suppliers	386	386	386	386	386
Other payables	2,461	1,745	1,452	1,108	713
Total payables	2,847	2,131	1,838	1,494	1,099
Provisions					
Employee provisions	11,976	12,196	12,416	12,636	12,856
Other provisions	532	551	570	590	611
Total provisions	12,508	12,747	12,986	13,226	13,467
Total liabilities	15,355	14,878	14,824	14,720	14,566
Net assets	16,500	16,265	16,056	15,855	15,659
EQUITY*					
Contributed equity	3,854	4,692	5,536	6,385	7,239
Reserves	2,771	2,771	2,771	2,771	2,771
Retained surplus (accumulated deficit)	9,875	8,802	7,749	6,699	5,649
Total equity	16,500	16,265	16,056	15,855	15,659

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

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

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	9,875	2,771	-	3,854	16,500
Opening balance	9,875	2,771	-	3,854	16,500
Comprehensive income					
Surplus/(deficit) for the period	(1,073)	-	-	-	(1,073)
Total comprehensive income	(1,073)	-	-	-	(1,073)
Transactions with owners					
Contributions by owners					
Departmental capital budget (DCB)	-	-	-	838	838
Total transactions with owners	-	-	-	838	838
Estimated closing balance as at 30 June 2017	8,802	2,771	-	4,692	16,265

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	32,833	35,082	32,672	31,837	32,528
Sale of goods and rendering of services	841	1,007	10	10	10
Total cash received	33,674	36,089	32,682	31,847	32,538
Cash used					
Employees	26,428	26,393	25,892	26,171	26,329
Suppliers	7,459	8,486	7,364	6,314	6,403
Total cash used	33,887	34,879	33,256	32,485	32,732
Net cash from/(used by) operating activities	(213)	1,210	(574)	(638)	(194)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	633	2,048	270	211	660
Total cash used	633	2,048	270	211	660
Net cash from/(used by) investing activities	(633)	(2,048)	(270)	(211)	(660)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	846	838	844	849	854
Total cash received	846	838	844	849	854
Net cash from/(used by) financing activities	846	838	844	849	854
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	346	346	346	346	346
Cash and cash equivalents at the end of the reporting period	346	346	346	346	346

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	846	838	844	849	854
Total new capital appropriations	846	838	844	849	854
<i>Provided for:</i>					
Purchase of non-financial assets	633	838	270	211	660
Other Items	213	-	574	638	194
Total items	846	838	844	849	854
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	633	2,048	270	211	660
TOTAL	633	2,048	270	211	660
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	633	2,048	270	211	660
Total cash used to acquire assets	633	2,048	270	211	660

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

Prepared on Australian Accounting Standards basis.

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

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	4,882	1,597	867	7,346
Accumulated depreciation/amortisation and impairment	(2,376)	(606)	(682)	(3,664)
Opening net book balance	2,506	991	185	3,682
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	1,900	128	20	2,048
Total additions	1,900	128	20	2,048
Other movements				
Depreciation/amortisation expense	(818)	(202)	(53)	(1,073)
Total other movements	(818)	(202)	(53)	(1,073)
As at 30 June 2017				
Gross book value	6,782	1,725	887	9,394
Accumulated depreciation/ amortisation and impairment	(3,194)	(808)	(735)	(4,737)
Closing net book balance	3,588	917	152	4,657

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17.

Prepared on Australian Accounting Standards basis.

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a listed entity operating under the *Public Governance, Performance and Accountability Act 2013*. The Mint's vision is to achieve excellence as the world's best performing 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 visitors.

The Mint has developed a new three year strategic plan which acknowledges the anticipated decline in the demand for circulating coin and identifies opportunities for growth in numismatic and foreign business. Key strategies identified in this plan include:

- leveraging the developed in-house capability to produce innovative circulating and numismatic products;
- identifying 'other' opportunities to fill the gap in seigniorage caused by the decline in the demand for circulating coin;
- implementing 'lean', a program which aims to drive efficiency improvement, reduce costs and improve effectiveness;
- delivering in full and on time to all customers;
- maintaining an outstanding record for workplace health and safety, as well as environmental conditions;
- continuing to recognise the importance of staff; and
- continuing to build brand recognition.

As the sole supplier of Australia's circulating coin requirements, the Mint is responsible for the continuous review of Australian coinage and for providing advice to the Treasury and the government on coin related issues.

In 2016-17, the Mint will continue to target profitable revenue growth opportunities for both numismatic and international circulating coin.

To ensure that Commonwealth resources are appropriately deployed, the Mint will implement the lean philosophy across the organisation to improve its operational

efficiency and drive improvement. To deliver a safe and secure environment, the Mint will continue to invest in health and safety for its employees and maintain a high level of security. The Mint will increase engagement with its employees to empower and motivate staff, invest in health and wellbeing activities, and conduct mentoring and leadership programs.

The Mint's return on net assets is budgeted to be 53.5 per cent in 2015-16, inclusive of the seigniorage return to the Commonwealth. Across the forward estimates, the Mint will be focussed on maintaining its return on net assets. With the decline in demand for circulating coin, seigniorage is expected to fall over the next four years from the budgeted \$79.0 million in 2015-16. However, with the addition of the commercial 'pre-tax profit' and royalties (\$10.4 million in 2015-16) excluding 'other' initiatives, the decline will be less significant.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Mint for its operations and to deliver programs and services on behalf of the government. The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

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

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Special accounts (a)		
Opening balance	24,402	35,560
Non-appropriation receipts	181,016	177,532
<i>Total special accounts</i>	205,418	213,092
Total departmental resourcing	205,418	213,092
Total resourcing for the Royal Australian Mint	205,418	213,092
	2015-16	2016-17
Average staffing level (number)	219	215

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures are GST exclusive — these may not match figures in the cash flow statement.

(a) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

1.3 BUDGET MEASURES

The Mint does not have any Budget measures for 2016-17.

Section 2: Outcomes and planned performance

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

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

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

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: 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

Budgeted expenses for Outcome 1

The table below shows how much the Mint intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Royal Australian Mint					
Administered expenses					
Special accounts					
Royal Australian Mint Special Account	48,742	40,250	36,964	34,182	31,358
Departmental expenses					
Special accounts					
Royal Australian Mint Special Account	92,204	93,097	103,498	105,473	120,942
Total expenses for program 1.1	140,946	133,347	140,462	139,655	152,300
	2015-16	2016-17			
Average staffing level (number)	219	215			

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with Outcome 1.

Outcome 1	
The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.	
Program 1.1 — Royal Australian Mint	
To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.	
Delivery	<ul style="list-style-type: none"> • Production, maintenance and sales to meet demand for: <ul style="list-style-type: none"> – Australian circulating coins; – Foreign country circulating coins; – Numismatic products; and – Other custom minted products. • Maintenance of Australia's National Coin Collection. • Tourism and education services to public and school groups: <ul style="list-style-type: none"> – Maintenance of the Mint's visitor gallery, including building and surrounds; – Educational program to school students who visit the Mint; and – Promote public understanding about the cultural and historical significance of coins.

Performance information			
Performance criteria	2015-16 targets	2016-17 targets	2017-18 and forward year targets
Produce and deliver Australian circulating coins in a cost effective and timely manner	Seigniorage: \$79.3m Volume: 240 million pieces	Seigniorage: \$74.8m Volume: 215 million pieces	Seigniorage: \$63m; \$58m; \$53m
Numismatic sales meet or exceed cost of production	Gross margin: 50%	Gross margin: 50%	Gross margin: 50%
Foreign circulating coin sales meet or exceed cost of production	Gross margin: 20%	Gross margin: 20%	Gross margin: 20%
Numismatic orders placed are produced and delivered within agreed delivery time	Delivered on time and in full: 80%	Delivered on time and in full: 85%	Delivered on time and in full: 90%
Rotate the display of Australia's National Coin Collection on a regular basis	Annual rotation completed	Annual rotation of National Coin Collection items	Annual rotation of National Coin Collection items
Visitor satisfaction rating of Mint experience	Survey result: 95%	Survey result: 95%	Survey result: 95%
Increase in visitor numbers compared to prior year	Visitors: 300,000	Visitors: 320,000	Visitors increase 10%
Purpose	To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.		

Section 3: Budgeted financial statements

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

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences in entity resourcing and financial statements

The Mint does not have any material differences between entity resourcing and financial statements.

3.1.2 Analysis of budgeted financial statements

The Mint has two streams of revenue. One stream comes from production and subsequent sale of circulating coins at face value to commercial banks. The second stream comes from sale of numismatic products and production of foreign circulating coins.

The Mint's Departmental projected results for the 2016-17 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (Table 3.1). The ongoing implementation of 'lean' principles will enable the Mint to manufacture coins (both circulating and numismatic) in a more efficient manner which is expected to deliver a reduction in cost and improved business effectiveness.

A surplus is budgeted on the sale of numismatic products and foreign circulating coins. The surplus is expected to rise from \$7.5 million in 2015-16 to \$10.0 million in 2019-20 and will offset the reduction in seigniorage received by the government from Australian circulating coins.

The anticipated decline in demand for Australian circulating coin is reflected in a fall in Administered surplus over the next four years from the budgeted \$79 million in 2015-16 (refer Table 3.7). However with the increased Departmental commercial 'pre-tax profit' and Commonwealth royalties, the decline in seigniorage returned to Commonwealth will be less significant.

The Mint's cash balance movements demonstrate the fluctuating nature of circulating and numismatic sales in addition to the investment by the Mint in capital items which was postponed due to strategic prioritisation of asset purchases.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	20,487	21,013	21,331	21,656	21,659
Suppliers	64,123	64,289	74,167	75,605	91,019
Depreciation and amortisation	4,321	4,451	4,585	4,723	4,865
Finance costs	54	45	34	23	18
Other expenses	3,219	3,299	3,381	3,466	3,381
Total expenses	92,204	93,097	103,498	105,473	120,942
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	101,458	102,393	116,458	113,430	133,811
Interest	1,000	1,000	1,000	1,000	1,000
Other	300	300	300	300	320
Total own-source revenue	102,758	103,693	117,758	114,730	135,131
Gains					
Other	160	160	160	160	160
Total gains	160	160	160	160	160
Total own-source income	102,918	103,853	117,918	114,890	135,291
Net (cost of)/contribution by services	10,714	10,756	14,420	9,417	14,349
Notional income tax expense	3,214	3,227	4,326	2,826	4,305
Total comprehensive income/(loss) attributable to the Australian Government	7,500	7,529	10,094	6,591	10,044

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	5,560	5,673	5,179	4,932	5,220
Trade and other receivables	43,407	45,468	57,311	66,129	79,352
Total financial assets	48,967	51,141	62,490	71,061	84,572
Non-financial assets					
Property, plant and equipment	42,174	43,127	42,301	40,816	39,193
Heritage and cultural	21,243	21,243	21,243	21,243	21,243
Intangibles	1,590	1,460	1,826	1,688	1,546
Inventories	33,103	37,703	37,925	36,007	36,028
Tax assets	2,029	2,029	2,029	2,029	2,029
Other non-financial assets	1,247	1,247	1,247	1,247	1,247
Total non-financial assets	101,386	106,809	106,571	103,030	101,286
Total assets	150,353	157,950	169,061	174,091	185,858
LIABILITIES					
Payables					
Suppliers	1,556	1,568	1,512	1,447	1,475
Tax liabilities	3,693	3,706	4,805	3,305	4,755
Other payables	5,555	5,579	5,603	5,628	5,653
Total payables	10,804	10,853	11,920	10,380	11,883
Interest bearing liabilities					
Leases	395	261	116	-	-
Total interest bearing liabilities	395	261	116	-	-
Provisions					
Employee provisions	5,117	5,253	5,330	5,408	5,610
Other provisions	447	464	482	499	517
Total provisions	5,564	5,717	5,812	5,907	6,127
Total liabilities	16,763	16,831	17,848	16,287	18,010
Net assets	133,590	141,119	151,213	157,804	167,848
EQUITY*					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,453	21,453	21,453	21,453	21,453
Retained surplus (accumulated deficit)	34,234	41,763	51,857	58,448	68,492
Total equity	133,590	141,119	151,213	157,804	167,848

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

Prepared on Australian Accounting Standards basis.

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

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	34,234	21,453	77,903	133,590
Opening balance	34,234	21,453	77,903	133,590
Comprehensive income				
Surplus/(deficit) for the period	7,529	-	-	7,529
Total comprehensive income	7,529	-	-	7,529
Estimated closing balance as at 30 June 2017	41,763	21,453	77,903	141,119
Closing balance attributable to the Australian Government	41,763	21,453	77,903	141,119

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	180,716	177,232	179,483	171,717	187,285
Other	300	300	300	300	320
Total cash received	181,016	177,532	179,783	172,017	187,605
Cash used					
Employees	20,019	21,238	21,495	21,817	21,940
Suppliers	61,960	67,573	74,090	72,575	90,526
Net GST paid	3,408	3,342	3,385	3,238	3,532
Receipts transferred to OPA	13,000	2,000	11,000	9,000	12,000
Net income tax paid	27	3,214	3,227	4,326	2,826
Other	79,258	74,750	62,938	58,203	53,393
Total cash used	177,672	172,117	176,135	169,159	184,217
Net cash from/(used by) operating activities	3,344	5,415	3,648	2,858	3,388
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	5,148	5,274	4,125	3,100	3,100
Total cash used	5,148	5,274	4,125	3,100	3,100
Net cash from/(used by) investing activities	(5,148)	(5,274)	(4,125)	(3,100)	(3,100)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	38	28	17	5	-
Total cash used	38	28	17	5	-
Net cash from/(used by) financing activities	(38)	(28)	(17)	(5)	-
Net increase/(decrease) in cash held	(1,842)	113	(494)	(247)	288
Cash and cash equivalents at the beginning of the reporting period	7,402	5,560	5,673	5,179	4,932
Cash and cash equivalents at the end of the reporting period	5,560	5,673	5,179	4,932	5,220

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	5,148	5,274	4,125	3,100	3,100
TOTAL	5,148	5,274	4,125	3,100	3,100
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,148	5,274	4,125	3,100	3,100
Total cash used to acquire assets	5,148	5,274	4,125	3,100	3,100

Prepared on Australian Accounting Standards basis.

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

	Property, plant and equipment \$'000	Heritage and cultural \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	54,743	21,243	6,236	82,222
depreciation/amortisation and impairment	(12,569)	-	(4,646)	(17,215)
Opening net book balance	42,174	21,243	1,590	65,007
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	5,274	-	-	5,274
Total additions	5,274	-	-	5,274
Other movements				
Depreciation/amortisation expense	(4,321)	-	(130)	(4,451)
Total other movements	(4,321)	-	(130)	(4,451)
As at 30 June 2017				
Gross book value	60,017	21,243	6,236	87,496
Accumulated depreciation/ amortisation and impairment	(16,890)	-	(4,776)	(21,666)
Closing net book balance	43,127	21,243	1,460	65,830

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Suppliers	48,742	40,250	36,964	34,182	31,358
Total expenses administered on behalf of Government	48,742	40,250	36,964	34,182	31,358
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	128,000	115,000	99,902	92,385	84,750
Total non-taxation revenue	128,000	115,000	99,902	92,385	84,750
Total own-source revenue administered on behalf of Government	128,000	115,000	99,902	92,385	84,750
Total own-sourced income administered on behalf of Government	128,000	115,000	99,902	92,385	84,750
Net cost of/(contribution by) services	(79,258)	(74,750)	(62,938)	(58,203)	(53,392)
Surplus/(deficit)	79,258	74,750	62,938	58,203	53,392
Total comprehensive income/(loss)	79,258	74,750	62,938	58,203	53,392

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Non-financial assets					
Inventories	13,514	13,514	13,514	13,514	13,514
Total non-financial assets	13,514	13,514	13,514	13,514	13,514
Total assets administered on behalf of Government	13,514	13,514	13,514	13,514	13,514
LIABILITIES					
Payables					
Suppliers	5,906	5,906	5,906	5,906	5,906
Total payables	5,906	5,906	5,906	5,906	5,906
Total liabilities administered on behalf of Government	5,906	5,906	5,906	5,906	5,906
Net assets/(liabilities)	7,608	7,608	7,608	7,608	7,608

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	79,258	74,750	62,938	58,203	53,393
Total cash received	79,258	74,750	62,938	58,203	53,393
Net cash from/(used by) operating activities	79,258	74,750	62,938	58,203	53,393
Net increase/(decrease) in cash held	79,258	74,750	62,938	58,203	53,393
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Special accounts	(79,258)	(74,750)	(62,938)	(58,203)	(53,393)
Total cash to Official Public Account	(79,258)	(74,750)	(62,938)	(58,203)	(53,393)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.