



BUDGET★
PORTFOLIO BUDGET STATEMENTS 2013-14
BUDGET RELATED PAPER NO. 1.18

TREASURY PORTFOLIO

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

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

Dear Mr President
Dear Speaker

I hereby submit Portfolio Budget Statements in support of the 2013-14 Budget for the Treasury portfolio.

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

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

Yours sincerely

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

WAYNE SWAN

Abbreviations and conventions

The following notation may be used:

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nfp	not for publication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

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

Enquiries

Should you have any enquiries regarding this publication please contact Mr Tony Murcutt in the Department of the Treasury on 02 6263 2111.

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

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

The purpose of the 2013-14 Portfolio Budget Statements (PBS) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PBS is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2013-14. In this sense the PBS are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

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

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

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PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

Ministers and portfolio responsibilities

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

The Treasury portfolio comprises 16 agencies.

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

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

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

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

Portfolio overview

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

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

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

The **Clean Energy Finance Corporation** seeks to mobilise capital investment in renewable energy, low-emissions technology and energy efficiency in Australia through commercial loans, equity investments and limited loan guarantees. Its outcome is: facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders.

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

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

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

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

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

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

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

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

Figure 1: Treasury portfolio structure and outcomes



Figure 1: Treasury portfolio structure and outcomes (continued)



PORTFOLIO RESOURCES

Table 1 shows the total resources provided to the portfolio in the 2013-14 budget year, by agency.

Table 1: Portfolio resources 2013-14

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	6,675	47,500	71,652,755	13,824,014	85,530,944
Departmental appropriations	169,296	-	-	8,266	177,562
Total:	175,971	47,500	71,652,755	13,832,280	85,708,506
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	330,713	8,211	-	45,963	384,887
Total:	330,713	8,211	-	45,963	384,887
Australian Competition and Consumer Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	157,700	60	-	500	158,260
Total:	157,700	60	-	500	158,260
Australian Office of Financial Management					
Administered appropriations	10	-	296,338,104	-	296,338,114
Departmental appropriations	11,893	-	-	828	12,721
Total:	11,903	-	296,338,104	828	296,350,835
Australian Prudential Regulation Authority					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,493	4,270	109,922	5,457	122,142
Total:	2,493	4,270	109,922	5,457	122,142
Australian Securities and Investments Commission					
Administered appropriations	6,329	-	174,438	-	180,767
Departmental appropriations	382,103	11,791	-	2,023	395,917
Total:	388,432	11,791	174,438	2,023	576,684
Australian Taxation Office					
Administered appropriations	6,697	-	9,937,144	45,854	9,989,695
Departmental appropriations	3,472,767	47,359	-	71,387	3,591,513
Total:	3,479,464	47,359	9,937,144	117,241	13,581,208

Table 1: Portfolio resources 2013-14 (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Clean Energy Finance Corporation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	18,062	-	-	1,036,873	1,054,935
Total:	18,062	-	-	1,036,873	1,054,935
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	6,465	-	-	-	6,465
Total:	6,465	-	-	-	6,465
Corporations and Markets					
Advisory Committee					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,030	-	-	-	1,030
Total:	1,030	-	-	-	1,030
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,656	-	-	-	2,656
Total:	2,656	-	-	-	2,656
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,777	-	-	-	2,777
Total:	2,777	-	-	-	2,777
Office of the Auditing and Assurance Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,244	-	-	33	2,277
Total:	2,244	-	-	33	2,277
Office of the Australian Accounting Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,815	-	-	788	4,603
Total:	3,815	-	-	788	4,603
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	38,233	-	-	10	38,243
Total:	38,233	-	-	10	38,243
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	181,953	-	181,953
Total:	-	-	181,953	-	181,953
Resources available within the Treasury portfolio:					398,177,461

AGENCY RESOURCES AND PLANNED PERFORMANCE

DEPARTMENT OF THE TREASURY

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DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

The Australian economy is forecast to grow at a solid rate, close to trend in 2013-14 and increasing in 2014-15 to trend growth. The economy is expected to continue to outperform most other advanced economies over the forecast period.

Global financial market sentiment has improved noticeably since late 2012, although global economic conditions remain challenging, particularly in the major advanced economies. World growth continues to be driven by emerging market economies, with the weight of economic activity increasingly shifting towards Asia.

The Australian economy continues to benefit from this shift. Strong demand from Asia has underpinned Australia's economic growth, supporting historically high commodity prices. Resources investment is expected to reach record levels in 2013-14, driving new business investment as a share of GDP to the highest level on record. Growth over the forecast period will increasingly be supported by rising export volumes and rising investment outside the resources sector. For example, strong growth in emerging Asia will create opportunities for Australia's services sector.

A continuing focus for the Treasury will be key risks facing the global economy, including any re-escalation of the crisis in the euro area, uncertainty over fiscal policy in the United States and the potential for oil price shocks. Particular focus will be on assessing the implications for Australia of economic developments in China and other emerging Asian countries, and broadening and deepening regional engagement.

Australia's G20 Presidency in 2014 will allow us to help shape the international economic agenda. The G20 is the world's pre-eminent forum for global economic cooperation. It accounts for some 85 per cent of global GDP, and all of Australia's major trading and investment partners. In the lead up to 2014, the Treasury will boost bilateral engagement and multilateral outreach in order to advocate for Australia's values and interests. In 2013 and 2014, Australia will continue to support the G20's focus on growth and jobs, financing for investment (including infrastructure), and

Department of the Treasury Budget Statements

International Monetary Fund (IMF) governance and quota reform. The Treasury will support ongoing reform of international financial institutions, and, in response to the Australia in the Asian Century White Paper, will deepen its bilateral cooperation with key strategic partners including China, India, Indonesia, Vietnam and the Philippines, while continuing to support counterpart agencies in Papua New Guinea and the Solomon Islands.

The Treasury will continue to support the Government's fiscal strategy, through timely and high-quality assessments of domestic and international economic conditions, and advice on effective government spending, effective taxation and retirement income arrangements, as well as debt management policy.

The Treasury will continue to advise the Government on social policy, including disability support, education funding, health, aged care, skills, climate change and clean energy, structural adjustment, Indigenous policy, border and national security, and water reform. The Treasury will also advise on federal financial relations arrangements, including working with state and territory governments.

In 2013-14, the Treasury will assist the Government to implement tax reform. As well as providing revenue forecasts and costings of taxation policies, analysing the economic and social effects of taxation policy proposals, and undertaking consultations with stakeholders, the Treasury will also instruct parliamentary counsel on the design of taxation laws and support the passage of legislation through Parliament.

The Treasury will assist the Government to ensure that any improvements to the international tax framework, as part of the G20's response to the Organisation for Economic Co-operation and Development's (OECD) report on Addressing Base Erosion and Profit Shifting, are consistent with Australia's national interest.

The Treasury will continue to support Australia's productivity and international competitiveness through sound regulatory and competition reforms. This includes maintaining the Australian Consumer Law; maintaining Australia's corporation and competition law frameworks; promoting efficient use of national infrastructure in transport, communication and energy markets; and implementing the National Broadband Network. It also includes advising on regulatory reform of securities markets, financial advice, corporate governance and consumer credit.

The Treasury will provide advice on the financial system to ensure it remains robust, competitive and dynamic while contributing to macroeconomic stability and market confidence. The Treasury will continue to monitor prudential frameworks applying to banks, insurers and superannuation funds, and continue to implement the Government's Stronger Super reforms.

The Treasury will continue to work with the Government and the Foreign Investment Review Board to maintain the right balance between protecting Australia's national

interest and ensuring that Australia remains an attractive destination for 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 will also continue to improve its organisational capabilities through the Strategic Review and Progressing Women initiatives.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Treasury.

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	53,933 ⁵	-	53,933	-
Departmental appropriation ³	-	169,296 ¹	169,296	178,149
Receipts from other sources (s31)	-	8,266 ⁴	8,266	10,652
Total departmental	53,933	177,562	231,495	188,801
Administered expenses				
Outcome 1	-	6,675 ¹	6,675	20,103
Payment to CAC bodies	-	18,062	18,062	-
Total administered expenses	-	24,737	24,737	20,103
Total ordinary annual services	A 53,933	202,299	256,232	208,904
Other services				
Departmental non-operating				
Equity injections	-	-	-	1,631
Total	-	-	-	1,631
Administered non-operating				
Administered assets and liabilities				
Outcome 1	-	47,500 ²	47,500	57,000
Total	-	47,500	47,500	57,000
Total other services	B -	47,500	47,500	58,631
Total available annual appropriations (A+B)	53,933	249,799	303,732	267,535

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2013-14 as at Budget May 2013 (continued)

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Special appropriations				
<i>Asian Development Bank (Additional Subscription) Act 2009</i>	-	15,412	15,412	15,278
<i>Federal Financial Relations Act 2009</i>	-	69,632,911	69,632,911	68,403,140
<i>International Monetary Agreements Act 1947</i>	-	1,882,295	1,882,295	251,666
<i>Clean Energy Act 2011</i>	-	122,137	122,137	-
<i>Superannuation Industry (Supervision) Act 1993</i>	-	-	-	16,720
Total special appropriations	C	71,652,755	71,652,755	68,686,804
Total appropriations excluding special accounts (A+B+C)	53,933	71,902,554	71,956,487	68,954,339
Special accounts				
Opening balance ⁶	2,282	-	2,282	-
Appropriation receipts to special accounts	-	2,000,000	2,000,000	-
Non-appropriation receipts to special accounts	-	13,824,014	13,824,014	10,853,944
Total special account	D	15,824,014	15,826,296	10,853,944
Total resourcing (A+B+C+D)	56,215	87,726,568	87,782,783	79,808,283
Less appropriation drawn from annual or special appropriations and/or CAC Act bodies through annual appropriations credited to special accounts	-	2,018,062	2,018,062	-
Total net resourcing for the Treasury	56,215	85,708,506	85,764,721	79,808,283

1. Appropriation Bill (No. 1) 2013-14.
2. Appropriation Bill (No. 2) 2013-14.
3. Includes \$5.3 million in 2013-14 for the departmental capital budget (refer to Table 3.2.5).
4. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.
5. Estimated adjusted balance carried forward from previous year.
6. Estimated opening balance for special accounts (refer to Table 3.1.2).

1.3 BUDGET MEASURES

Budget measures relating to the Treasury are detailed in Budget Paper No. 2, *Budget Measures 2013-14* and are summarised below.

Table 1.2: Department of the Treasury 2013-14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Australia in the Asian Century - Strengthening engagement in the Asian region ¹	1.1	-	-	-	-	-
Brisbane Cross River Rail and Melbourne Metro Projects - Advisory Board	1.1	-	1,600	1,600	-	-
Economic modelling capacity - continuation	1.1	-	2,902	2,926	2,955	2,983
Superannuation reforms - Charter of Superannuation Adequacy and Sustainability and Council of Superannuation Custodians - Charter Group	1.1	162	-	-	-	-
Targeted savings - public service efficiencies ²	1.1	-	(400)	(409)	(390)	(338)
Tax Studies Institute - establishment	1.1	2,000	(1,000)	(1,000)	-	-
Treasury legal expenses	1.1	nfp	nfp	-	-	-
Official development assistance - Australian Membership of the African Development Bank Group	1.2	-	-	nfp	nfp	nfp
- support for low income countries through the Poverty Reduction and Growth Trust - Stage 1 and Stage 2	1.2	13,928	-	36,664	-	-
Superannuation - further financial assistance grants to compensate fund members for the failure of Trio ¹	1.3	-	-	-	-	-
Better targeting of tax concessions - later start date and conclusion of transitional arrangements	1.4	(1,000)	(1,000)	9,000	29,000	30,000
Excise and excise-equivalent customs duty - index tobacco excise to average weekly ordinary time earnings	1.4	-	nfp	nfp	nfp	nfp
GST - allowing businesses in a net refund position to continue to use the GST instalments system	1.4	-	-	-	-	-

Table 1.2: Department of the Treasury 2013-14 Budget measures (continued)

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures (continued)						
Tax laws - privileges and immunities for the International Committee of the Red Cross						
	1.4	-
Abt Railway - Contribution						
	1.10	6,000	-	-	-	-
Advancing Payments to the States and Territories						
	1.10	-	-	-	-	-
Better Schools						
- National Plan for School Improvement - Low Socio-Economic Status School Communities - redirection						
	1.10	-	(84,485)	(173,964)	-	-
- National Plan for School Improvement - continued support for students with disabilities						
	1.10	-	30,905	46,357	-	-
- National Plan for School Improvement - Empowering Local Schools - redirection						
	1.10	-	-	-	(287,977)	-
- National Plan for School Improvement - Rewards for Great Teachers - redirection						
	1.10	-	(26,035)	(81,384)	(162,768)	(162,768)
- National Plan for School Improvement - Rewards for School Improvement redirection						
	1.10	(10,000)	(8,988)	(19,725)	(39,550)	(39,550)
Canberra Hospital - dedicated paediatric emergency care						
	1.10	-	-	5,000	-	-
DisabilityCare Australia - Transition to Full Scheme						
	1.10	1,096	7,128	4,316	616	-
Early Childhood Education - National Partnership Agreement - continuation						
	1.10	14,700	406,000	234,900	-	-
Financial Literacy - additional funding						
	1.10	-	1,280	1,210	1,324	1,542
Great Artesian Basin Sustainability Initiative - reduced funding						
	1.10	-	(22,900)	-	-	-
Group of 20 meeting in 2014 - Queensland Government security costs						
	1.10	8,500	35,000	54,000	-	-

Table 1.2: Department of the Treasury 2013-14 Budget measures (continued)

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures (continued)						
Health and Hospitals Fund - Katherine and Gove District Hospitals - not proceed with funding	1.10	(3,448)	(5,852)	(1,500)	-	-
Healthy Kids Check - redirection of promotional funding	1.10	(1,976)	(1,990)	(1,990)	(2,038)	(2,073)
Improving trachoma control for Indigenous Australians - continuation	1.10	-	-	-	-	-
Indigenous Communications Program - remote Indigenous public internet access - continuation	1.10	-	-	-	-	-
Mosquito control and cross border liaison in the Torres Strait - continuation	1.10	-	-	-	-	-
Murray-Darling Basin Plan - additional support	1.10	-	17,250	10,350	6,900	-
Nation Building Program - Heavy Vehicle Safety and Productivity Program - additional funding	1.10	-	-	-	-	-
- next phase	1.10	-	(150,001)	(50,000)	-	(677,989)
- re-direction	1.10	-	(6,812)	(22,130)	(3,404)	-
National Insurance Affordability Initiative - commencement and initial projects	1.10	-	50,000	50,000	-	-
National Partnership Agreement on Homelessness	1.10	-	154,970	-	-	-
National Partnership on Home and Community Care Services to Veterans - redirection	1.10	-	-	(8,272)	(8,386)	(8,394)
National Perinatal Depression Initiative - continuation	1.10	-	(500)	(500)	(500)	(500)
Natural Disaster Recovery and Rebuilding - assistance for communities affected by the 2012-13 Queensland floods	1.10	6,591	28,325	22,244	-	-
- donation to the Queensland Floods Appeal 2013	1.10	900	-	-	-	-
Parliament House Walk - contribution	1.10	-	-	-	-	-

Table 1.2: Department of the Treasury 2013-14 Budget measures (continued)

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures (continued)						
Personal income tax - increase in the Medicare Levy - DisabilityCare Australia	1.10	-	-	-	73,900	188,500
Reef rescue - continuation	1.10	-	(2,000)	(2,000)	(2,000)	(2,000)
Tasmanian Forests Agreement - implementation package	1.10	30,500	4,000	5,500	5,050	2,101
Vaccine Preventable Diseases Surveillance Program - continuation	1.10	-	-	-	-	-
Victorian Local Hospital Networks - additional funding	1.10	(55,060)	-	-	-	-
World Leading Cancer Care - additional funding for BreastScreen Australia program - expand the target age range	1.10	-	9,845	10,402	12,005	14,181
Related capital						
Official Development Assistance - Australian Membership of the African Development Bank Group	1.2	-	-	-	-	-
Related revenue						
Australian Reinsurance Pool Corporation - dividend	1.3	-	75,000	75,000	75,000	75,000

1. This measure was also included in the Treasury *Portfolio Additional Estimates Statements 2012-13*.
 2. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*. The fiscal impact reported for this measure is in addition to the impact previously reported for this measure in the Treasury *Portfolio Additional Estimates Statements 2012-13*.
- Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

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

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

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

Outcome 1 Budgeted expenses

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Department of the Treasury		
Departmental expenses		
Departmental appropriations ¹	182,727	167,995
Special accounts	1,629	1,269
Expenses not requiring appropriation ²	13,018	9,175
Administered expenses		
Expenses not requiring appropriation	74,043	-
Total for Program 1.1	271,417	178,439
Program 1.2: Payments to International Financial Institutions		
Administered expenses		
Other services (Appropriation Bill No. 1)	13,928	-
Special appropriations	4,670	3,678
Total for Program 1.2	18,598	3,678
Program 1.3: Support for Markets and Business		
Administered expenses		
Other services (Appropriation Bill No. 1)	6,175	6,675
Special appropriations	16,720	-
Payment to CAC bodies	-	18,062
Total for Program 1.3	22,895	24,737
Program 1.4: General Revenue Assistance		
Administered expenses		
Special appropriations	47,700,000	50,250,000
Special accounts	1,235,036	983,846
Total for Program 1.4	48,935,036	51,233,846

Table 2.1: Budgeted expenses for Outcome 1 (continued)

Outcome 1 (continued)	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.5: Assistance to the States for Healthcare Services		
Administered expenses		
Special appropriations	13,280,449	14,040,015
Total for Program 1.5	13,280,449	14,040,015
Program 1.6: Assistance to the States for Government Schools		
Administered expenses		
Special appropriations	3,944,991	2,112,164
Total for Program 1.6	3,944,991	2,112,164
Program 1.7: Assistance to the States for Skills and Workforce Development		
Administered expenses		
Special appropriations	1,387,532	1,408,969
Total for Program 1.7	1,387,532	1,408,969
Program 1.8: Assistance to the States for Disabilities Services		
Administered expenses		
Special appropriations	1,244,118	1,237,636
Total for Program 1.8	1,244,118	1,237,636
Program 1.9: Assistance to the States for Affordable Housing		
Administered expenses		
Special appropriations	1,263,727	1,282,683
Total for Program 1.9	1,263,727	1,282,683
Program 1.10: National Partnership Payments to the States		
Administered expenses		
Special accounts	10,966,356	11,079,773
Total for Program 1.10	10,966,356	11,079,773
Outcome 1 Totals by appropriation type		
Administered expenses		
Other services (Appropriation Bill No. 1)	20,103	6,675
Special appropriations	68,842,207	70,335,145
Special accounts	12,201,392	12,063,619
Payment to CAC bodies	-	18,062
Expenses not requiring appropriation	74,043	-
Departmental expenses		
Departmental appropriations ¹	182,727	167,995
Special accounts	1,629	1,269
Expenses not requiring appropriation ²	13,018	9,175
Total expenses for Outcome 1	81,335,119	82,601,940
	2012-13	2013-14
Average staffing level (number)	937	886

1. Departmental appropriations combine ordinary annual services (Appropriation Bill No. 1) and revenue from independent sources (s31).
2. Expenses not requiring appropriation includes depreciation and resources received free of charge, such as audit fees.

Contributions to Outcome 1

Program 1.1: Department of the Treasury

Program objective

The objectives of the Treasury are:

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

Program expenses

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

Table 2.2: Program 1.1 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Departmental expenses					
Departmental items	160,675	149,144	154,680	154,181	152,942
Australia to host the Group of 20 in 2014	5,298	20,120	17,184	795	-
Clean Energy					
Finance Corporation	18,383	-	-	-	-
Expenses not requiring appropriation	13,018	9,175	8,312	7,537	6,711
Total departmental expenses	197,374	178,439	180,176	162,513	159,653
Administered expenses					
Expenses not requiring appropriation ¹	74,043	-	-	-	-
Total administered expenses	74,043	-	-	-	-
Total program expenses	271,417	178,439	180,176	162,513	159,653

1. Reflects the upward revision of the estimated cost of natural disasters that occurred prior to 2012-13.

Program deliverables

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

Macroeconomic Group

In 2013-14, Macroeconomic Group will provide advice on:

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

Macroeconomic Group will also undertake preparations for hosting G20 Finance Ministers' and Central Bank Governors' Meetings as part of Australia's host year in 2014. Macroeconomic Group will also maintain its close engagement with the G20, Financial Stability Board, regional financial forums and support reform of the international financial institutions.

In response to the *Australia in the Asian Century* White Paper, Macroeconomic Group will deepen its bilateral cooperation with a number of strategically important regional partners including China, India, Indonesia, Vietnam and the Philippines.

Macroeconomic Group will also maintain an economic modelling capacity to provide modelling in support of the development of government policy, and to support other departments, where necessary, in the development and assessment of various policy initiatives.

Fiscal Group

In 2013-14, Fiscal Group will provide advice on:

- fiscal strategy which aims to ensure fiscal sustainability over the economic cycle;
- effective government spending arrangements which contribute to improving the wellbeing of Australians;
- strategies that address intergenerational challenges, including social, fiscal and environmental sustainability;
- a range of policy issues including disability support, education funding, health, aged care, skills, employment, climate change mitigation and adaptation, and policies to support regional industry structural adjustment; and
- Commonwealth-State financial relations.

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

Revenue Group

In 2013-14, Revenue Group will provide advice on:

- implementation of the Government's taxation and retirement income reform agenda including decisions in the Government's 2013-14 Budget;
- Australia's participation in international forums, including the OECD, G20 and the Global Forum in relation to the base erosion and profit shifting project and international standards of tax information and transparency; and
- the impacts of the tax system and retirement income proposals, measures and expenditures, including on government finances, economic growth, and their distributional impact and overall efficiency and effectiveness.

Markets Group

In 2013-14, Markets Group will provide advice on:

- measures to promote competition, macroeconomic stability and market confidence, including advice on prudential frameworks applying to the banking sector, insurers and superannuation funds, and implementation of the Government's Stronger Super reforms;
- measures to enhance protection of retail investors and consumers through establishing improved regulation and transparency of insurance contracts;
- initiatives arising from the Australian Financial Centre Forum to strengthen Australia as a regional financial services centre;
- measures to promote the efficient allocation of capital and management of risk through effective corporate governance and financial market infrastructure frameworks including implementation of the Government's insolvency reforms and other commitments to address financial instrument risks;
- measures to promote the efficient use and development of national infrastructure, including in transport, communication and energy markets, and improve the responsiveness of the supply side of the housing market;
- Australia's competition and consumer policy framework including competition and regulatory reforms to improve Australia's productivity;

- foreign investment initiatives to ensure that they are not contrary to Australia's national interest, the development and implementation of a national foreign ownership register for agricultural land, and representing Australia's interests on investment, competition and financial service issues in free trade agreements and international fora; and
- actuarial matters through the Australian Government Actuary which provides actuarial services to the Government, the Treasury and other agencies.

Program key performance indicators

The Treasury has the following key performance indicators:

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

Program 1.2: Payments to International Financial Institutions

Program objective

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

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

Program expenses

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

Table 2.3: Program 1.2 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Contribution to the Poverty Reduction and Growth Trust	13,928	-	36,664	-	-
Special appropriations					
<i>International Monetary Agreements Act 1947</i>	4,670	3,678	3,686	3,711	3,735
Total program expenses	18,598	3,678	40,350	3,711	3,735

Program deliverables

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

Program key performance indicators

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

Program 1.3: Support for Markets and Business

Program objective

To provide funding to support markets and business as outlined below.

- The Centre for International Finance and Regulation's focus is to put Australia at the forefront of regional and global examination of financial sector developments and the design of regulatory responses. The Centre comprises a consortium of Australian and international universities, research centres and financial organisations and is led by the University of New South Wales.
- Payments are made in respect of insurance claims arising from the residual Housing Loans Insurance Company Limited portfolio. The Housing Loans Insurance Company Limited pre-transfer contract portfolio will be managed to ensure all liabilities arising from claims under this portfolio are met and any related debts are recovered.
- Payments of assistance are also made to eligible HIH insurance policy holders under the HIH Claims Support Scheme under this program. Payments are not classified as expenses and therefore do not appear in Table 2.4. The HIH Claims Support Scheme is now focused on finalising remaining claims so assistance can be paid, and the claims portfolio wound-up.
- The Superannuation Consumer Centre (SCC) will be a non-profit organisation with a primary focus on superannuation policy research and related consumer advocacy. The Government will contribute \$10 million over three years to a non-government investment fund, the earnings of which will be used to fund the ongoing costs of the SCC. This contribution will be contingent upon matching funds being provided by industry.
- The Treasury will make payments to the Clean Energy Finance Corporation (CEFC) in 2013-14 and 2014-15. These payments represent the annual appropriation provided to the CEFC to support its operating costs. The CEFC is a body under the *Commonwealth Authorities and Companies Act 1997* (CAC Act). CAC Act bodies are separate, legally, from the Commonwealth and so do not debit appropriations directly or make payments from the Consolidated Revenue Fund. Therefore the responsible portfolio department receives the appropriation and pays it to the CAC Act body.
- To provide further financial assistance to four Australian Prudential Regulation Authority (APRA) regulated superannuation funds in accordance with the Minister's Determination of 2 September 2012.

Program expenses

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

Table 2.4: Program 1.3 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Centre for International Finance and Regulation	4,500	4,000	1,000	-	-
Housing Loan Insurance Company Limited - payments in respect of insurance claims	675	675	675	675	675
Contribution to the Superannuation Consumer Centre	1,000	2,000	7,000	-	-
Payment to CAC Act bodies - CEFC	-	18,062	18,190	-	-
Special appropriations					
<i>Superannuation Industry (Supervision) Act 1993</i> - financial assistance grant to compensate fund members for the collapse of Trio	16,720	-	-	-	-
Total administered expenses	22,895	24,737	26,865	675	675
Total program expenses	22,895	24,737	26,865	675	675

Program deliverables

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

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

The contribution to the SCC has been made according to the agreed funding schedule.

Payments of further financial assistance to compensate members of four APRA regulated superannuation funds that invested in Trio have been made in accordance with the Minister's Determination of 2 September 2012.

Program key performance indicators

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

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

The contribution to the SCC is made according to the agreed funding schedule.

Payments of further financial assistance to compensate members of four APRA regulated superannuation funds that invested in Trio are made in accordance with the Minister's Determination of 2 September 2012.

Program 1.4: General Revenue Assistance

Program objective

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

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

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

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

- payments to New South Wales and Victoria to compensate for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the States' shareholdings.

Elements of this program are linked to the Resources, Energy and Tourism portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Table 2.5: Program 1.4 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial Relations Act 2009</i>	47,700,000	50,250,000	52,820,000	55,800,000	58,670,000
Special accounts					
COAG Reform Fund					
ACT Municipal Services	36,832	37,495	38,208	38,934	39,634
Reduced Royalties	63,088	41,743	45,594	49,304	46,153
Royalties	1,060,715	830,207	826,288	815,472	816,606
Taxation Compensation in Respect of Snowy Hydro Limited	74,401	74,401	74,401	74,401	74,401
Total program expenses	48,935,036	51,233,846	53,804,491	56,778,111	59,646,794

Program deliverables

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

Program key performance indicators

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

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

Program 1.5: Assistance to the States for Healthcare Services

Program objective

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

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

Under this Agreement, National Health Reform funding comprises two elements: National Health Reform base funding to be provided from 1 July 2012 sourced from the existing National Healthcare SPP; and efficient growth funding to be provided from 2014-15. National Health Reform funding is paid into a National Health Funding Pool to support public hospital services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Table 2.6: Program 1.5 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
National Health Reform funding - <i>Federal Financial Relations Act 2009</i>	13,280,449	14,040,015	15,531,098	17,164,138	18,956,073
Total program expenses	13,280,449	14,040,015	15,531,098	17,164,138	18,956,073

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

Program deliverables

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

Program key performance indicators

As of 1 July 2012, National Health Reform funding has replaced the National Healthcare SPP, with funding paid into a National Health Funding Pool.

An Administrator has been jointly established by the Commonwealth and the States, and is responsible for calculating the Commonwealth funding amount for public hospitals, and advising the Treasurer of the level of Commonwealth funding.

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

Program 1.6: Assistance to the States for Schools

Program objective

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

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

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Table 2.7: Program 1.6 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
National Schools SPP - Government schools <i>Federal Financial Relations Act 2009</i>	3,944,991	2,112,164	-	-	-
Total program expenses	3,944,991	2,112,164	-	-	-

Note: The 2013-14 amount includes funding to 31 December 2013. From 1 January 2014 and across the forward estimates, the National Schools SPP will be appropriated under the proposed Australian Education Act and be reported in the Education, Employment and Workplace Relations portfolio. The non-government schools component of the National Schools SPP for 2012-13, and to 31 December 2013, appears in the Education, Employment and Workplace Relations portfolio and in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Program deliverables

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

Program key performance indicators

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

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

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

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

Program objective

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

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Table 2.8: Program 1.7 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
National Skills and Workforce Development SPP - <i>Federal Financial Relations Act 2009</i>	1,387,532	1,408,969	1,436,163	1,462,660	1,489,646
Total program expenses	1,387,532	1,408,969	1,436,163	1,462,660	1,489,646

Program deliverables

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

Program key performance indicators

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

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

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

Program 1.8: Assistance to the States for Disability Services

Program objective

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

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

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Table 2.9: Program 1.8 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations Act 2009</i>	1,272,943	1,336,322	1,408,119	1,474,593	1,545,181
Changed roles and responsibilities - adjustment to achieve budget neutrality	(28,825)	(98,686)	(99,123)	(103,649)	(106,797)
Total program expenses	1,244,118	1,237,636	1,308,996	1,370,944	1,438,384

Program deliverables

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

Program key performance indicators

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

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

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

Program 1.9: Assistance to the States for Affordable Housing

Program objective

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

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Table 2.10: Program 1.9 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations Act 2009</i>	1,263,727	1,282,683	1,307,054	1,330,581	1,354,531
Total program expenses	1,263,727	1,282,683	1,307,054	1,330,581	1,354,531

Program deliverables

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

Program key performance indicators

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

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

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

Program 1.10: National Partnership Payments to the States

Program objective

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

This program is linked to the Agriculture, Fisheries and Forestry portfolio; Attorney-General's portfolio; Broadband, Communications and the Digital Economy portfolio; Defence portfolio; Education, Employment and Workplace Relations portfolio; Families, Housing, Community Services and Indigenous Affairs portfolio; Finance and Deregulation portfolio; Health and Ageing portfolio; Industry, Innovation, Climate Change, Science, Research and Tertiary Education portfolio; Infrastructure and Transport portfolio; Prime Minister and Cabinet portfolio; Regional Australia, Local Government, Arts and Sport portfolio; Resources, Energy and Tourism portfolio; and Sustainability, Environment, Water, Population and Communities portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Table 2.11: Program 1.10 expenses

	2012-13	2013-14	2014-15	2015-16	2016-17
Agency PBS Program	Revised budget \$'000	Budget \$'000	Forward year 1 \$'000	Forward year 2 \$'000	Forward year 3 \$'000
Special accounts					
COAG Reform Fund					
Agriculture, Fisheries and Forestry portfolio					
Pilot of drought reform measures in Western Australia	1.11	7,772	1,157	-	-
Exotic Disease Preparedness Program	2.2	414	423	430	439
Animal and plant pest and disease eradication	2.2	10,000	12,927	12,897	12,883
Total		18,186	14,507	13,327	13,620
Attorney-General's portfolio					
Legal assistance services	1.3	198,087	200,550	204,562	208,245
ACT Emergency Services	1.6	4,000	4,000	-	-
Secure Schools Program	1.6	2,188	-	-	-
Natural disaster resilience	1.7	24,032	30,668	26,100	26,100
Natural disaster recovery and rebuilding relief appeals – Commonwealth contributions	1.7	1,000	-	-	-
Natural Disaster Relief and Recovery Arrangements	1.7	1,893,305	146,809	96,679	22,409
Total		2,122,612	382,027	327,341	256,754
Broadband, Communications and the Digital Economy portfolio					
Digital Regions Initiative	1.2	12,114	-	-	-
Digital Regions Initiative - Local Government	1.2	4	-	-	-
Remote Indigenous public internet access	1.2	2,760	2,105	2,150	2,191
Total		14,878	2,105	2,150	2,191
Defence portfolio					
School Pathways Program	1.3	1,705	1,287	-	-
Total		1,705	1,287	-	-
Education, Employment and Workplace Relations portfolio					
Stronger Futures in the Northern Territory - Building a Quality School Workforce - Quality Teaching	1.1	-	6,275	12,550	12,550
Stronger Futures in the Northern Territory - Building a quality teachers' workforce - Additional Teachers	1.1	-	10,315	22,925	23,360
					17,924

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Education, Employment and Workplace Relations portfolio (continued)						
Stronger Futures in the Northern Territory - Building a quality teachers' workforce -Teacher housing	1.1	-	2,392	3,813	4,467	5,724
Early childhood education – universal access to early childhood education	1.3	461,700	406,000	234,900	-	-
Indigenous early childhood development – children and family centres	1.3	56,535	78,024	-	-	-
National quality agenda for early childhood education and care	1.3	21,328	19,080	nfp	nfp	nfp
TAFE fee waivers for childcare qualifications	1.3	15,991	15,382	10,528	-	-
More support for students with disabilities	2.1	61,658	61,620	46,357	-	-
Closing the Gap in the Northern Territory - Supporting remote schools - additional teachers	2.2	12,400	-	-	-	-
Stronger Futures in the Northern Territory - Expansion of the school enrolment and attendance measure	2.3	1,870	2,238	2,302	2,187	2,251
Trade training centres in schools	2.4	130,013	69,115	82,143	87,630	227,124
Digital education revolution	2.5	126,000	-	-	-	-
Improving Literacy and Numeracy - Government Schools	2.6	125,020	62,645	-	-	-
Improving Literacy and Numeracy - Non-Government Schools	2.6	36,177	18,129	-	-	-
Smarter schools - Low socio-economic status school communities	2.8	362,911	141,285	-	-	-
Improving teacher quality - Reward funding	2.9	-	175,000	-	-	-
Improving teacher quality - Project and facilitation funding	2.9	18,000	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17
Agency PBS Program	Revised budget \$'000	Budget \$'000	Forward year 1 \$'000	Forward year 2 \$'000	Forward year 3 \$'000
Education, Employment and Workplace Relations portfolio (continue)					
Youth attainment and transitions					
- Maximising engagement, attainment and successful transitions	2.11	37,502	18,751	-	-
- Year 12 attainment and transitions	2.11	-	53,332	-	-
Rewards for great teachers	2.15	8,241	-	-	-
Total		1,475,346	1,139,583	415,518	130,194
Families, Housing, Community Services and Indigenous Affairs portfolio					
Assistance to States for DisabilityCare Australia	1.1	-	-	73,900	188,500
Pay equity for the Social and Community Services Sector	3.6	24,541	55,499	85,087	150,541
Assist Preparation Towards the Launch of the National Disability Insurance Scheme	5.6	1,096	7,128	4,316	616
Homelessness	2.2	156,501	154,970	-	-
Certain concessions for pensioners and senior card holders					
- Certain concessions for pensioners	3.5	270,509	279,685	291,178	303,231
- National reciprocal transport concessions	4.2	12,500	12,500	12,500	12,500
Remote Indigenous housing	7.2	303,208	541,078	485,600	368,176
Stronger Futures in the Northern Territory					
- Tackling alcohol abuse	7.5	3,411	3,621	3,590	3,718
- Remote engagement and coordination	7.5	3,305	4,214	4,169	3,700
- Municipal and essential services	7.5	5,000	20,480	20,931	21,391
- Housing	7.5	27,335	51,194	55,824	52,249
- Community safety and justice	7.5	21,406	40,346	34,914	35,648
- Child, youth, family and community wellbeing	7.5	13,363	13,644	11,293	11,584
- Alice Springs Transformation plan	7.5	2,247	4,653	4,175	1,796
Total		844,422	1,189,012	1,013,577	1,005,092

Table 2.11: Program 1.10 expenses (continued)

		2012-13		2014-15	2015-16	2016-17
	Agency	Revised	2013-14	Forward	Forward	Forward
	PBS	budget	Budget	year 1	year 2	year 3
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Finance and Deregulation portfolio						
Provision of Fire Services	1.1	17,732	18,352	18,995	19,660	20,347
Seamless national economy	1.1	64,055	130,885	-	-	-
Total		81,787	149,237	18,995	19,660	20,347
Health and Ageing portfolio						
National bowel cancer screening program - participant follow-up function	1.1	1,398	1,832	1,866	2,185	-
Expansion of the BreastScreen Australia Program	1.1	-	9,845	10,402	12,005	14,181
Health Services						
- Victorian cytology service	1.1	8,085	8,472	8,905	9,350	9,818
- Early intervention pilot program	1.3	222	-	-	-	-
- Reducing acute rheumatic heart fever among Indigenous children	8.1	2,523	2,571	2,622	2,682	2,727
- Sexual assault counselling in remote Northern Territory areas	8.1	1,290	-	-	-	-
Health Services						
- National antimicrobial utilisation – surveillance program	10.5	150	150	-	-	-
- Vaccine-preventable diseases surveillance	10.5	781	795	814	830	845
- National perinatal depression initiative	11.1	6,090	10,810	8,200	8,200	8,200
- Northern Territory medical school – funding contribution	12.2	2,212	2,250	2,288	2,329	2,371
- Torres Strait health protection strategy – mosquito control	14.1	929	942	960	977	995
National Coronial Information System	1.3	407	424	440	-	-
Essential vaccines	1.5	227,569	259,868	252,972	251,912	259,612
BreastScreen Australia radiography workforce initiatives	1.6	204	-	-	-	-
Preventive health						
- Enabling infrastructure	1.6	2,500	-	-	-	-
- Healthy children	1.6	23,850	28,860	28,860	28,860	105,760
- Healthy workers	1.6	21,150	24,652	24,652	24,652	24,652
- Social marketing	1.6	6,000	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17
Agency PBS Program	Revised budget \$'000	Budget \$'000	Forward year 1 \$'000	Forward year 2 \$'000	Forward year 3 \$'000
Health and Ageing portfolio (continued)					
Other Health infrastructure payments					
- Tasmanian health package - Radiation oncology services in North/North West Tasmania	3.5	400	-	-	-
- Funding for Grafton Hospital	13.3	2,000	-	-	-
Aged care assessment	4.1	8,687	-	-	-
Transitioning responsibilities for aged care and disability services					
- Basic Community care maintenance and support services	4.2	500,757	542,383	nfp	nfp
- Specialist disability services	4.4	116,128	165,336	184,862	206,939
Home and Community Care - services for veterans	4.4	8,307	8,137	-	-
Financial assistance for long stay older patients	4.4	92,429	78,231	-	-
Closing the Gap in the Northern Territory - Indigenous health and related services	8.1	437	-	-	-
Indigenous early childhood development - antenatal and reproductive health	8.1	24,257	24,363	5,954	-
Improving ear health services for Indigenous Australian children	8.1	6,531	677	-	-
Improving trachoma control services for Indigenous Australians	8.1	3,925	4,392	4,079	4,161
Accommodation related to renal services for Aboriginal and Torres Strait Islander peoples in the Northern Territory	8.1	-	10,000	-	-
Torres Strait health protection strategy - Saibai Island Health Clinic	8.1	1,500	500	500	-
Renal dialysis services in Central Australia	8.1	1,600	1,700	1,700	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Health and Ageing portfolio (continued)						
Stronger Futures in the Northern Territory						
- Oral health services component	8.1	2,343	2,564	2,604	2,535	2,650
- Mobile Outreach Service plus component	8.1	4,300	4,386	4,474	4,563	4,770
- Hearing health services component	8.1	2,416	2,816	3,184	3,114	3,255
Health and Hospitals fund	10.1	463,072	509,058	562,135	393,415	38,236
Improving Health Services in Tasmania						
- Cradle Coast Connected Care Clinical Repository	10.2	250	250	250	250	-
- Innovative flexible funding for mental health	11.1	1,050	1,050	1,025	1,025	-
- Better access to community based palliative care services	13.3	5,810	1,790	1,700	1,700	-
- Reducing Elective Surgery Waiting Lists in Tasmania	13.3	8,831	8,345	7,119	6,228	-
- Walk-in centres in Hobart and Launceston	13.3	4,744	6,936	5,087	5,135	-
Canberra Hospital - dedicated paediatric emergency care	10.6	-	-	5,000	-	-
Supporting National Mental Health Reform	11.1	43,298	50,604	51,560	45,251	-
Expanding the Early Psychosis Prevention and Intervention Centre model	11.1	28,200	50,200	70,200	80,200	80,200
Hepatitis C settlement fund	13.1	700	713	726	740	-
Public dental waiting list program	13.3	69,200	155,200	119,600	-	-
Adult Public Dental Services	13.3	-	-	200,000	295,000	390,000
Health care grants for the Torres Strait	13.3	5,289	4,449	4,515	4,596	4,679
Hospital and health workforce reform - activity based funding	13.3	42,970	-	-	-	-

Table 2.11: Program 1.10 expenses (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17
Agency PBS Program	Revised budget \$'000	Budget \$'000	Forward year 1 \$'000	Forward year 2 \$'000	Forward year 3 \$'000
Health and Ageing portfolio (continued)					
Improving Public Hospital Services					
- Flexible funding for emergency departments, elective surgery and subacute care	13.3	25,000	1,073	-	-
- National elective surgery target					
- Facilitation and Reward funding	13.3	-	51,747	49,490	49,490
- Capital funding	13.3	-	1,244	-	-
Improving Public Hospital Services					
- National emergency access target for emergency departments					
- Facilitation and Reward funding	13.3	50,002	51,717	49,999	49,999
- Capital funding	13.3	50,000	1,941	-	-
- New subacute beds guarantee funding	13.3	446,500	632,500	-	-
OzFoodNet	14.1	1,644	1,664	1,696	1,727
Royal Darwin hospital - equipped, prepared, and ready	14.1	14,756	14,949	15,247	15,521
Total		2,342,693	2,742,386	1,695,687	1,515,571
Infrastructure and Transport portfolio					
Nation Building Plan for the Future					
- Building Australia Fund	1.1	323,000	58,000	64,500	20,000
- Major Cities	1.1	101,200	-	-	-
Managed motorways	1.1	10,046	24,444	-	-
Nation Building Program					
- Black spot projects	1.1	63,799	64,502	60,000	60,000
- Heavy vehicle safety and productivity	1.1	2,344	40,000	48,000	40,000
- Improving the national network	1.1	750	760	-	-
- Investment	1.1	110,398	297,808	387,700	133,000
- Off-network projects	1.1	137,238	112,134	423,800	11,500
- Road	1.1	1,520,275	2,722,712	2,147,500	2,079,200
Liveable cities	1.1	3,900	3,180	nfp	nfp
Regional Infrastructure Fund - Stream 1 and 2					
	1.1	105,300	163,300	613,800	648,600
Building Australia fund - Rail Projects					
	1.1	567,400	891,000	500,000	732,100

Table 2.11: Program 1.10 expenses (continued)

		2012-13		2014-15	2015-16	2016-17
	Agency	Revised	2013-14	Forward	Forward	Forward
	PBS	budget	Budget	year 1	year 2	year 3
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Infrastructure and Transport portfolio (continued)						
Nation Building Off-Network Projects - Rail	1.1	197,976	168,357	458,100	470,400	288,000
Local Government and Regional Development - Infrastructure employment projects	1.1	2,000	-	-	-	-
National transport regulator reforms						
- National Heavy Vehicles Transport Regulator	2.2	998	-	-	-	-
- National Rail Safety Regulator	2.2	602	-	-	-	-
Interstate road transport	2.2	77,730	80,839	84,072	87,435	90,934
Abt Railway	2.2	6,000	-	-	-	-
National Transport Regulators						
- Establishment Costs - Heavy Vehicles	2.2	13,867	-	-	-	-
- Establishment Costs - Rail	2.2	7,383	-	-	-	-
Total		3,252,206	4,627,036	4,787,472	4,282,235	3,588,834
Industry, Innovation, Climate Change, Science Research and Tertiary Education						
National Solar Schools Program	1.2	20,852	17,951	-	-	-
Industry and Indigenous Skills Centres	3.5	2,931	-	-	-	-
Education Investment Fund	3.5	3,769	-	-	-	-
Building Australia's Future Workforce						
- Training places for single and teen parents	3.5	20,000	26,668	26,668	-	-
- Skills Reform	3.5	238,351	238,351	377,212	377,439	516,328
Joint Group Training Program	3.5	11,069	-	-	-	-
Total		296,972	282,970	403,880	377,439	516,328
Prime Minister and Cabinet portfolio						
2014 G20 Leaders' Summit Security	1.1	8,500	35,000	54,000	-	-
Total		8,500	35,000	54,000	-	-

Table 2.11: Program 1.10 expenses (continued)

	Agency PBS Program	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Sustainability, Environment, Water, Population and Communities portfolio (continued)						
Water for the Future	4.1					
- National Urban Water and Desalination Plan	4.1	50,960	5,590	1,550	-	-
- National Water Security Plan for Cities and Towns	4.1	30,176	20,565	8,910	2,945	-
- Sustainable Rural Water Use and Infrastructure	4.1	199,512	373,800	427,914	343,038	262,560
Coal seam gas and large coal mining development	4.1	6,500	20,000	-	-	-
Implementing Water Reform in the Murray-Darling Basin	4.1	6,000	13,500	20,000	20,000	20,000
Total		485,567	461,532	471,369	378,716	292,543
Treasury portfolio						
Moneysmart Teaching Implementation of the National Insurance Affordability Initiative	1.1	705	1,280	1,210	1,324	1,542
First Home Owners Boost	1.1	-	50,000	50,000	-	-
Total		3,754	51,280	51,210	1,324	1,542
Total program expenses		10,966,356	11,079,773	9,264,526	7,982,498	7,445,385

Note: These items can also be found in Budget Paper No. 3, *Australia's Federal Relations 2013-14*.

Program deliverables

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

Program key performance indicators

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

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

Section 3: Explanatory tables and budgeted financial statements

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

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

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

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance	Receipts non-appropriated	Receipts appropriated	Payments	Closing balance
		2013-14	2013-14	2013-14	2013-14	2013-14
		2012-13	2012-13	2012-13	2012-13	2012-13
		\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account(D)	1	2,282	1,269	-	1,269	2,282
		2,282	1,629	-	1,629	2,282
Clean Energy Finance Corporation Special Account(A)	1	-	5,158	2,000,000	1,034,398	970,760
		-	-	-	-	-
COAG Reform Fund Special Account(A)	1	-	13,817,587	-	13,817,587	-
		-	10,852,315	-	10,852,315	-
Financial System Stability Special Account(A)	1	-	-	-	-	-
		-	-	-	-	-
Services for Other Entities and Trust Moneys Special Account - Department of the Treasury(A/D)	1	-	-	-	-	-
		-	-	-	-	-
Total special accounts						
2013-14 Budget estimate		2,282	13,824,014	2,000,000	14,853,254	973,042
Total special accounts 2012-13 estimate actual		2,282	10,853,944	-	10,853,944	2,282

(A) Administered.
(D) Departmental.

3.1.3 Australian Government Indigenous Expenditure

The Treasury does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 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 2013-14 and the forward estimates.

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

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	124,211	121,033	120,098	116,812	115,213
Supplier	37,675	47,280	49,810	36,233	36,798
Grants	4,637	1,501	2,506	2,481	1,481
Payment to CAC Act body	18,383	-	-	-	-
Depreciation and amortisation	12,468	8,625	7,762	6,987	6,161
Total expenses	197,374	178,439	180,176	162,513	159,653
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	9,802	7,416	7,638	7,868	8,104
Other revenue	850	850	850	850	850
Total revenue	10,652	8,266	8,488	8,718	8,954
Gains					
Other gains	550	550	550	550	550
Total gains	550	550	550	550	550
Total own-source income	11,202	8,816	9,038	9,268	9,504
Net cost of (contribution by) services	186,172	169,623	171,138	153,245	150,149
Appropriation revenue	173,704	160,998	163,376	146,258	143,988
Surplus (deficit) attributable to the Australian Government	(12,468)	(8,625)	(7,762)	(6,987)	(6,161)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(12,468)	(8,625)	(7,762)	(6,987)	(6,161)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(12,468)	(8,625)	(7,762)	(6,987)	(6,161)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,108	1,108	1,108	1,108	1,108
Trade and other receivables	57,141	59,141	61,141	63,141	65,141
Total financial assets	58,249	60,249	62,249	64,249	66,249
Non-financial assets					
Land and buildings	8,217	7,318	6,159	5,215	4,466
Infrastructure, plant and equipment	8,825	6,678	5,648	5,057	5,047
Intangibles	8,114	7,801	7,670	7,702	7,881
Other	2,502	2,502	2,502	2,502	2,502
Total non-financial assets	27,658	24,299	21,979	20,476	19,896
Total assets	85,907	84,548	84,228	84,725	86,145
LIABILITIES					
Provisions					
Employees	46,600	48,600	50,600	52,600	54,600
Total provisions	46,600	48,600	50,600	52,600	54,600
Payables					
Suppliers	311	311	311	311	311
Other	4,554	4,554	4,554	4,554	4,554
Total payables	4,865	4,865	4,865	4,865	4,865
Total liabilities	51,465	53,465	55,465	57,465	59,465
Net assets	34,442	31,083	28,763	27,260	26,680
EQUITY					
Parent entity interest					
Contributed equity	39,917	45,183	50,625	56,109	61,690
Reserves	5,186	5,186	5,186	5,186	5,186
Retained surpluses or accumulated deficits	(10,661)	(19,286)	(27,048)	(34,035)	(40,196)
Total equity	34,442	31,083	28,763	27,260	26,680
Current assets	60,751	62,751	64,751	66,751	68,751
Non-current assets	25,156	21,797	19,477	17,974	17,394
Current liabilities	47,348	49,188	51,028	52,868	54,708
Non-current liabilities	4,117	4,277	4,437	4,597	4,757

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	9,802	7,416	7,638	7,868	8,104
Appropriations	171,704	158,998	161,376	144,258	141,988
Other	850	850	850	850	850
Total cash received	182,356	167,264	169,864	152,976	150,942
Cash used					
Employees	122,211	119,033	118,098	114,812	113,213
Suppliers	37,125	46,730	49,260	35,683	36,248
Grants	23,020	1,501	2,506	2,481	1,481
Total cash used	182,356	167,264	169,864	152,976	150,942
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	6,849	5,266	5,442	5,484	5,581
Total cash used	6,849	5,266	5,442	5,484	5,581
Net cash from or (used by) investing activities	(6,849)	(5,266)	(5,442)	(5,484)	(5,581)
FINANCING ACTIVITIES					
Cash received					
Appropriations - equity injections	1,631	-	-	-	-
Appropriations - DCB	5,218	5,266	5,442	5,484	5,581
Total cash received	6,849	5,266	5,442	5,484	5,581
Net cash from or (used by) financing activities	6,849	5,266	5,442	5,484	5,581
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	1,108	1,108	1,108	1,108	1,108
Cash at the end of the reporting period	1,108	1,108	1,108	1,108	1,108

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(10,661)	5,186	-	39,917	34,442
Adjusted opening balance	(10,661)	5,186	-	39,917	34,442
Comprehensive income					
Surplus (deficit) for the period	(8,625)	-	-	-	(8,625)
Total comprehensive income recognised directly in equity	(8,625)	-	-	-	(8,625)
Transactions with owners					
<i>Distributions to owners</i>					
Restructuring	-	-	-	-	-
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Appropriation (departmental capital budget)	-	-	-	5,266	5,266
Total transactions with owners	-	-	-	5,266	5,266
Estimated closing balance as at 30 June 2014	(19,286)	5,186	-	45,183	31,083

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	5,218	5,266	5,442	5,484	5,581
Total equity injections	1,631	-	-	-	-
Total new capital appropriations	6,849	5,266	5,442	5,484	5,581
Provided for:					
Purchase of non-financial assets	6,849	5,266	5,442	5,484	5,581
Total Items	6,849	5,266	5,442	5,484	5,581
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,631	-	-	-	-
Funded by capital appropriation - DCB	5,218	5,266	5,442	5,484	5,581
TOTAL	6,849	5,266	5,442	5,484	5,581
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	6,849	5,266	5,442	5,484	5,581
Total cash used to acquire assets	6,849	5,266	5,442	5,484	5,581

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	12,681	16,717	11,575	40,973
Accumulated depreciation/amortisation and impairment	4,464	7,892	3,461	15,817
Opening net book balance	8,217	8,825	8,114	25,156
Capital asset additions				
By purchase - appropriation DCB	1,500	2,266	1,500	5,266
Total additions	1,500	2,266	1,500	5,266
Other movements				
Depreciation/amortisation expense	2,399	4,413	1,813	8,625
Total other movements	2,399	4,413	1,813	8,625
As at 30 June 2014				
Gross book value	14,181	18,983	13,075	46,239
Accumulated depreciation/amortisation and impairment	6,863	12,305	5,274	24,442
Closing net book balance	7,318	6,678	7,801	21,797

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	81,058,357	82,419,148	82,725,182	86,098,932	90,340,813
Interest	4,670	3,678	3,686	3,711	3,735
Other	675	675	675	675	675
Fair value loss on NDRRA provision	74,043	-	-	-	-
Total expenses administered on behalf of government	81,137,745	82,423,501	82,729,543	86,103,318	90,345,223
LESS: OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Goods and services	1,306,604	1,086,208	814,044	764,141	628,139
Interest	2,690	11,015	27,066	45,489	50,407
Dividends	-	75,000	75,000	75,000	75,000
Nation Building and COAG transfers	1,459,512	1,594,396	1,295,794	1,423,433	468,211
Other sources of non-taxation revenues	4,160	4,000	4,000	4,000	4,000
Total non-taxation revenue	2,772,966	2,770,619	2,215,904	2,312,063	1,225,757
Total own-source revenues administered on behalf of Government	2,772,966	2,770,619	2,215,904	2,312,063	1,225,757
Gains					
Foreign exchange	80,813	72,456	99,799	54,488	7,398
Total gains administered on behalf of government	80,813	72,456	99,799	54,488	7,398
Total own-sourced income administered on behalf of Government	2,853,779	2,843,075	2,315,703	2,366,551	1,233,155
Net Cost of (contribution by) services	78,283,966	79,580,426	80,413,840	83,736,767	89,112,068
Surplus (Deficit)	(78,283,966)	(79,580,426)	(80,413,840)	(83,736,767)	(89,112,068)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	1,735	1,735	1,735	1,735	1,735
Advances and loans	866,931	1,251,570	1,466,370	1,466,593	901,439
Receivables	973,689	652,740	269,683	113,760	81,758
Investments	12,731,042	18,542,645	20,088,128	21,871,844	23,542,636
Total financial assets	14,573,397	20,448,690	21,825,916	23,453,932	24,527,568
Non financial assets					
Prepayments	209,342	59,849	59,849	59,849	59,849
Total non financial assets	209,342	59,849	59,849	59,849	59,849
Total assets administered on behalf of government	14,782,739	20,508,539	21,885,765	23,513,781	24,587,417
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	3,175,916	6,452,750	5,978,102	5,956,182	5,933,871
Other	4,585,807	4,626,724	4,667,495	4,708,304	4,708,304
Total interest bearing liabilities	7,761,723	11,079,474	10,645,597	10,664,486	10,642,175
Payables					
Grants and subsidies	5,673,974	3,770,509	954,224	115,481	114,791
Other payables	690,031	466,674	173,267	92,982	61,296
Total payables	6,364,005	4,237,183	1,127,491	208,463	176,087
Total liabilities administered on behalf of government	14,125,728	15,316,657	11,773,088	10,872,949	10,818,262
Net assets/(liabilities)	657,011	5,191,882	10,112,677	12,640,832	13,769,155

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	623,187	410,245	113,654	39,381	36,082
Interest	1,743	1,741	1,742	1,759	41,210
Dividends	675,000	150,000	150,000	150,000	75,000
COAG receipts from agencies	9,634,402	10,424,402	10,837,241	11,727,915	468,209
Other	4,160	4,000	4,000	4,000	4,000
Total cash received	10,938,492	10,990,388	11,106,637	11,923,055	624,501
Cash used					
Grant payments	87,444,275	92,298,568	94,359,874	96,516,752	89,749,121
Interest paid	3,875	3,680	3,686	3,717	3,740
Other	32,895	6,675	8,675	675	675
Total cash used	87,481,045	92,308,923	94,372,235	96,521,144	89,753,536
Net cash from or (used by) operating activities	(76,542,553)	(81,318,535)	(83,265,598)	(84,598,089)	(89,129,035)
INVESTING ACTIVITIES					
Cash received					
Other investing activities	42,592	5,158	141,538	493,008	961,228
Total cash received	42,592	5,158	141,538	493,008	961,228
Cash used					
Purchase of investments	59,949	2,731,137	2,251,579	2,101,215	2,060,950
Advances and loans	215,623	369,447	182,350	174,384	-
Other	-	-	-	-	-
Total cash used	275,572	3,100,584	2,433,929	2,275,599	2,060,950
Net cash from or (used by) investing activities	(232,980)	(3,095,426)	(2,292,391)	(1,782,591)	(1,099,722)
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Net cash from or (used by) financing activities					
Net increase or (decrease) in cash held	(76,775,533)	(84,413,961)	(85,557,989)	(86,380,680)	(90,228,757)
Cash at beginning of reporting period	1,735	1,735	1,735	1,735	1,735
Cash from Official Public Account - appropriations	79,581,725	86,579,499	87,264,715	88,492,259	91,814,486
Cash to Official Public Account	2,806,192	2,165,538	1,706,726	2,111,579	1,585,729
Cash at end of reporting period	1,735	1,735	1,735	1,735	1,735

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Administered assets and liabilities	56,500	47,500	-	-	-
Special appropriations	263,072	2,016,186	684,073	216,287	51,865
Total new capital appropriations	319,572	2,063,686	684,073	216,287	51,865
Provided for:					
International Financial Institutions	263,072	2,016,186	684,073	216,287	51,865
Other	56,500	47,500	-	-	-
Total items	319,572	2,063,686	684,073	216,287	51,865

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

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

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

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

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AUSTRALIAN BUREAU OF STATISTICS

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Bureau of Statistics (ABS) is to assist and encourage informed decision-making, research and discussion within governments and the community, by leading a high quality, objective and responsive national statistical service (NSS). The ABS is Australia's official national statistical agency, providing key official statistics on a wide range of economic, environmental and social issues.

The ABS's legislated functions include:

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

The ABS will achieve its outcome through three key priority areas:

- statistical delivery: continue to produce high-quality, relevant official statistics support decision-making, research and discussion by governments and the community;

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- statistical leadership: provide statistical leadership to national and international organisations to build an improved global and NSS and strong statistical capability; and
- statistical infrastructure: develop and implement flexible and robust statistical and information infrastructure to meet the changing needs of statistical users, data providers and producers of statistics.

These key priority areas focus on the ABS's work program. Key external drivers of, and challenges for, the ABS work program include:

- the need to reflect rapid change and real world complexity in trusted official statistics;
- the increasing demand for evidence-based policy;
- the increasing demand for flexible and accessible statistical information;
- the need to improve the way the ABS engage with users, providers and producers of statistics in the new and emerging technological landscape, including the need to deliver a primarily digital Census of Population and Housing in 2016;
- the need to utilise and improve existing data sets held by government or other organisations to reduce provider burden, enhance Australia's statistical resources and increase coherence; and
- the continuing need to maintain the trust and privacy of providers.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from the ABS.

Table 1.1: Australian Bureau of Statistics Resource Statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts + available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	= Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental appropriations				
Prior year departmental appropriation	22,180 ⁵	-	22,180	-
Departmental appropriation ⁴	-	330,713 ¹	330,713	330,549
Receipts from other sources (s31)	-	45,963 ³	45,963	49,388
Total ordinary annual services	A 22,180	376,676	398,856	379,937
Other services				
Departmental non-operating				
Equity injections	-	8,211 ²	8,211	429
Total other services	B -	8,211	8,211	429
Total net resourcing for the ABS (A+B)	22,180	384,887	407,067	380,366

1. Appropriation Bill (No. 1) 2013-14.

2. Appropriation Bill (No. 2) 2013-14.

3. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

4. Includes an amount of \$20.2 million in 2013-14 for the Departmental Capital Budget (refer to Table 3.2.5 for further details).

5. Estimated adjusted balance carried forward from previous year.

1.3 BUDGET MEASURES

Budget measures relating to the ABS are summarised below.

Table 1.2: Australian Bureau of Statistics 2013-14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Australian Bureau of Statistics						
- additional funding for						
Input-Output Data Tables						
and the Household Expenditure						
Survey						
	1.1	-	3,899	2,528	-	-
Fire Service Levy						
- reduction ¹						
	1.1	(44)	(46)	(48)	(48)	(48)
Population Census 2016						
- transition to a new model						
	1.1	-	11,925	17,893	5,967	(69,342)
Statistical Infrastructure						
Project						
	1.1	-	2,125	-	-	-
Targeted savings - public						
service efficiencies ²						
	1.1	(1,437)	(1,967)	(2,053)	(2,365)	(2,225)
Total expense measures		(1,481)	15,936	18,320	3,554	(71,615)
Related capital						
Australian Bureau of Statistics						
- additional funding for						
Input-Output Data Tables						
and the Household Expenditure						
Survey						
	1.1	-	80	80	-	-
Population Census 2016						
- transition to a new model						
	1.1	-	8,075	7,107	17,033	1,342
Total related capital		-	8,155	7,187	17,033	1,342
Total measures		(1,481)	24,091	25,507	20,587	(70,273)

1 This measure was included in the Finance and Deregulation portfolio in Budget Paper No.2, *Budget Measures 2012-13*.

2. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

The ABS seeks to deliver this outcome through continued high-quality statistical delivery, providing national and international statistical leadership and improved statistical infrastructure.

The ABS will deliver high-quality, relevant official statistics by:

- ensuring Australia's official statistics address the most important issues for decision-makers and the community;
- improving the accessibility and timeliness of Australia's official statistical information;
- ensuring relevance of official solutions and informed use of official statistics by actively building relationships with providers and users; and
- implementing national and international statistics standards and frameworks.

The ABS will provide statistical leadership by:

- developing statistical capability in Asia and the Pacific Region;
- engaging with users and the Australian community to build domestic statistical capability;

- influencing the development of international statistical frameworks and systems; and
- engaging with national statistical producers through the NSS to:
 - champion whole-of-government statistical data integration to improve Australia’s statistical assets while maintaining privacy;
 - coordinate improvements to data quality and coherence; and
 - provide guidance on the appropriate use of statistical standards and frameworks.

The ABS will improve statistical infrastructure by:

- ensuring investment in official statistics is effectively targeted through the Essential Statistical Assets for Australia and related Essential Statistical Infrastructure for Australia initiatives;
- transforming statistical business systems to improve efficiency and respond effectively to change; and
- continuing to expand digital initiatives to meet changing user, provider and producer needs and expectations.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Australian Bureau of Statistics		
Departmental expenses		
Departmental appropriation	390,925	356,089
Expenses not requiring appropriation in the budget year	32,780	32,715
Total expenses for Outcome 1	423,705	388,804
	2012-13	2013-14
Average staffing level (number)¹	2,921	2,685

¹ The projected decrease of 236 between 2012-13 and 2013-14 relates to the cyclical nature of activities for the Census as well as the efficiency dividend and other savings measures.

Contributions to Outcome 1

Program 1.1: Australian Bureau of Statistics

Program objective

The ABS has the following objectives:

- decision-making, research and discussion are underpinned by relevant statistical information;
- high-quality statistical information is available to inform Australia's most important issues;
- the cooperation and support of the providers continued;
- trust in official statistics is maintained;
- statistical capability is improved within Australia and Asia and the Pacific region to support informed decision-making and progress the national and global statistical systems; and
- statistical and information infrastructure is developed to better support Australia's long-term statistical needs.

Program expenses

There is no significant change to estimates in 2013-14 and 2014-15. The increase in expenses in 2015-16 and 2016-17 is predominately due to the cyclical nature of activities for the 2016 Census of Population and Housing (2016 Census).

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	423,705	388,804	392,415	452,161	584,882
Total departmental expenses	423,705	388,804	392,415	452,161	584,882

Program deliverables

In 2013-14 and onwards, the ABS will:

- provide a range of quality and timely statistical outputs across key economic, population, social and environmental subject matters that meet the needs of key users;

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- improve the relevance, reliability and accuracy of the ABS statistical program by implementing ongoing methodological developments and statistical standards, and undertaking ongoing engagement with external stakeholders;
- integrate data, as a commonwealth integrating authority, to produce new official statistics to inform society;
- provide leadership in data integration by providing both the chair and secretariat services to the Cross Portfolio Data Integration Oversight Board;
- provide statistical advice and leadership to Australian governments to improve coherence within the NSS;
- undertake statistical capability development programs in Australia and the Asia-Pacific region;
- provide advice and guidance on the development and implementation of statistical standards and frameworks internationally;
- transform the ABS's business systems and processes to improve efficiency and ensure ABS's central role in Australia's long-term statistical sustainability; and
- prepare and deliver a primarily digital Census in 2016.

Program key performance indicators

The ABS key performance indicators are as follows:

- Australia's key decisions, research and discussions continue to be underpinned by trusted official statistics;
- statistical information continues to be relevant to the needs of key stakeholders through active engagement;
- the quality and accuracy of Australia's official statistics is maintained or improved;
- Australia's leading indicators adhere to appropriate statistical standards, frameworks and methodologies to maintain quality and support comparability in the global statistical systems;
- use of ABS data increases;
- high-quality statistical information is available to describe Australia's most important issues;
- provider cooperation is demonstrated through the achievement of target survey response rates;

- ABS commitment to reducing provider burden is demonstrated through the minimisation of provider load;
- complaint resolution performance meets ABS Surveys Charter standards;
- customer service performance meets the ABS's Service Delivery Charter standards;
- Australian public sentiment about ABS statistics remains positive;
- domestic statistical literacy programs effectively engage target audiences;
- effective delivery of international engagement programs to increase the statistical capability of national statistical offices (NSOs) in the Asia-Pacific region;
- the NSS priorities are progressed or met;
- product, services and tools are available and improved to assist providers to meet their obligations;
- the ABS progress new sustainable solutions to support statistical information management; and
- the ABS is actively involved in the development of statistical frameworks, methods and standards.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2013-14 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ABS does not have any administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2013-14 2012-13	Receipts 2013-14 2012-13	Payments 2013-14 2012-13	Adjustments 2013-14 2012-13	Closing balance 2013-14 2012-13
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Australian Bureau of Statistics Special Account	1	-	-	-	-	-
Total special accounts		-	-	-	-	-
2013-14 Budget estimate		-	-	-	-	-
Total special accounts 2012-13 estimate actual		-	-	-	-	-

3.1.3 Australian Government Indigenous Expenditure

The ABS does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The difference between the agency level resource statement and the sum of all outcome resource statements is the expected carry-forward amount of resources for the 2013-14 budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

3.2.2 Analysis of budgeted financial statements

Budgeted financial statements

The increase in 2015-16 and 2016-17 reflects in activity relating to the 2016 Census as part of the normal Census cycle. Goods and services revenue in 2013-14 and the forward years reflects the expected services to be rendered.

The ABS is budgeting for an operating loss of \$7.5 million for 2012-13. The operating loss is due to the cyclical nature of Census funding together with a low rate of staff attrition in both 2011-12 and 2012-13. The ABS is budgeting for a departmental break-even operating result for the forward estimates.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	290,253	266,395	265,234	310,847	462,521
Supplier	99,672	89,194	93,972	103,992	87,513
Depreciation and amortisation	32,780	32,715	32,709	36,822	34,348
Other	1,000	500	500	500	500
Total expenses	423,705	388,804	392,415	452,161	584,882
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	70,703	45,963	34,000	35,000	35,000
Total revenue	70,703	45,963	34,000	35,000	35,000
Gains					
Sale of assets	100	100	100	100	100
Other gains	120	120	120	120	120
Total gains	220	220	220	220	220
Total own-source income	70,923	46,183	34,220	35,220	35,220
Net cost of (contribution by) services	352,782	342,621	358,195	416,941	549,662
Appropriation revenue	312,502	310,523	325,845	380,119	515,314
Surplus (deficit) attributable to the Australian Government	(40,280)	(32,098)	(32,350)	(36,822)	(34,348)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(7,500)	617	359	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(32,780)	(32,715)	(32,709)	(36,822)	(34,348)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(40,280)	(32,098)	(32,350)	(36,822)	(34,348)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	4,845	4,845	4,845	4,845	4,845
Trade and other receivables	28,072	26,399	29,399	29,399	29,399
Total financial assets	32,917	31,244	34,244	34,244	34,244
Non-financial assets					
Infrastructure, plant and equipment	48,087	48,493	45,622	48,120	39,883
Intangibles	71,020	67,379	66,725	65,862	62,585
Other non-financial assets	9,200	9,200	9,200	9,200	9,200
Total non-financial assets	128,307	125,072	121,547	123,182	111,668
Total assets	161,224	156,316	155,791	157,426	145,912
LIABILITIES					
Interest bearing liabilities					
Leases	4,931	4,931	4,931	4,931	4,931
Total interest bearing liabilities	4,931	4,931	4,931	4,931	4,931
Provisions					
Employees	84,677	87,273	89,273	89,273	89,273
Other	6,418	6,418	6,418	6,418	6,418
Total provisions	91,095	93,691	95,691	95,691	95,691
Payables					
Suppliers	21,345	18,100	19,100	19,100	19,100
Other	15,036	14,474	14,474	14,474	14,474
Total payables	36,381	32,574	33,574	33,574	33,574
Total liabilities	132,407	131,196	134,196	134,196	134,196
Net assets	28,817	25,120	21,595	23,230	11,716
EQUITY					
Contributed equity	101,476	129,877	158,702	197,159	219,993
Reserves	23,605	23,605	23,605	23,605	23,605
Retained surpluses or accumulated deficits	(96,264)	(128,362)	(160,712)	(197,534)	(231,882)
Total equity	28,817	25,120	21,595	23,230	11,716
Current assets	62,534	60,631	60,427	61,061	56,595
Non-current assets	98,690	95,685	95,364	96,365	89,317
Current liabilities	65,897	65,295	66,788	66,788	66,788
Non-current liabilities	66,510	65,901	67,408	67,408	67,408

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	49,388	45,963	34,000	35,000	35,000
Appropriations	360,405	314,896	322,845	380,119	515,314
Net GST received	6,949	6,686	6,256	7,528	3,325
Total cash received	416,742	367,545	363,101	422,647	553,639
Cash used					
Employees	294,519	264,360	263,234	310,847	462,521
Suppliers	109,283	92,320	90,597	101,153	83,413
Net GST paid	9,649	9,386	8,511	10,247	7,305
Other cash used	500	500	500	500	500
Total cash used	413,951	366,566	362,842	422,747	553,739
Net cash from or (used by) operating activities	2,791	979	259	(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	21,367	29,480	29,184	38,457	22,834
Total cash used	21,367	29,480	29,184	38,457	22,834
Net cash from or (used by) investing activities	(21,267)	(29,380)	(29,084)	(38,357)	(22,734)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	18,476	28,401	28,825	38,457	22,834
Total cash received	18,476	28,401	28,825	38,457	22,834
Net cash from or (used by) financing activities	18,476	28,401	28,825	38,457	22,834
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	4,845	4,845	4,845	4,845	4,845
Cash at the end of the reporting period	4,845	4,845	4,845	4,845	4,845

Prepared on Australian Accounting Standards basis.

**3.2.4: Departmental statement of changes in equity — summary of movement
(budget year 2013-14)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(96,264)	23,605	-	101,476	28,817
Adjusted opening balance	(96,264)	23,605	-	101,476	28,817
Comprehensive income					
Surplus (deficit) for the period	(32,098)	-	-	-	(32,098)
Total comprehensive income recognised directly in equity	(32,098)	-	-	-	(32,098)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	8,211	8,211
Appropriation (departmental capital budget)	-	-	-	20,190	20,190
Total transactions with owners	-	-	-	28,401	28,401
Estimated closing balance as at 30 June 2014	(128,362)	23,605	-	129,877	25,120

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	18,047	20,190	21,582	21,424	21,492
Total equity injections	429	8,211	7,243	17,033	1,342
Total new capital appropriations	18,476	28,401	28,825	38,457	22,834
Provided for:					
Purchase of non-financial assets	18,476	28,401	28,825	38,457	22,834
Total Items	18,476	28,401	28,825	38,457	22,834
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	605	8,673	7,243	17,033	1,342
Funded by capital appropriation - DCB	19,169	20,190	21,582	21,424	21,492
Funded internally from departmental resources	1,593	617	359	-	-
TOTAL	21,367	29,480	29,184	38,457	22,834
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	21,367	29,480	29,184	38,457	22,834
Total cash used to acquire assets	21,367	29,480	29,184	38,457	22,834

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2013					
Gross book value	-	74,307	205,312	-	279,619
Accumulated depreciation/amortisation and impairment	-	26,220	134,292	-	160,512
Opening net book balance	-	48,087	71,020	-	119,107
Capital asset additions					
By purchase - appropriation equity	-	2,175	6,498	-	8,673
By purchase - departmental resource	-	-	617	-	617
By purchase - appropriation ordinary annual services	-	11,226	8,964	-	20,190
Total asset additions	-	13,401	16,079	-	29,480
Other movements					
Depreciation/amortisation expense	-	12,995	19,720	-	32,715
Total other movements	-	12,995	19,720	-	32,715
As at 30 June 2014					
Gross book value	-	87,708	221,391	-	309,099
Accumulated depreciation/amortisation and impairment	-	39,215	154,012	-	193,227
Closing net book balance	-	48,493	67,379	-	115,872

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Budgeted departmental financial statements

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

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

Budgeted departmental income statement

Revenues

Appropriations

The ABS is appropriated from government for its program.

Sale of goods and rendering of services

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

Other gains

This category includes resources received free of charge.

Expenses

Employee benefits

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

Depreciation and amortisation

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

Budgeted departmental balance sheet

Non-financial assets – Intangibles

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

Non-financial assets – Other

This category includes prepayments.

Interest bearing liabilities

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

Provisions — Employees

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

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

Payables

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

Asset valuation

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

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Competition and Consumer Commission (ACCC) is an independent 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.

The ACCC has a number of ongoing compliance and enforcement priorities, namely cartel conduct and anti-competitive agreements, the misuse of market power, and product safety issues which have the potential to cause serious harm to consumers. 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. In addition, the ACCC is currently prioritising work in the following areas:

- consumer protection in the telecommunications and energy sectors;
- online competition and consumer issues including conduct which may impede emerging competition between online traders or limit the ability of small businesses to effectively compete online;
- competition and consumer issues in highly concentrated sectors, in particular in the supermarket and fuel sectors;
- credence claims, particularly those in the food industry with the potential to have a significant impact on consumers or the competitive process;
- misleading carbon pricing representations;

Australian Competition and Consumer Commission Budget Statements

- the Australian Consumer Law consumer guarantees regime; and
- consumer protection issues impacting on Indigenous consumers.

The ACCC is also 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 2013-14 are:

- implementing the regulatory arrangements for the National Broadband Network (NBN);
- responding to the Productivity Commission's inquiry into Part IIIA of the CCA; and
- responding to expected Part IIIA Access Undertakings.

The AER has a diverse work program that is informed by the requirements of the energy market laws and rules. The energy laws' objective of promoting efficient investment in, and operation and use of, energy services for the long term interests of energy consumers guides the AER's priorities and work program. For 2013-14, the AER will be focussing on the following priorities when considering its work:

- improving network regulation through the Better Regulation program;
- strengthening stakeholder engagement; and
- building consumer confidence in energy markets.

The ACCC and AER work directly and indirectly to achieve its outcome. It will use strategic communication and undertake an active program of stronger and managed partnerships with other organisations to deliver outcomes that impact favourably on consumer welfare.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the ACCC.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	6,145 ⁴	-		6,145	-
Departmental appropriation ⁶	-	157,700 ¹		157,700	152,246
Receipts from other sources (s31)	-	500 ³		500	500
Total ordinary annual services	A 6,145	158,200		164,345	152,746
Other services					
Departmental non-operating					
Equity injections	8,210 ⁴	60 ²		8,270	60
Total other services	B 8,210	60		8,270	60
Total available annual appropriations (A+B)	14,355	158,260		172,615	152,806
Special accounts					
Opening balance ⁵	54	-		54	-
Non-appropriation receipts to special accounts	-	-		-	-
Total special accounts	C 54	-		54	-
Total net resourcing for ACCC (A+B+C)	14,409	158,260		172,669	152,806

1. Appropriation Bill (No. 1) 2013-14.

2. Appropriation Bill (No. 2) 2013-14.

3. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

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

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

6. Includes \$2.0 million in 2013-14 for the Departmental Capital Budget (also refer to Table 3.2.5).

Third party payments from and on behalf of other agencies

	2012-13 \$'000	2013-14 \$'000
Payments made on behalf of the National Competition Council (NCC)	2,798	2,801

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

1.3 Budget measures

Budget measures relating to ACCC are summarised below.

Table 1.2: Australian Competition and Consumer Commission 2013-14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Australian Competition and Consumer Commission – additional funding	1.1	-	4,289	4,324	4,366	4,409
Australian Competition and Consumer Commission – chemical risk management	1.1	-	2,125	2,125	2,125	2,125
Energy Market Reform – Australian Energy Regulator	1.2	-	6,612	5,519	5,535	5,498
Fire Service Levy – reduction ¹	1.1, 1.2	(12)	(13)	(13)	(13)	(13)
Petrol Commissioner and formal monitoring of petrol prices – continuation	1.1	-	723	723	-	-
Targeted savings – public service efficiencies ²	1.1, 1.2	(691)	(938)	(934)	(951)	(901)
Trans-Tasman Mobile Roaming	1.1	-	193	387	382	355
Total expense measures		(703)	12,991	12,131	11,444	11,473

1. This measure was included in the Finance and Deregulation portfolio in Budget Paper No.2, *Budget Measures 2012-13*.

2. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

1.4. CHANGES TO THE PROGRAM STRUCTURE

The ACCC has amended its program structure since the 2012-13 Budget to separately identify the activities of the AER. The new program structure is shown in Table 2.1.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The ACCC's outcome is described below together with its strategies, program objectives, deliverables and program performance indicators used to assess and monitor the performance of the ACCC.

The outcome is also applicable to the AER and informs the strategies, program objectives, deliverables and program performance indicators used to assess and monitor the performance of the AER.

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

Outcome 1 strategy

To achieve this outcome, the strategies the ACCC and AER will pursue are:

- maintain and promote competition and remedy market failure;
- protect the interests and safety of consumers and support fair trading in markets;
- promote the economically efficient operation of, use of, and investment in monopoly infrastructure in the long term interest of end users; and
- increase engagement with the broad range of groups affected by the ACCC's activities.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: 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	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Australian Competition and Consumer Commission		
Departmental expenses		
Departmental appropriation	150,228	119,271
Revenues from independent sources (s31)	500	500
Expenses not requiring appropriation in budget year	16,044	2,646
Total for Program 1.1	166,772	122,417
Program 1.2: Australian Energy Regulator (AER)		
Departmental expenses		
Departmental appropriation	-	36,404
Expenses not requiring appropriation in budget year	-	898
Total for Program 1.2	-	37,302
Outcome 1 Total by appropriation type		
Departmental expenses		
Departmental appropriation	150,228	155,675
Revenues from independent sources (s31)	500	500
Expenses not requiring appropriation in budget year	16,044	3,544
Total expenses for Outcome 1	166,772	159,719
	2012-13	2013-14
Average staffing level (number)	800	802

Note: Program 1.2 is effective from 2013-14. The AER was previously reported under Program 1.1.

Contributions to Outcome 1

Program 1.1: Australian Competition and Consumer Commission

Program objective

The ACCC program objective is to achieve compliance with the CCA, and associated legislation in order 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 actions that: improve consumer welfare; promote the long term interest of end users in regulated sectors; protect competition; open markets to competition; or stop conduct that is anti-competitive or harmful to consumers.

Program expenses

Expenses reduce from 2013-14 due to the creation of a separate program for the Australian Energy Regulator (refer to Program 1.2).

Table 2.2: Program 1.1 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Program 1.1: Australian Competition and Consumer Commission					
Annual departmental expenses					
Departmental items	166,772	122,417	120,377	118,733	120,056
Total program expenses	166,772	122,417	120,377	118,733	120,056

Note: 2012-13 expenses include funding for the AER which is now reported separately in Program 1.2.

Program deliverables

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

Maintain and promote competition and remedy market failure

- deliver outcomes to address harm to consumer welfare through anti-competitive conduct and improve competition under the priority areas identified in the ACCC's Compliance and Enforcement Policy;
- assess and review mergers to prevent structural changes that substantially lessen competition with a particular focus on concentrated and emerging markets and markets of significance to the Australian economy;
- make decisions on authorisation and notification applications and merger reviews thoroughly and efficiently and give clear guidance to merger parties, authorisation and notification applicants, and market participants; and
- improve the workability of emerging markets by advising on and enforcing industry-specific rules and monitoring market outcomes.

Protect the interests and safety of consumers and support fair trading in markets

- deliver outcomes under the priority areas identified in the ACCC's Compliance and Enforcement Policy to improve compliance with the Australian Consumer Law;
- multiply the effectiveness of ACCC's compliance and enforcement initiatives through an active program of stronger and managed partnerships with ACL regulators and law enforcement agencies;

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- identify and implement nationally integrated approaches to minimise the risk of injury and death from safety hazards in consumer products; and
- support a vibrant small business sector, deter anti-competitive and unconscionable conduct targeted at small business, and facilitate collective conduct by small business operators where that conduct is assessed to provide a net public benefit.

Promote the economically efficient operation of, use of, and investment in monopoly infrastructure

- deliver network regulation to promote competition and meet the long-term interests of end-users;
- improve the workability of emerging markets by enforcing market rules and monitoring market outcomes;
- respond to government requests to provide monitoring reports on industries in highly concentrated and newly deregulated or emerging markets; and
- improve regulatory practices and processes, including by building relationships with domestic and international regulatory agencies to leverage their experience.

Increase engagement with the broad range of groups affected by the ACCC's activities

- implement a comprehensive strategy to ensure effective communication with our diverse audiences that supports our goals; and
- undertake an active program of stronger and managed partnerships with a broad range of organisations that can assist delivery of outcomes that impact favourably on consumer welfare.

Program key performance indicators

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

Maintain and promote competition and remedy market failure

- outcomes and impact of actions and policies to promote competition;
- improved levels of effective competition and more informed and better functioning markets; and
- prevention of structural change in markets (particularly concentrated markets, emerging markets and markets of significance to the Australian economy) that substantially lessens competition.

Protect the interests and safety of consumers and support fair trading in markets

- outcomes and impact of actions to prevent or address consumer harm or unfair trading; and
- efficiency and effectiveness of actions to promote consumer safety and fair trading.

Promote the economically efficient operation of, use of, and investment in monopoly infrastructure

- timely, considered and evidence-based regulatory decisions based on constructive engagement and complemented by effective enforcement and compliance activities;
- timely provision of accurate advice to government including evaluating the effectiveness of frameworks such as access regimes; and
- accurate, targeted and accessible reports on industry and competitive conditions, including pricing practices.

Increase engagement with the broad range of groups affected by the ACCC's activities

- effectiveness and use of ACCC web sites, other media and campaign materials, in raising awareness of the role, purpose and responsibilities of the ACCC;
- actions pursued through public and private sector partnerships to improve consumer and small business welfare; and
- impact and quantity of national and international advocacy and cooperation initiatives and technical assistance with an increased focus on the Asian region.

Program 1.2: Australian Energy Regulator

Program objective

The Australian Energy Regulator (AER) is the national energy market regulator. The AER's roles encompass the retail and wholesale electricity and gas markets and energy network infrastructure.

The objectives of the national energy legislation guide the AER's priorities and work program. 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.

Program expenses

Expenses for 2012-13 are included as part of Program 1.1.

Table 2.3: Program 1.2 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Program 1.2: Australian Energy Regulator					
Annual departmental expenses					
Departmental items	-	37,302	35,703	35,817	35,882
Total program expenses	-	37,302	35,703	35,817	35,882

Note: Program 1.2 is effective from 2013-14. The AER was previously reported under Program 1.1.

Program deliverables

Maintain and promote competition in wholesale energy markets

- monitor wholesale electricity and gas markets to ensure compliance and take enforcement action where necessary;
- apply a risk based approach to compliance and monitoring activities; and
- publish information on energy markets, including the annual State of the energy market report.

Building consumer confidence in energy markets

- monitor the performance of energy retailers and distributors in respect of their obligations under the Retail Law and provide comprehensive, clear and regular reporting on performance to inform consumers;
- encourage a culture of regulatory compliance by energy businesses through provision of clear information on our expectations and through effective and timely enforcement action when appropriate;
- engage with consumers and their representatives to identify, develop and implement strategies to address the barriers to effective engagement by consumers in energy markets; and
- further develop the Energy Made Easy website as the source of trusted information for consumers on the energy market, protections available to energy consumers and how to find the best retail energy offer for them.

Promote efficient investment in, operation and use of, energy networks and services for the long term interests of consumers

- deliver network regulation that promotes efficient investment in and operation of energy networks in the long-term interests of energy consumers;

- develop and implement guidelines and incentive schemes in accordance with the new framework for network regulation to enhance our regulation of monopoly infrastructure;
- improve data analysis techniques and metrics to inform regulatory decisions and disseminate relevant information to stakeholders to allow them to better engage in the regulatory process;
- participate in the further development of the regulatory regime to provide efficient incentives for demand side participation by energy suppliers and customers and develop appropriate schemes and guidelines for this purpose; and
- encourage businesses to implement consumer engagement strategies that are effective for all customers.

Strengthening stakeholder engagement in energy markets and regulatory processes

- further develop ways of engaging with energy consumers and their representatives, particularly through appropriate consumer consultative forums such as the Consumer Consultative Group and the Better Regulation Program Consumer Reference Group;
- prepare written communications that are clear and provide consumers with information they value and help them engage more effectively in regulatory processes. For example, through publication of issues papers to guide consumers on considering material issues; and
- establish a Consumer Challenge Panel to provide expert advice on issues of significance to consumers within the regulatory process.

Program key performance indicators

Maintain and promote competition in wholesale energy markets

- effective enforcement and compliance activities that promote a culture of compliance in the energy sector and address identified harms and risks;
- compliance and enforcement actions that improve market outcomes for market participants and consumers; and
- accurate, targeted, timely and accessible reports on the industry.

Building consumer confidence in energy markets

- successful implementation of the Retail Law in those jurisdictions which adopt the Law;

Australian Competition and Consumer Commission Budget Statements

- accurate, timely and accessible performance reports on the energy businesses in respect of their retail law obligations;
- compliance and enforcement actions that improve market outcomes for consumers;
- clear, accurate and accessible information for consumers on energy retail markets, including through the Energy Made Easy website; and
- market rule and policy processes that improve energy market outcomes in the long term interest of consumers.

Promote efficient investment in, operation and use of, energy networks and services for the long term interests of consumers

- timely, considered and evidence-based network regulatory decisions, through constructive engagement, enhanced technical expertise and greater use of data analysis and intelligence;
- regulatory determinations and other decisions in accordance with the prescribed processes and timeframes;
- successful implementation of new guidelines and schemes under new network regulatory framework within set time-frames;
- implementation of new analytical techniques, information requirements and data systems to better inform decision-making; and
- network service provider performance and benchmark reports that facilitate comparisons between businesses.

Strengthening stakeholder engagement in energy markets and regulatory processes

- establishment and effective utilisation of the Consumer Challenge Panel;
- active consumer participation, either directly or through representative bodies, in regulatory processes;
- regulatory processes that clearly set out how consumer views are taken into account; and
- network businesses behaviour in respect of consumer engagement is positively affected by the frameworks the AER develops.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

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

3.1.2 Special accounts

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

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2013-14 2012-13	Receipts 2013-14 2012-13	Payments 2013-14 2012-13	Adjustments 2013-14 2012-13	Closing balance 2013-14 2012-13
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys Account	1	54 54	- -	- -	- -	54 54
Total special accounts 2013-14 Budget estimate		54	-	-	-	54
Total special accounts 2012-13 estimated actual		54	-	-	-	54

3.1.3 Australian Government Indigenous Expenditure

The ACCC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements contain estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, as well as specific guidelines issued by the Department of Finance and Deregulation. The statements show the planned financial performance for the 2013-14 budget year and estimated actual for 2012-13 for comparative purposes.

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Departmental

Comprehensive income statement

The ACCC is budgeting to break even for 2013-14 and each of the forward estimates.

Operating revenues

Total appropriation revenue for 2013-14 is estimated to be \$157.7 million. This figure includes \$2.0 million for the departmental capital budget. This amount has increased from 2012-13 due to the impact of new measures.

Operating expenses

Total expenses in 2013-14 are estimated to be \$159.7 million. This is a decrease of \$7.1 million from the 2012-13 estimated actual.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	98,940	96,575	95,633	95,456	96,376
Suppliers	64,363	59,675	56,978	55,625	56,093
Depreciation and amortisation	3,469	3,469	3,469	3,469	3,469
Total expenses	166,772	159,719	156,080	154,550	155,938
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	500	500	500	500	500
Total revenue	500	500	500	500	500
Gains					
Other gains	75	75	75	75	75
Total gains	75	75	75	75	75
Total own-source income	575	575	575	575	575
Net cost of (contribution by) services	166,197	159,144	155,505	153,975	155,363
Appropriation revenue	150,228	155,675	152,036	150,506	151,894
Surplus (deficit) attributable to the Australian Government	(15,969)	(3,469)	(3,469)	(3,469)	(3,469)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(12,500)	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(3,469)	(3,469)	(3,469)	(3,469)	(3,469)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(15,969)	(3,469)	(3,469)	(3,469)	(3,469)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,792	1,792	1,792	1,792	1,792
Trade and other receivables	20,126	20,126	20,126	20,126	20,126
Total financial assets	21,918	21,918	21,918	21,918	21,918
Non-financial assets					
Land and buildings	13,185	12,178	10,866	9,729	8,592
Infrastructure, plant and equipment	5,408	4,309	3,300	2,401	1,502
Inventories	49	49	49	49	49
Intangibles	4,366	5,068	5,774	6,398	7,058
Other	1,782	1,782	1,782	1,782	1,782
Total non-financial assets	24,790	23,386	21,771	20,359	18,983
Total assets	46,708	45,304	43,689	42,277	40,901
LIABILITIES					
Provisions					
Employees	24,134	24,134	24,134	24,134	24,134
Other	1,560	1,560	1,560	1,560	1,560
Total provisions	25,694	25,694	25,694	25,694	25,694
Payables					
Suppliers	6,615	6,615	6,615	6,615	6,615
Other	13,805	13,805	13,805	13,805	13,805
Total payables	20,420	20,420	20,420	20,420	20,420
Total liabilities	46,114	46,114	46,114	46,114	46,114
Net assets	594	(810)	(2,425)	(3,837)	(5,213)
EQUITY					
Contributed equity	47,283	49,368	51,222	53,279	55,372
Reserves	3,680	3,680	3,680	3,680	3,680
Retained surpluses or accumulated deficits	(50,369)	(53,858)	(57,327)	(60,796)	(64,265)
Total equity	594	(810)	(2,425)	(3,837)	(5,213)
Current assets	22,809	22,809	22,809	22,809	22,809
Non-current assets	23,899	22,495	20,880	19,468	18,092
Current liabilities	20,420	20,420	20,420	20,420	20,420
Non-current liabilities	25,694	25,694	25,694	25,694	25,694

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	500	500	500	500	500
Appropriations	162,728	155,675	152,036	150,506	151,894
Total cash received	163,228	156,175	152,536	151,006	152,394
Cash used					
Employees	98,940	96,575	95,633	95,456	96,376
Suppliers	64,288	59,600	56,903	55,550	56,018
Total cash used	163,228	156,175	152,536	151,006	152,394
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,078	2,085	2,039	2,057	2,093
Total cash used	2,078	2,085	2,039	2,057	2,093
Net cash from or (used by) investing activities	(2,078)	(2,085)	(2,039)	(2,057)	(2,093)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,078	2,085	2,039	2,057	2,093
Total cash received	2,078	2,085	2,039	2,057	2,093
Net cash from or (used by) financing activities	2,078	2,085	2,039	2,057	2,093
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	1,792	1,792	1,792	1,792	1,792
Cash at the end of the reporting period	1,792	1,792	1,792	1,792	1,792

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013				
Balance carried forward from previous period	(50,369)	3,680	47,283	594
Adjustments	(20)	-	-	(20)
Adjusted opening balance	(50,389)	3,680	47,283	574
Comprehensive income				
Surplus (deficit) for the period	(3,469)	-	-	(3,469)
Total comprehensive income recognised directly in equity	(3,469)	-	-	(3,469)
Transactions with owners				
<i>Contribution by owners</i>				
Appropriation (equity injection)	-	-	60	60
Appropriation (departmental capital budget)	-	-	2,025	2,025
Total transactions with owners	-	-	2,085	2,085
Estimated closing balance as at 30 June 2014	(53,858)	3,680	49,368	(810)

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	2,018	2,025	2,039	2,057	2,093
Equity injections - Bill 2	60	60	-	-	-
Total new capital appropriations	2,078	2,085	2,039	2,057	2,093
Provided for:					
Purchase of non-financial assets	2,078	2,085	2,039	2,057	2,093
Total Items	2,078	2,085	2,039	2,057	2,093
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	2,018	2,025	2,039	2,057	2,093
Funded by capital appropriations	60	60	-	-	-
TOTAL	2,078	2,085	2,039	2,057	2,093
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,078	2,085	2,039	2,057	2,093
Total cash used to acquire assets	2,078	2,085	2,039	2,057	2,093

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	14,602	7,375	8,963	30,940
Accumulated depreciation/amortisation and impairment	(1,437)	(1,967)	(4,597)	(8,001)
Opening net book balance	13,165	5,408	4,366	22,939
Capital asset additions				
By purchase - appropriation ordinary annual services	450	800	835	2,085
Total additions	450	800	835	2,085
Other movements				
Depreciation/amortisation expense	(1,437)	(1,899)	(133)	(3,469)
Total other movements	(1,437)	(1,899)	(133)	(3,469)
As at 30 June 2014				
Gross book value	15,052	8,175	9,798	33,025
Accumulated depreciation/amortisation and impairment	(2,874)	(3,866)	(4,730)	(11,470)
Closing net book balance	12,178	4,309	5,068	21,555

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	20,000	20,000	20,000	20,000	20,000
Total non-taxation revenue	20,000	20,000	20,000	20,000	20,000
Total own-source revenues administered on behalf of Government	20,000	20,000	20,000	20,000	20,000
Total own-sourced income administered on behalf of Government	20,000	20,000	20,000	20,000	20,000

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	9	9	9	9	9
Receivables	8,779	8,779	8,779	8,779	8,779
Total financial assets	8,788	8,788	8,788	8,788	8,788
Total assets administered on behalf of Government	8,788	8,788	8,788	8,788	8,788

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	20,000	20,000	20,000	20,000	20,000
Total cash received	20,000	20,000	20,000	20,000	20,000
Cash used					
Other	20,000	20,000	20,000	20,000	20,000
Total cash used	20,000	20,000	20,000	20,000	20,000
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	9	9	9	9	9
Cash at end of reporting period	9	9	9	9	9

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Accounting policy

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

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

Departmental and administered items

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

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

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

Departmental revenue

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

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

Departmental expenses — employees

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

Departmental expenses — suppliers

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

Departmental expenses — depreciation and amortisation

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

Departmental assets — financial assets

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

Departmental assets — non-financial assets

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

Departmental liabilities — provisions and payables

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

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

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AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

The AOFM manages the Government's holdings of highly rated residential mortgage-backed securities acquired between 2008-09 and 2012-13 in accordance with the Treasurer's directions.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AOFM.

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	+	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	27,056	⁴	-		27,056	
Departmental appropriation ³	-		11,893	¹	11,893	11,815
Receipts from other sources (s31)	-		828	²	828	828
Total departmental	27,056		12,721		39,777	12,643
Administered expenses						
Outcome 1			10	¹	10	10
Total ordinary annual services	A 27,056		12,731		39,787	12,653
Other services						
Departmental non-operating						
Equity injections	662		-		662	-
Total other services	B 662		-		662	-
Total available annual appropriations (A+B)	27,718		12,731		40,449	12,653
Special appropriations expenses						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		12,456,587		12,456,587	12,209,424
<i>Financial Agreement Act 1994</i>	-		22		22	22
<i>Loans Securities Act 1919</i>	-		668		668	806
Subtotal	-		12,457,277		12,457,277	12,210,252
Special appropriations capital						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		54,511,013		54,511,013	87,322,348
<i>Financial Management and Accountability Act 1997</i>	-		229,369,814		229,369,814	766,131,180
Subtotal	-		283,880,827		283,880,827	853,453,528
Total special appropriations	C -		296,338,104		296,338,104	865,663,780

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2012-13 as at Budget May 2012 (continued)

	Estimate of prior year amounts available in 2013-14 \$'000	+	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Total appropriations excluding special accounts	27,718		296,350,835		296,378,553	865,676,433
Special accounts						
Opening balance ⁵	657		-		657	-
Total special account	D 657		-		657	-
Total net resourcing for the AOFM (A+B+C+D)	28,375		296,350,835		296,379,210	865,676,433

1. Appropriation Bill (No. 1) 2013-14.
2. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.
3. Includes \$0.4 million in 2013-14 for the Departmental Capital Budget (also refer to Table 3.2.5).
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

Budget measures relating to the AOFM are summarised below.

Table 1.2: Australian Office of Financial Management 2013-14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Commonwealth debt management – savings						
Departmental expenses	1.1	-	(2,183)	(2,210)	(2,240)	(2,219)
Targeted savings – public service efficiencies ¹						
Departmental expenses	1.1	(52)	(55)	(54)	(54)	(51)
Total expense measures		(52)	(2,238)	(2,264)	(2,294)	(2,270)

¹ This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

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

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

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

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

Outcome Expense Statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Australian Office of Financial Management		
Departmental expenses		
Departmental appropriation	10,237	12,313
Expenses not requiring appropriation in budget year	803	803
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	10	10
Special appropriations		
<i>Commonwealth Inscribed Stock Act 1911</i>	12,209,424	12,456,587
<i>Financial Agreement Act 1994</i>	22	22
<i>Loans Securities Act 1919</i>	806	668
Total expenses for Outcome 1	12,221,302	12,470,403
	2012-13	2013-14
Average staffing level (number)	41	45

Contributions to Outcome 1

Program 1.1: Australian Office of Financial Management

Program objective

Achievement of the Government's financing task in a cost-effective manner, subject to acceptable risk and maintain liquidity in the Treasury Bond and Treasury Bond futures markets.

Program expenses

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

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	11,040	13,116	13,199	13,302	13,463
Annual administered expenses:					
Administered item	10	10	10	10	10
Special Appropriations:					
<i>Commonwealth Inscribed</i>					
<i>Stock Act 1911</i>	12,209,424	12,456,587	12,733,477	12,902,372	12,890,129
<i>Financial Agreement Act 1994</i>	22	22	22	22	22
<i>Loans Securities Act 1919</i>	806	668	670	672	550
Total program expenses	12,221,302	12,470,403	12,747,378	12,916,378	12,904,174

Program deliverables

The AOFM has the following key deliverables:

- issue Treasury Bonds, Treasury Indexed Bonds and Treasury Notes; and
- manage the Official Public Account balance.

Program key performance indicators

The AOFM has the following key performance indicators:

- debt issuance;
 - volume and efficiency of issuance; and
 - meeting the planned debt issuance program.

- efficient management of the Government's cash balances;
 - maintaining the 91 day moving average of the Government's cash balances within operational limits and within the Ministerial limit throughout the year; and
 - only using the overdraft facility with the Reserve Bank of Australia to cover unexpected events.
- encourage investors' take up of Commonwealth Government Securities by intermediaries and investors;
 - liaise with the CGS investor community to improve investor understanding of the CGS market through face-to-face meetings and conference presentations.
- operating within legal and policy limits;
 - compliance with legislative and policy limits.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, movements in administered funds and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AOFM has not moved any administered funds between years.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2013-14 2012-13	Receipts 2013-14 2012-13	Payments 2013-14 2012-13	Adjustments 2013-14 2012-13	Closing balance 2013-14 2012-13
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust	1	657	-	-	-	657
Account		657	-	-	-	657
Total special accounts						
2012-13 Budget estimate		657	-	-	-	657
Total special accounts						
2011-12 estimated actual		657	-	-	-	657

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

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

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

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

3.1.3 Australian Government Indigenous Expenditure

The AOFM does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

Departmental

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

Administered

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

3.2.2 Analysis of budgeted financial statements

Departmental

The AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in agency infrastructure. Capital expenditure on the AOFM's specialist debt management systems, both for development and replacement, represents the majority of this expenditure. Expected capital expenditure on specialist debt management systems is forecast to occur in 2013-14.

Administered

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

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

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	6,755	7,625	7,854	8,090	8,332
Supplier	3,785	4,991	4,845	4,712	4,631
Depreciation and amortisation	500	500	500	500	500
Total expenses	11,040	13,116	13,199	13,302	13,463
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	1,131	1,131	1,131	1,131	1,131
Total own-source income	1,131	1,131	1,131	1,131	1,131
Net cost of (contribution by) services	9,909	11,985	12,068	12,171	12,332
Appropriation revenue	11,409	11,485	11,568	11,671	11,832
Surplus (deficit) attributable to the Australian Government	1,500	(500)	(500)	(500)	(500)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	2,000	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(500)	(500)	(500)	(500)	(500)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	1,500	(500)	(500)	(500)	(500)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	100	100	100	100	100
Trade and other receivables ¹	27,746	24,892	24,939	24,987	25,037
Total financial assets	27,846	24,992	25,039	25,087	25,137
Non-financial assets					
Infrastructure, plant and equipment	586	614	1,154	1,466	1,793
Intangibles	159	2,939	2,639	2,573	2,507
Other	57	57	57	57	57
Total non-financial assets	802	3,610	3,850	4,096	4,357
Total assets	28,648	28,602	28,889	29,183	29,494
LIABILITIES					
Provisions					
Employees	2,028	2,074	2,121	2,169	2,219
Other	136	136	136	136	136
Total provisions	2,164	2,210	2,257	2,305	2,355
Payables					
Suppliers	332	332	332	332	332
Total payables	332	332	332	332	332
Total liabilities	2,496	2,542	2,589	2,637	2,687
Net assets	26,152	26,060	26,300	26,546	26,807
EQUITY					
Contributed equity	4,931	5,339	6,079	6,825	7,586
Retained surpluses	21,221	20,721	20,221	19,721	19,221
Total equity	26,152	26,060	26,300	26,546	26,807
Current assets	3,185	285	285	285	285
Non-current assets	25,463	28,317	28,604	28,898	29,209
Current liabilities	940	954	968	983	998
Non-current liabilities	1,556	1,588	1,621	1,654	1,689

1. Includes undrawn appropriations.
Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	828	828	828	828	828
Appropriations	9,389	14,339	11,521	11,623	11,782
Total cash received	10,217	15,167	12,349	12,451	12,610
Cash used					
Employees	6,589	7,579	7,807	8,042	8,282
Suppliers	3,628	4,688	4,542	4,409	4,328
Total cash used	10,217	12,267	12,349	12,451	12,610
Net cash from or (used by) operating activities	-	2,900	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	406	3,308	740	746	761
Total cash used	406	3,308	740	746	761
Net cash from or (used by) investing activities	(406)	(3,308)	(740)	(746)	(761)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	406	408	740	746	761
Total cash received	406	408	740	746	761
Net cash from or (used by) financing activities	406	408	740	746	761
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	100	100	100	100	100
Cash at the end of the reporting period	100	100	100	100	100

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	21,221	-	-	4,931	26,152
Adjusted opening balance	21,221	-	-	4,931	26,152
Comprehensive income					
Surplus (deficit) for the period	(500)	-	-	-	(500)
Total comprehensive income recognised directly in equity	(500)	-	-	-	(500)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	408	408
Total transactions with owners	-	-	-	408	408
Estimated closing balance as at 30 June 2014	20,721	-	-	5,339	26,060

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 DCB	406	408	740	746	761
Total new capital appropriations	406	408	740	746	761
Provided for:					
Purchase of non-financial assets	406	408	740	746	761
Total Items	406	408	740	746	761
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	406	3,308	740	746	761
Funded by prior year equity injections	-	-	-	-	-
TOTAL	406	3,308	740	746	761
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	406	3,308	740	746	761
Total cash used to acquire assets	406	3,308	740	746	761

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	-	1,579	3,505	5,084
Accumulated depreciation/amortisation and impairment	-	993	3,346	4,339
Opening net book balance	-	586	159	745
Capital Asset Additions/Disposals				
By purchase - appropriation ordinary annual services	-	228	3,080	3,308
Disposals - gross value	-	-	-	-
Total asset additions/disposals	-	228	3,080	3,308
Other movements				
Depreciation/amortisation expense	-	200	300	500
Disposals - accumulated depreciation/amortisation	-	-	-	-
Total other movements	-	200	300	500
As at 30 June 2014				
Gross book value	-	1,807	6,585	8,392
Accumulated depreciation/amortisation and impairment	-	1,193	3,646	4,839
Closing net book balance	-	614	2,939	3,553

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	22	22	22	22	22
Interest costs	12,199,740	12,452,765	12,733,157	12,902,054	12,889,689
Other	10,500	4,500	1,000	1,000	1,000
Total expenses before re-measurements	12,210,262	12,457,287	12,734,179	12,903,076	12,890,711
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Revenue before re-measurements					
Non-taxation revenue					
Interest	1,115,907	1,020,516	847,260	830,182	803,281
Total revenues before re-measurements	1,115,907	1,020,516	847,260	830,182	803,281
Operating result before re-measurements	(11,094,355)	(11,436,771)	(11,886,919)	(12,072,894)	(12,087,430)
Re-measurements					
Net market valuation gains (losses)	3,616,413	2,924,859	2,369,676	1,867,726	1,549,704
Total re-measurements	3,616,413	2,924,859	2,369,676	1,867,726	1,549,704
Net income	(7,477,942)	(8,511,912)	(9,517,243)	(10,205,168)	(10,537,726)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	622	622	622	622	622
Receivables	2,461,618	2,379,586	2,294,650	2,207,191	2,116,970
Investments (s39 FMA Act)	27,185,559	27,472,960	25,919,698	24,560,483	29,284,517
Total assets administered on behalf of government	29,647,799	29,853,168	28,214,970	26,768,296	31,402,109
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government					
Securities	292,852,238	321,255,823	345,423,919	356,675,222	370,336,327
Total liabilities administered on behalf of government	292,852,238	321,255,823	345,423,919	356,675,222	370,336,327
Net assets/(liabilities)	(263,204,439)	(291,402,655)	(317,208,949)	(329,906,926)	(338,934,218)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,085,687	1,000,855	828,359	812,989	779,286
Total cash received	1,085,687	1,000,855	828,359	812,989	779,286
Cash used					
Interest paid	12,674,067	13,173,754	14,064,999	16,118,259	15,062,118
Grants	22	22	22	22	22
Total cash used	12,674,089	13,173,776	14,065,021	16,118,281	15,062,140
Net cash from or (used by) operating activities	(11,588,402)	(12,172,921)	(13,236,662)	(15,305,292)	(14,282,854)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	100,249	102,565	105,164	107,330	109,692
Total cash received	100,249	102,565	105,164	107,330	109,692
Net cash from or (used by) investing activities	100,249	102,565	105,164	107,330	109,692
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	114,298,798	86,576,302	53,967,308	52,081,165	76,498,114
Investment redemptions	764,681,144	229,082,249	188,073,084	212,950,790	224,821,683
Total cash received	878,979,942	315,658,551	242,040,392	265,031,955	301,319,797
Cash used					
Repayments of borrowings	87,322,348	54,511,013	26,098,000	35,746,649	59,105,915
Investments made	766,131,180	229,369,814	186,521,842	211,594,535	229,540,887
Total cash used	853,453,528	283,880,827	212,619,842	247,341,184	288,646,802
Net cash from or (used by) financing activities	25,526,414	31,777,724	29,420,550	17,690,771	12,672,995
Net increase or (decrease) in cash held	14,038,261	19,707,368	16,289,052	2,492,809	(1,500,167)
Cash at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for: appropriations	866,624,022	297,622,026	227,163,301	263,922,150	303,981,286
Cash to Official Public Account for: receipts	(880,662,283)	(317,329,394)	(243,452,353)	(266,414,959)	(302,481,119)
Cash at end of reporting period	622	622	622	622	622

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Special appropriations	853,453,528	283,880,827	212,619,842	247,341,184	288,646,802
Total new capital appropriations	853,453,528	283,880,827	212,619,842	247,341,184	288,646,802
Provided for:					
Repayments of borrowings and purchase of investments	853,453,528	283,880,827	212,619,842	247,341,184	288,646,802
Total Items	853,453,528	283,880,827	212,619,842	247,341,184	288,646,802

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

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

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

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

Budgeted departmental and administered financial statements

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

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

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

Administered internal transactions

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

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

Goods and services tax

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

Budgeted departmental comprehensive income statement

Appropriations

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

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

Budgeted departmental balance sheet

Cash and undrawn appropriations

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

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

Administered schedule of budgeted income and expenses

Non-taxation revenue — interest

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
Interest revenue					
Interest on housing agreements	149,123	144,450	139,631	134,633	129,494
Interest from investments	966,784	876,066	707,629	695,549	673,787
Total interest revenue	1,115,907	1,020,516	847,260	830,182	803,281

Net market valuation gains (losses)

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

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

Administered schedule of budgeted assets and liabilities

Financial assets — investments

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

Interest bearing liabilities — Commonwealth Government Securities

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
Commonwealth Government Securities (at fair value)					
Treasury Bonds	258,864,942	286,913,181	305,405,101	316,657,959	319,515,563
Treasury Indexed Bonds	28,976,168	34,322,245	39,998,827	39,997,676	43,815,610
Treasury Notes	4,990,362	-	-	-	6,991,110
Other	20,766	20,397	19,991	19,587	14,044
Total Commonwealth Government Securities (at fair value)	292,852,238	321,255,823	345,423,919	356,675,222	370,336,327

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

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

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

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

In 2013-14, APRA's main strategic objectives are to:

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

APRA's supervisory activities in 2012-13 have been conducted against a backdrop of strong swings in sentiment in global financial markets. Bouts of market volatility that have characterised the global financial crisis continued up to the latter part of 2012, as Eurozone tensions, concerns about the US fiscal outlook and faltering growth in the US and Chinese economies weighed heavily on sentiment. Over subsequent months, however, global financial conditions improved significantly. Confidence was buoyed by the assertive stance of monetary policy in major economies, signs of recovery in the US economy and positive policy commitments in Europe to deal with its sovereign debt and banking system problems. Nonetheless, the bailout for Cyprus was a reminder of the scale of the challenge facing European policymakers and the fragility of market sentiment. The Australian financial system remained in a relatively strong position in the face of the unsettled global environment in 2012-13, supported by the underlying momentum of the Australian economy. APRA has maintained a heightened level of supervisory intensity throughout this period and has made considerable progress on its substantial prudential policy agenda.

APRA's activities will continue at this tempo in 2013-14. Its supervisory oversight will focus, in particular, on how regulated institutions adapt to the continued caution of households and much of the business sector, which has reflected in only moderate growth in business volumes that may continue for some time. On the policy front, with substantial reforms to capital adequacy regimes in the ADI and insurance industries now in place, APRA will focus on implementing the new global bank liquidity framework in Australia, on finalising a new prudential framework for conglomerate groups and a revised framework for securitisation, and on bedding-down relevant aspects of the Government's Stronger Super reforms.

1.2 Agency resource statement

Table 1.1 shows the total resources for APRA.

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services					
Departmental appropriation					
Departmental appropriation	-	2,493 ¹		2,493	3,078
Receipts from other sources (s31)	-	5,457 ²		5,457	5,453
Total ordinary annual services	A	7,950		7,950	8,531
Other services					
Departmental non-operating					
Equity injections	-	4,270 ³		4,270	4,810
Total other services	B	4,270		4,270	4,810
Total available annual appropriations (A+B)		12,220		12,220	13,341
Special appropriations					
<i>Financial Management and Accountability Act 1997</i>	-	-		-	-
Total special appropriations	C	-		-	-
Total appropriations excluding special accounts (A+B+C)		12,220		12,220	13,341
Special accounts					
Opening balance ⁴	53,465	-		53,465	-
Appropriation receipts	-	12,220		12,220	13,341
Non-appropriation receipts to special accounts	-	109,922		109,922	113,046
Total special accounts	D	122,142		175,607	126,387
Total resourcing (A+B+C+D)		134,362		187,827	139,728
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	12,220		12,220	13,341
Total net resourcing for APRA		122,142		175,607	126,387

1. Appropriation Bill (No. 1) 2013-14.

2. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

3. Appropriation Bill (No. 2) 2013-14.

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

1.3 BUDGET MEASURES

Budget measures relating to APRA and are summarised below.

Table 1.2: Australian Prudential Regulation Authority 2013-14 Budget measures

		2012-13	2013-14	2014-15	2015-16	2016-17
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measure						
Targeted savings - public service efficiencies ¹	1.1	-	(233)	(213)	(197)	(153)
Total expense measures		-	(233)	(213)	(197)	(153)
Related revenue						
Over-the-counter derivatives market supervision ²	1.1	-	2,961	1,249	919	785
Superannuation - further financial assistance grants to compensate fund members for the failure of Trio ³	1.1	-	-	-	-	-
Superannuation Complaints Tribunal - additional funding ²	1.1	-	1,045	882	305	344
Total related revenue		-	4,006	2,131	1,224	1,129

1 This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*. The fiscal impact for this measure is in addition to the impact previously reported for this measure in the Treasury *Portfolio Additional Estimates Statements 2012-13*.

2. These measures relate to expense measures for the Australian Securities and Investments Commission.

3. This measure was also included in the Treasury *Portfolio Additional Estimates Statements 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

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

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

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

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	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Australian Prudential Regulation Authority		
Departmental expenses		
Special accounts	104,217	112,470
Ordinary Annual Services (Appropriation Bill No. 1)	3,078	2,493
Revenues from Independent Sources (section 31)	5,453	5,457
Other Services (Appropriation Bill No. 2)	4,810	4,270
Total expenses for Outcome 1	117,558	124,690
	2011-12	2012-13
Average staffing level (number)	609	609

Contributions to Outcome 1

Program 1.1: Australian Prudential Regulation Authority

Program objective

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

Program expenses

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

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	117,558	124,690	124,087	128,877	130,022
Total expenses	117,558	124,690	124,087	128,877	130,022

Program deliverables

APRA has the following program deliverables:

- the issuance of prudential standards and guidance to assist regulated industries manage risk;

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

Program key performance indicators

APRA has the following key performance indicators:

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive snapshot of APRA's finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

APRA has not moved any administered funds between years.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening	Receipts		Payments	Closing
		balance	non-	Receipts		balance
		2013-14	appropriated	appropriated	2013-14	2013-14
		2012-13	2012-13	2012-13	2012-13	2012-13
		\$'000	\$'000	\$'000	\$'000	\$'000
Australian Prudential Regulation Authority Special Account	1	51,172	109,922	12,220	122,355	50,959
Financial Claims Scheme Special Account	1	293	-	-	-	293
Lloyd's Deposit Trust Special Account	1	2,000	-	-	-	2,000
		2,000	-	-	-	2,000
Total special accounts						
2013-14 Budget estimate		53,465	109,922	12,220	122,355	53,252
Total special accounts						
2012-13 estimate actual		46,845	113,046	13,341	119,767	53,465

3.1.3 Australian Government Indigenous Expenditure

APRA does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

The departmental comprehensive income statement (Table 3.2.1) indicates only marginal change, in available appropriation revenue, year on year. APRA has deferred some of its activities from 2012-13 into 2013-14, which will create an operating deficit in 2013-14.

Employee expenses of \$91.3 million support an average staffing level (ASL) of 609 in 2013-14. The estimated staffing will enable APRA to maintain the current intensity of its supervisory and prudential policy activities, improve its crisis readiness, bed down the Stronger Super reforms and implement the new global bank liquidity frameworks in Australia.

Supplier costs in 2013-14 take into account savings on premises leasing costs and reductions in technology, travel and property expenditures in line with whole-of-government requirements.

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

Contributed equity will increase by \$4.3 million in 2013-14 in support of APRA's infrastructure investment plans.

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

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

The departmental capital budget statement (Table 3.2.5) indicates APRA's capital needs will be partly met by equity injections of \$4.4 million over two years, reflecting approved 2013-14 and 2014-15 measures, and partly by internally generated resources. The planned movement of fixed assets and intangibles between 2013-2014 and 2014-15 is shown in Table 3.2.6.

The schedule of budgeted income and expenses administered on behalf of government (Table 3.2.7) shows the amounts APRA collects in supervisory levies from the finance industry on behalf of the Government under the *Financial Institutions Supervisory Levies Collection Act 1998*. Apart from the amount required to fund APRA, the levies also include amounts to fund the activities of the Australian Taxation Office (ATO) for unclaimed monies, lost member functions and for the implementation of the Stronger Super – SuperStream reforms, the Australian Securities and Investments Commission (ASIC) for consumer protection and market integrity functions, and the Department of Human Services (DHS) for the administration of claims for early release of superannuation benefits on compassionate grounds.

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

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

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	87,794	91,330	90,786	93,823	94,843
Supplier	24,341	24,743	24,740	25,663	26,505
Depreciation and amortisation	5,423	8,617	8,561	9,391	8,674
Total expenses	117,558	124,690	124,087	128,877	130,022
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	3,792	3,980	3,980	3,980	3,980
Other revenue	1,661	1,477	1,491	1,504	1,518
Total revenue	5,453	5,457	5,471	5,484	5,498
Total own-source income	5,453	5,457	5,471	5,484	5,498
Net cost of (contribution by) services	112,105	119,233	118,616	123,393	124,524
Appropriation revenue	116,124	112,415	118,616	123,393	124,524
Surplus (deficit) attributable to the Australian Government	4,019	(6,818)	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash	1,739	1,739	1,739	1,739	1,739
Receivables	53,401	53,188	55,451	60,718	68,460
Total financial assets	55,140	54,927	57,190	62,457	70,199
Non-financial assets					
Infrastructure, plant and equipment	5,823	5,823	5,823	5,823	5,823
Intangibles	17,654	19,142	20,616	16,482	12,808
Other	1,964	1,964	1,964	1,964	1,964
Total non-financial assets	25,441	26,929	28,403	24,269	20,595
Total assets	80,581	81,856	85,593	86,726	90,794
LIABILITIES					
Provisions					
Employees	36,516	40,203	43,695	44,690	48,620
Other	4,420	4,556	4,693	4,831	4,969
Total provisions	40,936	44,759	48,388	49,521	53,589
Payables					
Suppliers	2,128	2,128	2,128	2,128	2,128
Total payables	2,128	2,128	2,128	2,128	2,128
Total liabilities	43,064	46,887	50,516	51,649	55,717
Net assets	37,517	34,969	35,077	35,077	35,077
EQUITY					
Contributed equity	12,279	16,549	16,657	16,657	16,657
Reserves	12,467	12,467	12,467	12,467	12,467
Retained surpluses or accumulated deficits	12,771	5,953	5,953	5,953	5,953
Total equity	37,517	34,969	35,077	35,077	35,077
Current assets	57,104	56,891	59,154	64,421	72,163
Non-current assets	23,477	24,965	26,439	22,305	18,631
Current liabilities	32,830	35,697	38,419	39,269	42,320
Non-current liabilities	10,234	11,190	12,097	12,380	13,397

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,792	3,980	3,980	3,980	3,980
Appropriations	116,124	112,415	118,616	123,393	124,524
Other	1,661	1,477	1,491	1,504	1,518
Total cash received	121,577	117,872	124,087	128,877	130,022
Cash used					
Employees	87,794	91,330	90,787	93,822	94,843
Suppliers	28,233	20,707	23,373	29,798	30,179
Total cash used	116,027	112,037	114,160	123,620	125,022
Net cash from or (used by) operating activities	5,550	5,835	9,927	5,257	5,000
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment/intangibles	10,360	10,105	10,035	5,257	5,000
Total cash used	10,360	10,105	10,035	5,257	5,000
Net cash from or (used by) investing activities	(10,360)	(10,105)	(10,035)	(5,257)	(5,000)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,810	4,270	108	-	-
Total cash received	4,810	4,270	108	-	-
Net cash from or (used by) financing activities	4,810	4,270	108	-	-
Net increase (or decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	1,739	1,739	1,739	1,739	1,739
Cash at the end of the reporting period	1,739	1,739	1,739	1,739	1,739

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	12,771	6,467	6,000	12,279	37,517
Adjusted opening balance	12,771	6,467	6,000	12,279	37,517
Comprehensive income					
Surplus (deficit) for the period	(6,818)	-	-	-	(6,818)
Total comprehensive income recognised directly in equity	(6,818)	-	-	-	(6,818)
Transactions with owners					
Equity Injection	-	-	-	4,270	4,270
Total Transactions with owners	-	-	-	4,270	4,270
Estimated closing balance as at 30 June 2013	5,953	6,467	6,000	16,549	34,969

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Total equity injections	4,810	4,270	108	-	-
Total new capital appropriations	4,810	4,270	108	-	-
Provided for:					
Purchase of non-financial assets	4,810	4,270	108	-	-
Total Items	4,810	4,270	108	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	4,810	4,270	108	-	-
Funded internally from departmental resources	5,550	5,835	9,927	5,257	5,000
TOTAL	10,360	10,105	10,035	5,257	5,000
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	10,360	10,105	10,035	5,257	5,000
Total cash used to acquire assets	10,360	10,105	10,035	5,257	5,000

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other, infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	-	10,764	36,647	47,411
Accumulated depreciation/amortisation and impairment	-	4,941	18,993	23,934
Opening net book balance	-	5,823	17,654	23,477
Capital asset additions				
By purchase - other	-	1,665	8,440	10,105
Total additions	-	1,665	8,440	10,105
Other movements				
Depreciation/amortisation expense	-	1,665	6,952	8,617
Total other movements	-	1,665	6,952	8,617
As at 30 June 2014				
Gross book value	-	12,429	45,087	57,516
Accumulated depreciation/amortisation and impairment	-	6,606	25,945	32,551
Closing net book balance	-	5,823	19,142	24,965

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Waivers and write-offs	-	-	-	-	-
Total expenses administered on behalf of government	-	-	-	-	-
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Other sources of non-taxation					
<i>Financial Institutions Supervisory Levies Collection Act 1998</i>	269,802	258,978	232,159	223,724	194,458
<i>Superannuation (Financial Assisting Funding) Levy Act 1993</i>	16,720	-	-	-	-
Total non-taxation revenue	286,522	258,978	232,159	223,724	194,458
Total own-source revenues administered on behalf of Government	286,522	258,978	232,159	223,724	194,458
Total own-sourced income administered on behalf of Government	286,522	258,978	232,159	223,724	194,458
Net Cost of (contribution by) services	(286,522)	(258,978)	(232,159)	(223,724)	(194,458)
Surplus (Deficit)	286,522	258,978	232,159	223,724	194,458

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash - Financial Claims Scheme special account	293	293	-	-	-
Receivables	2,201	-	-	-	-
Total financial assets	2,494	293	-	-	-
Total assets administered on behalf of government	2,494	293	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash or equivalents received					
Transfer from Official Public Account	-	-	-	-	-
Administered revenue	286,522	261,179	232,159	223,724	194,458
Total cash or equivalents received	286,522	261,179	232,159	223,724	194,458
Cash or equivalents used					
Cash to Official Public Account	286,522	261,179	232,159	223,724	194,458
Administered expenses	-	-	-	-	-
Total cash or equivalents used	286,522	261,179	232,159	223,724	194,458
Net cash or equivalents from or (used by) operating activities	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Budgeted departmental statement of financial performance

Revenues from Government

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

Other revenue

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

Depreciation and amortisation

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

Budgeted departmental statement of financial position

Financial assets

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

All accounts receivable are recorded at their estimated recoverable amount.

Non-financial assets

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

Other non-financial assets include prepayments.

Provisions and payables

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

Equity

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

Budgeted departmental statement of cash flows

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

Schedule of budgeted revenues and expenses administered on behalf of Government

Revenues

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

Schedule of budgeted assets and liabilities administered on behalf of Government

Financial assets

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

Schedule of budgeted administered cash flows

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

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

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

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

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

ASIC will continue to focus on the following priorities:

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

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for ASIC.

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	74,109 ⁵	-		74,109	-
Departmental appropriation ³	-	382,103 ¹		382,103	372,638
Receipts from other sources (s31)	-	2,023 ⁴		2,023	3,782
Total departmental	74,109	384,126		458,235	376,420
Administered expenses					
Outcome 1 - Assetless					
Administration fund	-	3,551 ¹		3,551	2,566
Ordinary annual services	-	2,778 ¹		2,778	-
Total administered	-	6,329		6,329	2,566
Total ordinary annual services	A 74,109	390,455		464,564	378,986
Other services					
Departmental non-operating					
Equity injections	-	11,791 ²		11,791	13,934
Total other services	B -	11,791		11,791	13,934
Total available annual appropriations (A+B)	74,109	402,246		476,355	392,920
Special appropriations					
Banking Act 1959	-	158,956		158,956	39,693
Life Insurance Act 1995	-	14,482		14,482	4,115
Total special appropriations	C -	173,438		173,438	43,808
Total appropriations excluding special accounts (A+B+C)	74,109	575,684		649,793	436,728

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2013-14 as at Budget May 2013 (continued)

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Special accounts				
Opening balance ⁶	20,086	-	20,086	-
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to special accounts	-	1,000	1,000	302,560
Total special account	D 20,086	31,000	51,086	332,560
Total resourcing (A+B+C+D)	94,195	606,684	700,879	769,288
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
Total net resourcing for ASIC	94,195	576,684	670,879	739,288

1. Appropriation Bill (No. 1) 2013-14.

2. Appropriation Bill (No. 2) 2013-14.

3. Includes \$18.7 million in 2013-14 for the Departmental Capital Budget (also refer to Table 3.2.5).

4. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

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

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

1.3 BUDGET MEASURES

Budget measures relating to ASIC are summarised below.

Table 1.2: Australian Securities and Investments Commission 2013-14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Australian Securities and Investments						
Commission client contact centre – National Business Names registration system						
	1.1	-	3,121	3,137	-	-
Over-the-counter derivatives market supervision						
	1.1	-	2,961	1,249	919	785
Superannuation Complaints Tribunal – additional funding						
	1.1	-	1,045	882	305	344
Targeted savings – public service efficiencies ¹						
	1.1	-	(780)	(677)	(585)	(454)
Tax agent services licensing regime - online registration for financial advisors						
	1.1	-	-	109	110	111
Total expense measures		-	6,347	4,700	749	786
Related capital						
Australian Securities and Investments						
Commission client contact centre – National Business Names registration system						
	1.1	-	1,591	-	-	-
Tax agent services licensing regime - online registration for financial advisors						
	1.1	-	1,020	-	-	-
Total related capital		-	2,611	-	-	-
Related revenue						
Australian Securities and Investments						
Commission client contact centre – National Business Names registration system						
	1.1	-	2,233	2,233	2,233	2,233
Total related revenue		-	2,233	2,233	2,233	2,233

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*. The fiscal impact for this measure is in addition to the impact previously reported for this measure in the Treasury *Portfolio Additional Estimates Statements 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

The strategy under Outcome 1 focuses on:

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

Outcome 1 Budgeted resources

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

Table 2.1: Budgeted resources for Outcome 1

	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems		
Program 1.1: Australian Securities and Investments Commission		
Departmental expenses		
Departmental appropriation	362,252	363,267
Expenses not requiring appropriation in the budget year	53,997	46,015
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,566	5,551
Expenses not requiring appropriation in the budget year	35,607	36,000
Total for Program 1.1	454,422	450,833
Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts		
Administered expenses		
Companies unclaimed monies - section 28 of the FMA Act	7,188	7,683
Ordinary annual services (Appropriation Bill No. 1)	4,619	-
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	53,377	43,265
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	5,422	4,485
Total special appropriations	58,799	47,750
Total for Program 1.2	70,606	55,433
Outcome 1 totals by appropriation type		
Departmental expenses		
Departmental appropriation	362,252	363,267
Expenses not requiring appropriation in the budget year	53,997	46,015
Administered expenses		
Companies unclaimed monies - section 28 of the FMA Act	7,188	7,683
Ordinary annual services (Appropriation Bill No. 1)	7,185	5,551
Special appropriations	58,799	47,750
Expenses not requiring appropriation in Budget year	35,607	36,000
Total expenses for Outcome 1	525,028	506,266
	2012-13	2013-14
Average staffing level (number)	1,830	1,834

Contributions to Outcome 1

Program 1.1: Australian Securities and Investments Commission

Program objective

Program 1.1 contributes to Outcome 1 by improving industry behaviour where market integrity and consumer confidence are most at risk, by helping consumers and retail investors make well-informed decisions in the financial economy, and supervising Australia's financial markets.

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

Program expenses

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

Table 2.2: Program 1.1 expenses

	2012-13 Revised budget \$'000	2013-14 Budget estimate \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	362,252	363,267	354,237	351,428	354,857
Expenses not requiring appropriation	53,997	46,015	38,477	32,471	21,281
Annual administered expenses					
Ordinary annual services	2,566	5,551	5,842	6,150	4,236
Expenses not requiring appropriation	35,607	36,000	36,399	36,804	37,213
Total program expenses	454,422	450,833	434,955	426,853	417,587

Program deliverables

ASIC will deliver this objective through engagement with industry and stakeholders, surveillance, guidance, education, enforcement activities, and policy advice.

Program deliverables are focused under each strategic priority.

Confident and informed investors and financial consumers

Deliverables are designed to:

- educate investors and promote information about risk, reward and diversification so they can make informed investment decisions;
- hold people with a trusted role in the financial system (gatekeepers such as auditors, directors, advisers, custodians, product manufacturers and distributors, market operators and participants) to account if they are not meeting their obligations; and
- recognise how investors and financial consumers make decisions.

Fair and efficient financial 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 to account if they are not meeting their obligations.

Efficient registration and licensing

Deliverables seek to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate register and licensing systems;
- 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.

Program key performance indicators

ASIC measures performance by considering how effective it is in delivering against a range of more detailed outcomes under each strategic priority. Measures incorporate both internal regulatory activity and stakeholder feedback.

Confident and informed investors and consumers

- investors and consumers can make informed decisions;
- product issuers, credit providers and financial/credit advisers meet required standards;
- fair and efficient processes for resolution of disputes; and
- misconduct is dealt with and deterred.

Fair and efficient financial markets

- participants in financial markets meet required standards;
- financial markets are orderly and efficient;
- issuers and their officers meet required standards; and
- misconduct is dealt with and deterred.

Efficient licensing and registration

- registration and licensing is efficient, accurate and cost effective for business;

- business complies with ongoing registration and licensing obligations;
- the public has easy access to information to ASIC registers; and
- misconduct is dealt with and deterred.

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

Program objective

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

Program expenses

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

Table 2.3: Program 1.2 expenses

	2012-13 Revised budget \$'000	2013-14 Budget estimate \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual administered expenses:					
Special appropriations	58,799	47,750	52,047	56,731	62,404
Ordinary annual services	4,619	-	-	-	1,894
Section 28 of the FMA Act	7,188	7,683	8,571	5,386	-
Total program expenses	70,606	55,433	60,618	62,117	64,298

Program deliverables

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

Program key performance indicators

ASIC has the following key performance indicators:

- 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.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, special accounts and Australian Government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

ASIC has not moved any administered funds between years.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance 2013-14 2012-13 \$'000	Receipts		Payments 2013-14 2012-13 \$'000	Closing balance 2013-14 2012-13 \$'000
			non- appropriated 2013-14 2012-13 \$'000	Receipts appropriated 2013-14 2012-13 \$'000		
ASIC Deregistered Companies						
Trust Moneys Special Account(D)	1	- 1,011	1,000 1,000	- -	1,000 2,011	- -
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account(D)	1	- 11,019	- -	- -	- 11,019	- -
ASIC Security Deposits Special Account(D)	1	- 384	- -	- -	- 384	- -
Companies and Unclaimed Moneys Special Account(A)	1	- 7,096	- 301,560	- -	- 308,656	- -
Enforcement Special Account(D)	1	20,086 20,086	- -	30,000 30,000	30,000 30,000	20,086 20,086
Total special accounts 2013-14 Budget estimate		20,086	1,000	30,000	31,000	20,086
Total special accounts 2012-13 estimate actual		39,596	302,560	30,000	352,070	20,086

(A) = Administered.
(D) = Departmental.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Australian Securities and Investments Commission Departmental 2013-14	725	-	-			
<i>Departmental 2012-13</i>	<i>704</i>	-	-	<i>704</i>	-	<i>704</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

ASIC is budgeting for a break-even operating result for 2013-14 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

Total revenue and expenses (excluding depreciation) are estimated to be \$365.6 million for 2013-14. The expenditure will be used to fund activities that contribute towards achieving the outcome and program objectives outlined in Section 2.

Budgeted departmental balance sheet

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

ASIC's budgeted equity (or net asset position) for 2013-14 is \$123.7 million.

The 2013-14 equity position reflects the cumulative effect of capital injections of \$30.5 million received during 2013-14.

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 28 of the *Financial Management and Accountability Act 1997* (FMA 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 2013-14 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 2013-14 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 28 of the FMA 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.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	229,432	237,571	231,923	233,261	235,658
Supplier	132,320	125,196	121,814	117,667	118,699
Finance costs	500	500	500	500	500
Depreciation and amortisation	53,997	46,015	38,477	32,471	21,281
Total expenses	416,249	409,282	392,714	383,899	376,138
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	2,015	1,188	1,204	1,282	3,487
Other revenue	5,768	835	840	865	865
Total revenue	7,783	2,023	2,044	2,147	4,352
Gains					
Other	172	172	172	172	172
Total gains	172	172	172	172	172
Total own-source income	7,955	2,195	2,216	2,319	4,524
Net cost of (contribution by) services	408,294	407,087	390,498	381,580	371,614
Appropriation revenue	356,887	363,362	354,311	351,399	352,623
Surplus (deficit) attributable to the Australian Government	(51,407)	(43,725)	(36,187)	(30,181)	(18,991)
Note: Impact of net cash appropriation arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	300	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(51,707)	(43,725)	(36,187)	(30,181)	(18,991)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(51,407)	(43,725)	(36,187)	(30,181)	(18,991)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	5,016	6,170	6,170	6,170	6,170
Trade and other receivables	83,291	78,561	76,875	78,237	78,737
Total financial assets	88,307	84,731	83,045	84,407	84,907
Non-financial assets					
Land and buildings	49,256	43,741	38,509	40,401	34,971
Infrastructure, plant and equipment	20,680	18,494	16,626	15,461	15,050
Intangibles	119,170	111,388	96,972	88,415	96,210
Other	8,894	8,991	9,090	9,191	9,191
Total non-financial assets	198,000	182,614	161,197	153,468	155,422
Total assets	286,307	267,345	244,242	237,875	240,329
LIABILITIES					
Provisions					
Employees	49,189	49,079	49,658	52,027	52,027
Other	13,516	13,808	13,471	13,781	13,781
Total provisions	62,705	62,887	63,129	65,808	65,808
Payables					
Suppliers	51,988	49,208	49,206	48,823	48,823
Other	34,728	31,557	28,146	24,428	20,638
Total payables	86,716	80,765	77,352	73,251	69,461
Total liabilities	149,421	143,652	140,481	139,059	135,269
Net assets	136,886	123,693	103,761	98,816	105,060
EQUITY					
Contributed equity	232,149	262,681	278,936	304,172	329,407
Reserves	9,213	9,213	9,213	9,213	9,213
Retained surpluses or accumulated deficits	(104,476)	(148,201)	(184,388)	(214,569)	(233,560)
Total equity	136,886	123,693	103,761	98,816	105,060
Current assets	97,201	93,722	92,135	93,598	94,098
Non-current assets	189,106	173,623	152,107	144,277	146,231
Current liabilities	76,058	69,663	66,210	63,421	61,131
Non-current liabilities	73,363	73,989	74,271	75,638	74,138

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	2,015	1,188	1,204	1,282	3,487
Appropriations	363,777	368,092	355,997	350,037	352,123
GST received	12,555	15,986	15,309	15,608	13,971
Other	1,767	835	840	865	865
Total cash received	380,114	386,101	373,350	367,792	370,446
Cash used					
Employees	237,653	237,389	231,681	230,582	235,658
Suppliers	133,265	131,572	125,404	122,197	120,527
GST Paid	12,555	15,986	15,309	15,608	13,971
Cash used other	40	-	250	-	2,290
Total cash used	383,513	384,947	372,644	368,387	372,446
Net cash from or (used by) operating activities	(3,399)	1,154	706	(595)	(2,000)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	30,086	30,532	16,961	24,641	23,235
Total cash used	30,086	30,532	16,961	24,641	23,235
Net cash from or (used by) investing activities	(30,086)	(30,532)	(16,961)	(24,641)	(23,235)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	29,724	30,532	16,255	25,236	25,235
Total cash received	29,724	30,532	16,255	25,236	25,235
Net cash from or (used by) financing activities	29,724	30,532	16,255	25,236	25,235
Net increase or (decrease) in cash held	(3,761)	1,154	-	-	-
Cash at the beginning of the reporting period	8,777	5,016	6,170	6,170	6,170
Cash at the end of the reporting period	5,016	6,170	6,170	6,170	6,170

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(104,476)	9,213	-	232,149	136,886
Adjusted opening balance	(104,476)	9,213	-	232,149	136,886
Comprehensive income					
Surplus (deficit) for the period	(43,725)	-	-	-	(43,725)
Total comprehensive income recognised directly in equity	(43,725)	-	-	-	(43,725)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	11,791	11,791
Appropriation (departmental capital budget)	-	-	-	18,741	18,741
Total transactions with owners	-	-	-	30,532	30,532
Estimated closing balance as at 30 June 2014	(148,201)	9,213	-	262,681	123,693

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	15,790	18,741	10,305	24,795	25,235
Equity injections - Bill 2	13,934	11,791	5,950	441	-
Total new capital appropriations	29,724	30,532	16,255	25,236	25,235
Provided for:					
Purchase of non-financial assets	29,724	30,532	16,223	24,641	23,235
Other items	-	-	32	595	2,000
Total Items	29,724	30,532	16,255	25,236	25,235
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	12,946	11,791	5,950	441	-
Funded by capital appropriation - DCB	15,750	18,741	10,023	24,200	23,235
Funded internally from departmental resources	1,390	-	988	-	-
TOTAL	30,086	30,532	16,961	24,641	23,235
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	30,086	30,532	16,961	24,641	23,235
Total cash used to acquire assets	30,086	30,532	16,961	24,641	23,235

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	92,426	55,282	238,098	385,806
Accumulated depreciation/amortisation and impairment	43,170	34,602	118,928	196,700
Opening net book balance	49,256	20,680	119,170	189,106
Capital asset additions				
By purchase - appropriation ordinary annual services	2,568	3,820	24,144	30,532
Total asset additions	2,568	3,820	24,144	30,532
Other movements				
Depreciation/amortisation expense	8,083	6,006	31,926	46,015
Total other movements	8,083	6,006	31,926	46,015
As at 30 June 2014				
Gross book value	94,994	59,102	262,242	416,338
Accumulated depreciation/amortisation and impairment	51,253	40,608	150,854	242,715
Closing net book balance	43,741	18,494	111,388	173,623

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	2,566	3,551	3,573	3,605	3,640
Write down and impairment of assets	35,607	36,000	36,399	36,804	37,213
Interest expense	19,610	-	-	-	7,567
Supply of goods and services expense	-	2,000	2,269	2,545	596
Other	50,996	55,433	60,618	62,117	56,731
Total expenses administered on behalf of government	108,779	96,984	102,859	105,071	105,747
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Other sources of non-taxation revenues	1,071,117	835,360	855,230	874,770	890,018
Total non-taxation revenue	1,071,117	835,360	855,230	874,770	890,018
Total own-source revenues administered on behalf of Government on behalf of government	1,071,117	835,360	855,230	874,770	890,018
Total own-sourced income administered on behalf of Government	1,071,117	835,360	855,230	874,770	890,018
Net Cost of (contribution by) services	(962,338)	(738,376)	(752,371)	(769,699)	(784,271)
Surplus (Deficit)	962,338	738,376	752,371	769,699	784,271

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	3,410	3,410	3,410	3,410	3,410
Receivables	101,397	102,024	100,826	99,526	98,160
Total assets administered on behalf of government	104,807	105,434	104,236	102,936	101,570
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	761	761	761	761	761
Other payables	347,648	213,602	138,945	98,028	79,086
Total liabilities administered on behalf of government	348,409	214,363	139,706	98,789	79,847
Net assets/(liabilities)	(243,602)	(108,929)	(35,470)	4,147	21,723

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	324	323	325	328	331
Other	1,338,685	814,580	830,690	845,910	836,180
Total cash received	1,339,009	814,903	831,015	846,238	836,511
Cash used					
Grants	2,566	3,551	3,573	3,605	3,640
Other	37,098	208,001	149,670	114,168	67,644
Net GST paid	324	323	325	328	331
Total cash used	39,988	211,875	153,568	118,101	71,615
Net cash from or (used by) operating activities	1,299,021	603,028	677,447	728,137	764,896
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	68,380	218,552	159,243	123,773	95,275
Total cash received	68,380	218,552	159,243	123,773	95,275
Cash used					
Cash to Official Public Account	1,365,364	821,580	836,690	851,910	860,171
Total cash used	1,365,364	821,580	836,690	851,910	860,171
Net cash from or (used by) financing activities	(1,296,984)	(603,028)	(677,447)	(728,137)	(764,896)
Net increase or (decrease) in cash held	2,037	-	-	-	-
Cash at beginning of reporting period	1,373	3,410	3,410	3,410	3,410
Cash at end of reporting period	3,410	3,410	3,410	3,410	3,410

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Budgeted agency financial statements

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

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

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

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

Appropriations in the accrual budgeting framework

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

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

Departmental

Asset valuation

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

Asset recognition threshold

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

Leases

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

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

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

Depreciation and amortisation

Computer equipment and plant and equipment is depreciated using the straight-line method. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised receivables.

Receivables

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

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

Provisions and payables

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

Administered

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

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

Write-down and impairment of assets

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

Schedule of budgeted assets and liabilities administered on behalf of government

Financial assets

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

Schedule of budgeted administered cash flows

All cash collected by ASIC for corporations law revenue is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed monies, *Life Insurance Act 1995* unclaimed monies and *Corporations Act 2001* unclaimed monies is transferred to the OPA when received.

Australian Taxation Office

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AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

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

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

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

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

The ATO will focus on delivery to the community including supporting people willing to properly participate in the tax and superannuation systems, and protecting people and the community by deterring, detecting and dealing with those that do not comply.

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

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the ATO.

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	473,384 ¹	-	473,384	-
Departmental appropriation ^c	-	3,472,767 ³	3,472,767	3,352,652
Receipts from other sources (s31)	-	71,387 ⁴	71,387	71,481
Total departmental	473,384	3,544,154	4,017,538	3,424,133
Administered expenses				
Outcome 1	-	6,697 ³	6,697	4,536
Total administered expenses	-	6,697	6,697	4,536
Total ordinary annual services	A 473,384	3,550,851	4,024,235	3,428,669
Other services				
Departmental non-operating				
Equity injections	-	47,359 ⁵	47,359	64,649
Total other services	B -	47,359	47,359	64,649
Total available annual appropriations (A+B)	473,384	3,598,210	4,071,594	3,493,318

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2013-14 as at Budget May 2013 (continued)

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	43,000	43,000	40,000
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil</i>	-	47,000	47,000	35,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	339,000	339,000	328,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)⁶</i>	-	9,508,144	9,508,144	9,111,600
Total special appropriations	C	9,937,144	9,937,144	9,514,600
Total appropriations excluding special accounts	473,384	13,535,354	14,008,738	13,007,918
Special accounts				
Opening balance ⁷	78,735	-	78,735	-
Appropriation receipts	-	78,530	78,530	10,055
Non-appropriation receipts to special accounts	-	45,854	45,854	48,773
Total special account	D	124,384	203,119	58,828
Total resourcing (A+B+C+D)	552,119	13,659,738	14,211,857	13,066,746
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	78,530	78,530	10,055
Total net resourcing for the ATO	552,119	13,581,208	14,133,327	13,056,691

1. Estimated adjusted balance carried from previous year for annual appropriations.
2. Includes \$111.0 million in 2013-14 (\$110.9 million in 2012-13) for the departmental capital budget (also refer to Table 3.2.5).
3. Appropriation Bill (No. 1) 2013-14.
4. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
5. Appropriation Bill (No. 2) 2013-14.
6. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, low income superannuation contributions and research and development tax incentives. Estimated tax refund items for 2012-13 are \$92.0 billion (including \$125 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$95.7 billion for 2013-14 (including \$135 million paid via the ACS on the ATO's behalf).
7. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

Budget measures relating to the ATO are summarised on the following pages.

Table 1.2: Australian Taxation Office 2013-14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
HECS-HELP Discount and Voluntary HELP Repayment Bonus - ending discounting Departmental expenses	1.1	-	910	296	245	206
Official development assistance - Australian Federal Police contribution to the United Nations Mission in the Republic of South Sudan Departmental expenses	1.1	-	-	-	-	-
Personal income tax - net medical expenses tax offset phase out Departmental expenses	1.1	126	2,513	768	423	184
- reforms to work-related self-education expenses Departmental expenses	1.1	-	296	734	2,223	2,178
Protecting the corporate tax base from erosion and loopholes - improving the integrity of the foreign resident capital gains tax regime Departmental expenses	1.1	-	-	208	2,587	6,849
- increasing ATO compliance checks on offshore marketing hubs and business restructures Departmental expenses	1.1	-	21,559	25,490	29,994	32,072
Research and Development tax incentive - quarterly credits Departmental expenses	1.1	1,779	3,114	1,477	1,020	990
Student Start-up Scholarships - conversion to Income Contingent Loans Departmental expenses	1.1	-	4,091	685	542	405
Superannuation reforms - a fairer excess contributions tax system Departmental expenses	1.1	-	2,374	1,269	578	550
- higher concessional contributions cap Departmental expenses	1.1	168	334	72	(817)	(858)

Table 1.2: Australian Taxation Office 2013-14 Budget measures (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17	
Program	\$'000	\$'000	\$'000	\$'000	\$'000	
Expense measures (Continued)						
Superannuation reforms (continued)						
- reforming the tax exemption for earnings on superannuation assets supporting retirement income streams						
Departmental expenses	1.1	-	3,794	7,456	13,681	13,705
- transfer of lost member accounts to the ATO						
Departmental expenses	1.1	-	-	70	2,229	2,263
Administered expenses	1.21	-	-	-	3,400	3,600
Targeted Savings - public service efficiencies ¹						
Departmental expenses	1.1	-	(6,761)	(3,503)	(1,859)	(685)
Tax compliance						
- Australian Taxation Office trusts taskforce						
Departmental expenses	1.1	-	9,188	16,590	19,730	22,407
- improving compliance through third party reporting and data matching						
Departmental expenses	1.1	-	8,841	20,228	24,217	22,309
Tax System Advisory Board - establishment						
Departmental expenses	1.1	-	-	-	-	-
The Conversation - funding support						
Departmental expenses	1.1	-	-	-	-	-
Tax administration - enhancing Standard Business Reporting, the Australian Business Register and Australian Business Number Administration						
Departmental expenses	1.3	-	21,227	13,780	7,878	6,742
Low Income Superannuation Contribution - technical amendment						
Administered expenses	1.15	3,000	3,000	3,000	3,000	3,000
		2,073	71,480	85,620	102,671	109,317
Departmental						
Administered		3,000	3,000	3,000	6,400	6,600
Total expense measures		5,073	74,480	88,620	109,071	115,917

Table 1.2: Australian Taxation Office 2013-14 Budget measures (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17
Program	\$'000	\$'000	\$'000	\$'000	\$'000
Related capital					
Personal income tax					
- net medical expenses tax offset phase out	1.1	- 416	-	87	-
- reforms to work-related self-education expenses	1.1	-	286	-	-
Protecting the corporate tax base from erosion and loopholes					
- improving the integrity of the foreign resident capital gains tax regime	1.1	-	-	364	837
Research and Development tax incentive - quarterly credits					
	1.1	863	466	-	-
Student Start-up Scholarships - conversion to Income Contingent Loans					
	1.1	-	1,047	-	-
Superannuation reforms					
- a fairer excess contributions tax system	1.1	-	254	-	-
- reforming the tax exemption for earnings on superannuation assets supporting retirement income streams	1.1	-	-	1,589	-
Tax compliance - improving compliance through third party reporting and data matching					
	1.1	-	1,607	566	-
Tax administration - enhancing Standard Business Reporting, the Australian Business Register and Australian Business Number Administration					
	1.3	-	18,327	11,877	-
Total related capital		863	22,117	14,318	451
Related revenue					
Tax agent services licensing regime - online registration for financial advisors					
	1.1	-	-	-	6,500
Total related revenue		-	-	-	6,500

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*. The fiscal impact reported for this measure is in addition to the impact previously reported for this measure in the Treasury *Portfolio Additional Estimates Statements 2012-13*. Prepared on a Government Finance Statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAM STRUCTURE

The ATO has reorganised its administered program structure to group together subsidies, followed by personal benefits, followed by other administered expenses. The revised program structure is shown in Table 2.1.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

The ATO seeks to deliver this outcome by:

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

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

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

Outcome 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources for Outcome 1

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	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	4,536	6,697
Departmental expenses		
Departmental appropriation	3,127,182	3,221,364
Expenses not requiring appropriation in budget year	141,605	140,664
Total for Program 1.1	3,273,323	3,368,725
Program 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	16,982	14,411
Total for Program 1.2	16,982	14,411
Program 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	162,092	176,225
Total for Program 1.3	162,092	176,225
Program 1.4: Australian Valuation Office		
Departmental expenses		
Special accounts	34,553	32,495
Total for Program 1.4	34,553	32,495
Program 1.5: Australian Charities and Not-for-profits Commission		
Departmental expenses		
Special accounts	14,544	15,161
Total for Program 1.5	14,544	15,161
Program 1.6: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	267,000	237,000
Total for Program 1.6	267,000	237,000
Program 1.7: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	40,000	43,000
Total for Program 1.7	40,000	43,000
Program 1.8: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	5,519,000	5,871,000
Total for Program 1.8	5,519,000	5,871,000
Program 1.9: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	33,000	130,944
Total for Program 1.9	33,000	130,944

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

	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Program 1.10: Product Stewardship for Oil		
Administered expenses		
Special appropriations	35,000	47,000
Total for Program 1.10	35,000	47,000
Program 1.11: Research and Development Tax Incentive		
Administered expenses		
Special appropriations	1,471,000	1,410,000
Total for Program 1.11	1,471,000	1,410,000
Program 1.12: Baby Bonus Tax Offsets		
Administered expenses		
Special appropriations	1,000	-
Total for Program 1.12	1,000	-
Program 1.13: Education Tax Refund		
Administered expenses		
Special appropriations	-	-
Total for Program 1.13	-	-
Program 1.14: First Home Saver Accounts		
Administered expenses		
Special appropriations	17,000	19,000
Subtotal for Program 1.14	17,000	19,000
Program 1.15: Low Income Earner Superannuation Contribution		
Administered expenses		
Special appropriations	954,600	975,600
Total for Program 1.15	954,600	975,600
Program 1.16: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	206,000	191,000
Total for Program 1.16	206,000	191,000
Program 1.17: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	83,000	138,000
Total for Program 1.17	83,000	138,000
Program 1.18: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	328,000	339,000
Total for Program 1.18	328,000	339,000
Program 1.19: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	500,000	500,000
Total for Program 1.19	500,000	500,000

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

	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Program 1.20: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in budget year	6,782,536	6,985,728
Total for Program 1.20	6,782,536	6,985,728
Program 1.21: Other Administered		
Administered expenses		
Special appropriations	60,000	35,600
Total Other Administered	60,000	35,600
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	4,536	6,697
Special appropriations	9,514,600	9,937,144
Expenses not requiring appropriation in budget year	6,782,536	6,985,728
Departmental expenses		
Departmental appropriation	3,306,256	3,412,000
Special accounts	49,097	47,656
Expenses not requiring appropriation in budget year	141,605	140,664
Total expenses for Outcome 1	19,798,630	20,529,889
	2012-13	2013-14
Average staffing level (number)	21,514	22,022

Contributions to Outcome 1

Program 1.1: Australian Taxation Office

Program objective

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

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

Program expenses

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

Table 2.2: Program 1.1 expenses by Program component

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation					
Annual departmental expenses					
Departmental items	446,107	458,832	460,609	453,239	457,180
Total component expenses	446,107	458,832	460,609	453,239	457,180
Program Component 1.1.2 - We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost					
Annual departmental expenses					
Departmental items	1,101,536	1,132,957	1,137,344	1,119,145	1,128,878
Total component expenses	1,101,536	1,132,957	1,137,344	1,119,145	1,128,878
Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply					
Annual departmental expenses					
Departmental items	1,721,144	1,770,239	1,777,094	1,748,658	1,763,865
Annual administered expenses					
Administered item	4,536	6,697	784	531	31
Total component expenses	1,725,680	1,776,936	1,777,878	1,749,189	1,763,896
Total program expenses	3,273,323	3,368,725	3,375,831	3,321,573	3,349,954

Program deliverables

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

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

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

- Register taxpayers.
- Ensure taxpayers are meeting their lodgment obligations.
- Process returns and activity statements and check accuracy.
- Receive and facilitate timely payments.
- Collect and manage debt.
- Provide a client centred and user friendly experience to our customers by delivering timely services through appropriate channels.
- Provide interpretative advice and guidance to taxpayers and practitioners on how to meet obligations.

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

- Communicate and market products and services that encourage compliance and deter non-compliance.
- Identify behaviours presenting compliance risks and prioritise for treatment.
- Undertake differentiated compliance treatments based on perceived level of risk to the integrity of the tax and superannuation systems.

Program key performance indicators

- Impact of ATO advice to The Treasury and Government that supports the delivery of the policy intent and integrity of the tax and superannuation systems.
- Trend over time in Treasury perception of ATO performance.
- Trend over time in community and tax agent perception of ATO performance.
- Trend in individual tax file number registration population as compared to the ABS estimated resident population.
- Trend in company tax file number registration population as compared to the ASIC registered population.
- Proportion of income tax returns lodged on time, including by entity type.
- Proportion of activity statements lodged on time.

- Proportion of the value of income tax liabilities paid on time, including by entity type.
- Proportion of the value of activity statement liabilities paid on time.
- ATO collectable debt as a percentage of collections in the context of the current economic environment.
- Meet service commitments.
- Trend in the time-cost index for business and superannuation funds to prepare and complete key tax forms.
- Trend in the adjusted average cost to individual taxpayers of managing their tax affairs.
- Adjusted gross operating surplus compared to company profit and tax payable.
- Trend over time in GST gap.
- Growth in salary and wages reported on income tax returns compared to growth in salary and wages estimated by the ABS.
- Trend over time in level of lost and ATO held superannuation.
- Trend in adjusted employer superannuation contributions as a proportion of adjusted salary and wages.

Program 1.2: Tax Practitioners Board

Program objective

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

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

Program expenses

The reduction in expenses from 2012-13 to 2013-14 reflects the removal of temporary supplementation from Program 1.1. There are no significant changes to estimates across the forward years.

Table 2.3: Program 1.2 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items ¹	16,982	14,411	14,716	14,852	15,006
Total program expenses	16,982	14,411	14,716	14,852	15,006

1. Does not include corporate overhead costs.

Program deliverables

- Administer a system for the registration of tax practitioners.
- Provide guidance to registered tax practitioners on their rights and obligations.
- Provide the community with access to public data to assist in verifying registered tax practitioners.
- Administer the Code of Professional Conduct, which regulates the personal and professional conduct of registered tax practitioners.
- Investigate complaints from the community, including those from registered tax practitioners and other stakeholders, and take action where the Board suspects non-compliance with the *Tax Agent Services Act 2009* (TASA).
- Apply consistent sanctions for those who do not comply with the TASA, including seeking civil penalties and injunctions, where appropriate.
- Terminate or suspend the registrations of tax practitioners where there are grounds to do so.
- Manage and promote the role and functions of the Board.

Program key performance indicators

- Registration and renewal applications are processed within Board service standards.
- A register of registered and deregistered tax practitioners is current and available publicly.
- Regulatory assurance (compliance cases) are finalised within Board service standards.
- The risk for consumers in using tax practitioner services is reduced by ensuring registered tax practitioners maintain appropriate professional indemnity insurance cover.

- Regular communication and consultation is undertaken with registered tax practitioners and their intermediaries.
- Regular publication of information sheets and other guidance to registered tax practitioners on their rights and obligations.

Program 1.3: Australian Business Register (ABR)

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

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

Program objective

The ABR undertakes work to enable streamlined interactions between businesses and government. The ABR is also moving to better support improved planning by government agencies for program and service delivery to the community through increased awareness and use of its services.

This is done by registering businesses and issuing them with an Australian Business Number (ABN) as their unique identifier, to reliably identify themselves and facilitate their dealings with government. These dealings are further streamlined through the use of AUSkey, an authentication system that provides secure and easy-to-use access to online services for business-to-government interaction. Standard Business Reporting (SBR) reduces the compliance reporting burden experienced by business in reporting to government through a common reporting language and development and management of the operating solution used for online services.

Program expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2013-14* for further information.

Table 2.4: Program 1.3 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	162,092	176,225	148,377	150,980	156,955
Total program expenses	162,092	176,225	148,377	150,980	156,955

Program deliverables

- A comprehensive, up to date and accessible business register for use across the government and business community.
- An authentication solution that enables government and the business community to reliably and securely fulfil information and reporting obligations.
- Improved online services through expanded adoption of the SBR capabilities, including the use of the common reporting language and the SBR operating solution.
- Increased efficiency of government service delivery through the awareness and use of registration and authentication services.

Program key performance indicators

- Proportion of registered ABNs that are eligible.
- Trend over time in the accuracy of the data held on the ABR.
- Trend over time in the adoption and use of AUSkey by business, intermediaries and government agencies.
- Trend over time in the adoption of SBR.
- Level of satisfaction of stakeholders with quality and timeliness of SBR services.
- Level of performance in accordance with service standards.

Program 1.4: Australian Valuation Office

The Australian Valuation Office (AVO) is set up as a special account and is the only dedicated fee-for-service business area within the ATO.

The AVO provides asset-related services for Federal, State, Territory and Local Governments and complements the ATO's fundamental role in administering Australia's taxation system and regulating aspects of the superannuation system.

Program objective

The AVO delivers professional, ethical and intelligent solutions for Australian Governments regarding assets – supporting policy development, program delivery and compliance outcomes.

Program expenses

After a small decline in 2013-14, the estimates show moderate growth across the forward years based on revenue projections.

Table 2.5: Program 1.4 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special account expenses					
Valuation Services Special Account	34,553	32,495	32,860	33,189	33,527
Total program expenses	34,553	32,495	32,860	33,189	33,527

Program deliverables

- Conduct valuations, assessments and searches.
- Deliver supporting asset-related products and services for government clients.

Program key performance indicators

- Trend over time in satisfaction of key clients.
- Financial performance in line with Commonwealth competitive neutrality guidelines.
- Impact of the innovation in new asset solutions for Australian Governments.
- Trend in the quality of valuation services.

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

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

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

The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers contained in the *Australian Charities and Not-for-profits Act 2012* (the ACNC Act) and accompanying legislation and regulations. These include the

distinct function to determine charity, health promotion charity, public benevolent institution and not-for-profit status for all Commonwealth purposes and to maintain a free public Charity Register. The Commissioner also provides support and education to the not-for-profit sector, investigates non-compliance with the ACNC Act and implements a 'report-once, use often' general reporting framework.

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

Program objective

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

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

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

Program expenses

The higher estimate in 2013-14 reflects the partial return to the ACNC special account of funds not required in 2012-13.

Table 2.6: Program 1.5 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special account expenses					
ACNC Special Account	14,544	15,161	14,381	12,926	13,193
Total program expenses	14,544	15,161	14,381	12,926	13,193

Program deliverables

- Register and determine charitable status determinations.
- Maintain a public information portal and charity register to provide the community with access to information about the not-for-profit sector.

- Investigate non-compliance with the ACNC Act and take appropriate action to address failings.
- Provide guidance, education, advice and support to charities to improve their governance and compliance with the ACNC Act.
- Implement a 'report once, use often' reporting framework with a focus on reducing red tape.

Program key performance indicators

- Issue advice, practical guidance and determinations within agreed timeframes.
- Website and publications that are accessible and a source of relevant and up-to-date information.
- Establish 25 working groups by charity type to focus on reducing red tape.

Program 1.6: Australian Screen Production Incentive

Program objective

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

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

Program expenses

The estimates show a moderate decline from 2012-13 to 2015-16 before increasing again in 2016-17.

Table 2.7: Program 1.6 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	267,000	237,000	219,000	189,000	215,000
Total program expenses	267,000	237,000	219,000	189,000	215,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.7: Cleaner Fuels Grant Scheme

Program objective

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

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

Program expenses

The estimates show moderate growth across the forward years. Biodiesel and renewable diesel continue to be included in the Cleaner Fuels Grant Scheme, consistent with the alternative fuels legislation.

Table 2.8: Program 1.7 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	40,000	43,000	45,000	47,000	49,000
Total program expenses	40,000	43,000	45,000	47,000	49,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.8: Fuel Tax Credits Scheme

Program objective

The fuel tax credits scheme provides taxpayers with a credit for the fuel tax (excise or customs duty) included in the price of fuel used for business activities in machinery, plant and equipment and heavy vehicles. It also provides a credit for fuel used for the domestic generation of electricity by taxpayers not in business.

Since 1 July 2012, an effective carbon charge is also being collected through the fuel tax credit scheme, through a reduction in the fuel tax credit rate for many fuels and activities.

Program expenses

The estimates show moderate growth across the forward years.

Table 2.9: Program 1.8 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,519,000	5,871,000	5,906,000	6,270,000	6,360,000
Total program expenses	5,519,000	5,871,000	5,906,000	6,270,000	6,360,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.9: National Rental Affordability Scheme

Program objective

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

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) has policy responsibility for the program (FaHCSIA's Program 2.2), which aims to see the building of 50,000 new affordable rental properties by managing a competitive process for allocation of the incentive and monitoring compliance and eligibility.

Program expenses

The estimates show strong growth across the forward years reflecting the rollout to the full 50,000 properties to be allocated under the scheme.

Table 2.10: Program 1.9 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	33,000	130,944	150,395	169,597	228,001
Total program expenses	33,000	130,944	150,395	169,597	228,001

Program deliverables

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

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

Program key performance indicators

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

Program 1.10: Product Stewardship for Oil Program

Program objective

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

SEWPaC has policy responsibility for the program, with the ATO administering the program on its behalf.

Program expenses

The estimate for 2012-13 has been revised downwards reflecting delays in the completion of upgrades to processing facilities. The estimates show moderate growth across the forward years.

Table 2.11: Program 1.10 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship (oil) benefits	35,000	47,000	48,000	51,000	53,000
Total program expenses	35,000	47,000	48,000	51,000	53,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.11: Research and Development Tax Incentive

Program objective

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

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

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

Program expenses

The estimates show growth across the forward years.

Table 2.12: Program 1.11 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,471,000	1,410,000	1,470,000	1,547,000	1,628,000
Total program expenses	1,471,000	1,410,000	1,470,000	1,547,000	1,628,000

Program deliverables

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

- number and dollar value of R&D tax concession claims;
- number and dollar value of R&D tax concession incremental concession claims;
- number and dollar value of claims processed for 40 per cent non-refundable R&D tax offset claimants; and
- number and dollar value of claims processed for 45 per cent refundable R&D tax offset claimants.

Program key performance indicators

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

Program 1.12: Baby Bonus

Program objective

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

Program expenses

This program ceased on 3 June 2009 and therefore the majority of expenses have been recognised in prior years. However, payments will be made to claimants who lodge late claims. Claimants have until 30 June 2014 to lodge baby bonus claims with the ATO.

Table 2.13: Program 1.12 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,000	-	-	-	-
Total program expenses	1,000	-	-	-	-

Program deliverables

Successful delivery is demonstrated by the:

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

Program key performance indicators

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

Program 1.13: Education Tax Refund

Program objective

The Education Tax Refund was an initiative to help with the cost of educating primary and secondary school children. It was replaced, from 2011-12, by the Schoolkids Bonus program as a result of a 2012-13 Budget measure. The Schoolkids Bonus is administered by FaHCSIA.

Program expenses

There will be no further expenses as all expenses have been recognised in prior years. However, the ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

Table 2.14: Program 1.13 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program deliverables

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

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

Program key performance indicators

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

Program 1.14: First Home Saver Accounts

Program objective

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

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

Program expenses

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

Table 2.15: Program 1.14 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	17,000	19,000	18,000	18,000	19,000
Total program expenses	17,000	19,000	18,000	18,000	19,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.15: Low Income Superannuation Contribution

Program objective

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

Program expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2013-14* for further information.

Table 2.16: Program 1.15 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	954,600	975,600	952,700	963,400	976,400
Total program expenses	954,600	975,600	952,700	963,400	976,400

Program deliverables

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

- number of beneficiaries of individual contribution entitlements determined;

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

Program key performance indicators

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

Program 1.16: Private Health Insurance Rebate

Program objective

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

The Department of Health and Ageing has policy responsibility for the program, whilst administration of the program is split between the ATO, the Department of Human Services (Program 1.1) and registered health insurers, depending on the claim method.

Program expenses

The estimates show moderate growth across the forward years.

Table 2.17: Program 1.16 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	206,000	191,000	200,000	210,000	221,000
Total program expenses	206,000	191,000	200,000	210,000	221,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.17: Superannuation Co-contribution Scheme

Program objective

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

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

Program expenses

The lower estimate in 2012-13 reflects a lower take-up rate than previously expected. Estimates for 2013-14 and the forward years show moderate growth.

Table 2.18: Program 1.17 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	83,000	138,000	140,000	144,000	148,000
Total program expenses	83,000	138,000	140,000	144,000	148,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.18: Superannuation Guarantee Scheme

Program objective

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

Program expenses

The estimates show moderate growth across the forward years.

Table 2.19 Program 1.18 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Superannuation Guarantee (Administration) Act 1992</i>	328,000	339,000	362,300	384,000	419,000
Total program expenses	328,000	339,000	362,300	384,000	419,000

Program deliverables

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

- number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result;
- number of employees who have had superannuation guarantee entitlements raised through compliance activities and voluntary disclosures;
- number of employers whose records are checked;
- dollar value of superannuation guarantee charge:
 - raised (including penalties and interest);
 - collected; and

- transferred to superannuation funds or paid to individuals;
- percentage of superannuation guarantee cases completed in a timely manner; and
- value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue.

Program key performance indicators

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

Program 1.19: Interest on Overpayments and Early Payments of Tax

Program objective

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

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

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

Program expenses

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

Table 2.20: Program 1.19 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	500,000	500,000	500,000	500,000	500,000
Total program expenses	500,000	500,000	500,000	500,000	500,000

Program deliverables

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

- dollar value of interest paid.

Program key performance indicators

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

Program 1.20: Bad and Doubtful Debts and Remissions

Program objective

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

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

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

Program expenses

Bad debt write-offs are expected to be higher in 2012-13 and 2013-14 than in the forward years.

Table 2.21: Program 1.20 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Administered item					
<i>Expenses not requiring appropriation</i>					
in Budget year	6,782,536	6,985,728	5,886,996	6,280,110	6,680,000
Total program expenses	6,782,536	6,985,728	5,886,996	6,280,110	6,680,000

Program deliverables

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

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

Program key performance indicators

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

Program 1.21: Other Administered

Other Administered includes the Tax Bonus, the Seafarer Tax Offset, the Conservation Tillage Refundable Tax Offset and Interest on Lost Superannuation Accounts.

Program objectives

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

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

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

Interest payments on lost superannuation accounts held by the ATO were announced in the Government's 2012-13 MYEFO statement. This change aims to preserve the value of lost member accounts by ensuring the ATO pays interest at a rate equivalent to the Consumer Price Index. Interest will accrue from 1 July 2013 on all unclaimed superannuation accounts currently held and from the due date future lost accounts are to be reported to the ATO.

Program expenses

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

There has been no change to the Seafarer Tax Offset estimates.

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

Interest on lost superannuation accounts estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2013-14* for further information.

Table 2.22: Program 1.21 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
- Tax Bonus	-	-	-	-	-
- Seafarer Tax Offset	15,000	20,600	16,800	22,200	24,000
- Conservation Tillage Refundable Tax Offset	14,000	14,000	15,000	2,000	-
- Interest on Unclaimed Superannuation Money	31,000	1,000	1,000	4,400	4,600
Total program expenses	60,000	35,600	32,800	28,600	28,600

Program deliverables

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

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

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

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

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

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

Australian Taxation Office Budget Statements

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

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

Program key performance indicators

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, and movements in administered funds, special accounts and government indigenous expenditure.

3.1 Explanatory tables

3.1.1 Movement of administered funds between years

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

	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1 ¹	-	4,079	(5,308)	(3,079)	-
Total Movement of Administered Funds	-	4,079	(5,308)	(3,079)	-

1. The movement of funds enables campaign advertising for superannuation reforms to be brought forward.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2013-14 2012-13	Receipts 2013-14 2012-13	Payments 2013-14 2012-13	Adjustments 2013-14 2012-13	Closing balance 2013-14 2012-13
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Charities and Not-for-profits Commission Special Account(D)	1	-	15,130 7,455	15,130 7,455	-	-
Excise Security Deposits Account(A)	1	551 401	- 150	- -	-	551 551
Services for Other Entities and Trust Moneys Special Account(A)	1	1,814 1,814	10,000 10,000	10,000 10,000	-	1,814 1,814
Superannuation Holding Accounts Special Account(A)	1	62,687 68,287	63,400 2,600	12,500 8,200	-	113,587 62,687
Valuation Services Special Account(D)	1	13,683 14,376	35,854 38,623	37,134 39,316	-	12,403 13,683
Total special accounts 2013-14 Budget estimate		78,735	124,384	74,764	-	128,355
Total special accounts 2012-13 estimate actual		84,878	58,828	64,971	-	78,735

(A) = Administered.
(D) = Departmental.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Australian Taxation Office Outcome 1						
Total outcome 2013-14	13,367	-	-	13,367	-	13,367	1.1
<i>Total outcome 2012-13</i>	<i>5,686</i>	-	-	<i>5,686</i>	-	<i>5,686</i>	<i>1.1</i>

3.2 Budgeted financial statements

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The ATO is budgeting for a balanced budget in 2013-14 after income tax equivalents expense from the Australian Valuation Office (AVO).

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

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

Budgeted departmental balance sheet

The ATO's assets are predominantly non-financial assets. In 2013-14, the increase in non-financial assets mainly reflects the continued development or improvement of internally developed systems and software in support of the Government's 'Stronger Super' initiatives. The ATO is also continuing to refresh a number of property holdings which are subject to lease expiry.

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

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	2,183,706	2,266,481	2,256,135	2,227,917	2,257,402
Supplier	1,174,768	1,196,708	1,197,637	1,182,372	1,190,932
Depreciation and amortisation	138,227	137,070	131,458	122,504	120,017
Income tax	257	61	151	196	253
Total expenses	3,496,958	3,600,320	3,585,381	3,532,989	3,568,604
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	106,489	103,981	105,739	108,105	111,313
Other revenue	525	538	543	547	552
Total revenue	107,014	104,519	106,282	108,652	111,865
Gains					
Other	3,937	4,095	4,095	4,095	4,216
Total gains	3,937	4,095	4,095	4,095	4,216
Total own-source income	110,951	108,614	110,377	112,747	116,081
Net cost of (contribution by) services	3,386,007	3,491,706	3,475,004	3,420,242	3,452,523
Appropriation revenue	3,249,014	3,355,354	3,344,436	3,298,697	3,333,568
Surplus (deficit) attributable to the Australian Government	(136,993)	(136,352)	(130,568)	(121,545)	(118,955)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	600	142	352	458	593
plus depreciation/amortisation expenses previously funded through revenue appropriations	137,593	136,494	130,920	122,003	119,548
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	138,193	136,636	131,272	122,461	120,141

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	26,902	32,866	32,578	32,246	31,954
Trade and other receivables	506,928	470,897	489,294	419,136	439,130
Total financial assets	533,830	503,763	521,872	451,382	471,084
Non-financial assets					
Land and buildings	230,696	223,904	223,873	236,765	239,277
Infrastructure, plant and equipment	52,978	30,324	30,306	28,560	17,113
Intangibles	450,592	557,758	568,331	557,317	565,488
Other	46,368	46,292	46,376	46,491	46,454
Total non-financial assets	780,634	858,278	868,886	869,133	868,332
Total assets	1,314,464	1,362,041	1,390,758	1,320,515	1,339,416
LIABILITIES					
Interest bearing liabilities					
Leases	106,727	98,792	93,192	83,657	74,224
Total interest bearing liabilities	106,727	98,792	93,192	83,657	74,224
Provisions					
Employees	867,942	895,165	919,807	843,754	872,252
Total provisions	867,942	895,165	919,807	843,754	872,252
Payables					
Suppliers	239,252	246,249	251,238	265,890	265,908
Dividends	765	300	72	176	229
Other	12,839	12,627	12,701	12,728	12,792
Total payables	252,856	259,176	264,011	278,794	278,929
Total liabilities	1,227,525	1,253,133	1,277,010	1,206,205	1,225,405
Net assets	86,939	108,908	113,748	114,310	114,011
EQUITY					
Contributed equity	829,504	987,895	1,123,480	1,245,816	1,364,769
Reserves	98,050	98,050	98,050	98,050	98,050
Retained surpluses or accumulated deficits	(840,615)	(977,037)	(1,107,782)	(1,229,556)	(1,348,808)
Total equity	86,939	108,908	113,748	114,310	114,011
Current assets	556,729	576,880	589,043	559,292	567,297
Non-current assets	757,735	785,161	801,715	761,223	772,119
Current liabilities	577,772	589,825	601,064	567,737	576,774
Non-current liabilities	649,753	663,308	675,946	638,468	648,631

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	106,184	103,561	105,131	107,964	111,313
Appropriations	3,128,102	3,359,009	3,300,660	3,350,718	3,303,036
Interest	366	375	375	375	375
Other	213,395	183,777	188,218	185,028	189,702
Total cash received	3,448,047	3,646,722	3,594,384	3,644,085	3,604,426
Cash used					
Employees	2,142,110	2,240,461	2,231,435	2,305,746	2,228,851
Suppliers	1,228,539	1,253,216	1,262,479	1,245,418	1,280,322
Income taxes paid	1,693	1,380	1,482	1,541	1,600
Other	119,026	89,002	92,807	91,236	93,416
Total cash used	3,491,368	3,584,059	3,588,203	3,643,941	3,604,189
Net cash from or (used by) operating activities	(43,321)	62,663	6,181	144	237
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	179,326	214,790	141,982	122,636	119,253
Total cash used	179,326	214,790	141,982	122,636	119,253
Net cash from or (used by) investing activities	(179,326)	(214,790)	(141,982)	(122,636)	(119,253)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	175,741	158,391	135,585	122,336	118,953
Total cash received	175,741	158,391	135,585	122,336	118,953
Cash used					
Dividends paid	765	300	72	176	229
Total cash used	765	300	72	176	229
Net cash from or (used by) financing activities	174,976	158,091	135,513	122,160	118,724
Net increase or (decrease) in cash held	(47,671)	5,964	(288)	(332)	(292)
Cash at the beginning of the reporting period	74,573	26,902	32,866	32,578	32,246
Cash at the end of the reporting period	26,902	32,866	32,578	32,246	31,954

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(840,615)	98,050	-	829,504	86,939
Adjusted opening balance	(840,615)	98,050	-	829,504	86,939
Transactions with owners					
<i>Operating result after extraordinary items</i>	(136,352)	-	-	-	(136,352)
<i>Distribution to owners</i>					
Returns on capital dividends	(70)	-	-	-	(70)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	47,359	47,359
Injection for departmental capital budget	-	-	-	111,032	111,032
Total transactions with owners	(136,422)	-	-	158,391	21,969
Estimated closing balance as at 30 June 2014	(977,037)	98,050	-	987,895	108,908

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	110,884	111,032	112,216	113,093	115,326
Equity injections - Bill 2	64,857	47,359	23,369	9,243	3,627
Total new capital appropriations	175,741	158,391	135,585	122,336	118,953
Provided for:					
Purchase of non-financial assets	175,741	157,528	135,585	122,336	118,953
Other Items	-	863	-	-	-
Total Items	175,741	158,391	135,585	122,336	118,953
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	51,536	74,799	25,495	9,243	3,627
Funded by capital appropriation - DCB	110,884	111,032	112,216	113,093	115,326
Funded internally from departmental resources	16,906	28,959	4,271	300	300
TOTAL	179,326	214,790	141,982	122,636	119,253
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	179,326	214,790	141,982	122,636	119,253
Total cash used to acquire assets	179,326	214,790	141,982	122,636	119,253

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	274,482	137,445	1,040,992	1,452,919
Accumulated depreciation/amortisation and impairment	43,786	84,467	590,400	718,653
Opening net book balance	230,696	52,978	450,592	734,266
Capital asset additions				
By purchase - appropriation equity	-	-	74,799	74,799
Own source revenue	28,059	-	900	28,959
By purchase - appropriation ordinary annual services	-	1,000	110,032	111,032
Total additions	28,059	1,000	185,731	214,790
Other movements				
Depreciation/amortisation expense	34,851	23,654	78,565	137,070
Total other movements	34,851	23,654	78,565	137,070
As at 30 June 2014				
Gross book value	302,541	138,445	1,226,723	1,667,709
Accumulated depreciation/amortisation and impairment	78,637	108,121	668,965	855,723
Closing net book balance	223,904	30,324	557,758	811,986

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	7,394,000	7,773,544	7,870,195	8,297,797	8,557,001
Personal benefits	1,261,600	1,323,600	1,310,700	1,335,400	1,364,400
Suppliers	4,536	6,697	784	531	31
Write down and impairment of assets	500,000	500,000	500,000	500,000	500,000
Finance costs	6,782,536	6,985,728	5,886,996	6,280,110	6,680,000
Other	359,000	340,000	363,300	388,400	423,600
Total expenses administered on behalf of government	16,301,672	16,929,569	15,931,975	16,802,238	17,525,032
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	242,440,000	265,570,000	284,700,000	311,320,000	334,550,000
Indirect tax	76,970,000	80,310,000	83,890,000	87,630,000	91,340,000
Other taxes, fees and fines	629,952	690,197	733,486	776,791	841,402
Total taxation revenue	320,039,952	346,570,197	369,323,486	399,726,791	426,731,402
Non-taxation revenue					
Fees and fines	-	-	-	6,500	-
Other revenue	525,000	140,000	36,000	94,000	103,000
Total non-taxation revenue	525,000	140,000	36,000	100,500	103,000
Total own-source revenues administered on behalf of Government	320,564,952	346,710,197	369,359,486	399,827,291	426,834,402
Net Cost of (contribution by) services	(304,263,280)	(329,780,628)	(353,427,511)	(383,025,053)	(409,309,370)
Surplus (Deficit)	304,263,280	329,780,628	353,427,511	383,025,053	409,309,370

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

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	480,056	480,056	480,056	480,056	480,056
Receivables	18,909,284	21,410,556	24,891,560	28,755,450	32,824,991
Accrued revenues	10,736,630	10,986,630	11,621,630	12,256,630	12,901,630
Total financial assets	30,125,970	32,877,242	36,993,246	41,492,136	46,206,677
Total assets administered on behalf of government	30,125,970	32,877,242	36,993,246	41,492,136	46,206,677
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	2,305,293	2,305,293	2,305,293	2,305,293	2,305,293
Other provisions	1,294,943	1,112,943	963,243	861,643	887,543
Total provisions	3,600,236	3,418,236	3,268,536	3,166,936	3,192,836
Payables					
Subsidies	2,408,255	2,592,799	2,473,450	2,587,052	2,717,456
Personal benefits payable	1,430,702	1,552,202	1,559,302	1,598,202	1,644,090
Other payables	910,426	961,326	977,126	1,002,026	1,025,726
Total payables	4,749,383	5,106,327	5,009,878	5,187,280	5,387,272
Total liabilities administered on behalf of government	8,349,619	8,524,563	8,278,414	8,354,216	8,580,108
Net assets/(liabilities)	21,776,351	24,352,679	28,714,832	33,137,920	37,626,569

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

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	310,770,000	336,310,000	358,700,000	388,380,000	414,750,000
Other	1,456,552	536,597	541,086	623,691	775,861
Total cash received	312,226,552	336,846,597	359,241,086	389,003,691	415,525,861
Cash used					
Borrowing costs	500,000	500,000	500,000	500,000	500,000
Subsidies paid	7,169,000	7,589,000	7,989,544	8,184,195	8,426,597
Personal benefits	792,700	1,202,100	1,303,600	1,296,500	1,318,512
Payments to suppliers	4,536	6,697	784	531	31
Other	309,200	344,500	381,800	420,500	460,000
Total cash used	8,775,436	9,642,297	10,175,728	10,401,726	10,705,140
Net cash from or (used by) operating activities	303,451,116	327,204,300	349,065,358	378,601,965	404,820,721
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	8,775,436	9,642,297	10,175,728	10,401,726	10,705,140
Total cash received	8,775,436	9,642,297	10,175,728	10,401,726	10,705,140
Cash used					
Cash to Official Public Account	312,226,552	336,846,597	359,241,086	389,003,691	415,525,861
Total cash used	312,226,552	336,846,597	359,241,086	389,003,691	415,525,861
Net cash from or (used by) financing activities	(303,451,116)	(327,204,300)	(349,065,358)	(378,601,965)	(404,820,721)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	480,056	480,056	480,056	480,056	480,056
Cash at end of reporting period	480,056	480,056	480,056	480,056	480,056

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

The ATO does not have any administered capital.

Table 3.2.11: Schedule of asset movements — Administered

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

3.2.4 Notes to the financial statements

Basis of accounting

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

Notes to the departmental statements

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

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

Cost of administering goods and services tax

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

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

Notes to the administered statements

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

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

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

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

Recognition of taxation revenue

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

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

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

Items recognised as reductions to taxation revenue

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

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

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CLEAN ENERGY FINANCE CORPORATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Clean Energy Finance Corporation (CEFC) was established to facilitate increased flows of finance into the clean energy sector. The CEFC invests in accordance with its legislation, the *Clean Energy Finance Corporation Act 2012* (CEFC Act) and the Clean Energy Finance Corporation Investment Mandate Direction 2013 (Investment Mandate), as issued by the Treasurer and the Minister for Finance and Deregulation on 24 April 2013.

The CEFC is a statutory authority under the *Commonwealth Authorities and Companies Act 1997* (CAC Act). The CEFC will have access to funding of \$10 billion comprising annual appropriations to the CEFC Special Account of \$2 billion every 1 July from 2013 to 2017 inclusive, in accordance with section 46 of the CEFC Act. The CEFC will commence funding investments from 1 July 2013.

The CEFC is governed by an independent Board who have statutory responsibility for decision-making and managing the CEFC's investments. The Board reports to parliament through its responsible Ministers.

The CEFC's investment objectives are to catalyse and leverage an increased flow of funds for the commercialisation and deployment of Australian based renewable energy, energy efficiency and low-emissions technologies, thus preparing and positioning the Australian economy and industry for a carbon constrained future.

The CEFC seeks to make commercial investments to counter market failures and financing impediments and to generate positive public policy outcomes. The CEFC will supplement existing clean energy initiatives, such as the carbon price, the Renewable Energy Target and grant funding from the Australian Renewable Energy Agency.

The CEFC will achieve its objectives through the prudent application of capital, in adherence with its risk management framework, the Investment Mandate and the CEFC investment policies issued by the Board.

By adopting a commercially rigorous approach to investment activities and risk management practices, it is expected that the CEFC will invest responsibly and manage risk prudently to ensure that its investment portfolio performs in line with the portfolio benchmark return as set out in the Investment Mandate.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the CEFC.

Table 1.1: Clean Energy Finance Corporation resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior + year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Opening balance/Reserves at bank	9,934	-	9,934	-
REVENUE FROM GOVERNMENT				
Ordinary annual services ¹	-	18,062	18,062	-
Total revenue from Government	-	18,062	18,062	-
FUNDS FROM OTHER SOURCES				
Interest	-	2,475	2,475	-
Payment from portfolio department	-	-	-	18,383
Payment from the CEFC Special Account	-	1,034,398	1,034,398	-
Total funds from other sources	-	1,036,873	1,036,873	18,383
Total net resourcing for CEFC	9,934	1,054,935	1,064,869	18,383

1. Appropriation Bill (No. 1) 2013-14.

Note: As the CEFC is a CAC body it is not directly appropriated. Appropriations are made to the Department of the Treasury which are then paid to the CEFC and are considered 'departmental' for all purposes.

1.3 BUDGET MEASURES

The CEFC does not have any budget measures for 2013-14.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The CEFC'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 CEFC.

Outcome 1: Facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders

Outcome 1 strategy

The scope of the CEFC's operations will be guided by an operating framework based on three principles that will direct where and how the CEFC will invest.

Principle One — Clean energy sector focus

The CEFC will focus its investments in the clean energy sector, namely on renewable energy, low-emissions and energy efficiency technologies in Australia, as well as manufacturing businesses that produce the required inputs.

The CEFC will allocate its funding within two streams: 50 per cent or more of funds will be allocated to the renewable energy stream and up to 50 per cent will be allocated to the low-emissions and energy efficiency stream.

In accordance with the requirements of the CEFC Act, the CEFC Board has published guidelines on low emissions technologies. In addition, the Board has published policy guidance as to the renewable energy technologies and energy efficiency technologies the CEFC will invest in. These documents are available on the CEFC's website www.cleanenergyfinancecorp.com.au.

Principle Two — Commercial approach

The CEFC will apply commercial rigour when making investment decisions and deliver a return on its investments above the CEFC's portfolio benchmark return. It

will focus on projects and technologies at the later stages of development. The CEFC will invest responsibly and manage risk appropriately.

Principle Three — Addressing financial barriers

The CEFC, as a financial institution able to offer concessional finance, has capacity to directly influence financial impediments. The individuality of each project necessitates a case-by-case approach. Where necessary and justified in the CEFC's assessment, the CEFC will tailor concessionality in each case and apply it through availability, tenor or cost of finance or by absorbing additional risk. The CEFC will set terms on a case-by-case basis and lend at the rate that is commercially reasonable and on the least generous terms possible for the project to proceed (that is as close to market terms as possible).

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Clean Energy Finance Corporation		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	8,299	18,062
Revenues from other independent sources	-	2,475
Expenses not requiring appropriation	110	317,815
Total expenses for Outcome 1	8,409	338,352
	2012-13	2013-14
Average Staffing Level (number)	11	50

Note: As the CEFC was established during 2012-13, the increase in ASL in 2013-14 reflects the full year impact of employees.

Contributions to Outcome 1

Program 1.1: Clean Energy Finance Corporation

Program objective

The objectives of the Clean Energy Finance Corporation are:

- to invest, directly and indirectly, in clean energy technologies, which can be any one or more of the following:

Clean Energy Finance Corporation Budget Statements

- renewable energy technologies, which include hybrid technologies that integrate renewable energy technologies and enabling technologies, that are related to renewable energy technologies;
- energy efficiency technologies, including enabling technologies that are related to energy conservation technologies or demand management technologies; and
- low emissions technologies;
- in order to catalyse and leverage an increased flow of funds for the commercialisation and deployment of Australian based renewable energy, energy efficiency and low emissions technologies, thus preparing and positioning the Australian economy and industry for a carbon constrained world;
- to liaise with relevant persons and bodies, including the Australian Renewable Energy Agency, the Clean Energy Regulator, other Commonwealth agencies and State and Territory governments, for the purposes of facilitating its investment function;
- to work with industry, banks and other financiers, and project proponents, to accelerate Australia’s transformation towards a more competitive economy in a carbon constrained world, by acting as a catalyst to increase investment in the clean energy sector; and
- to do anything incidental or conducive to the performance of the above functions.

Program expenses

There are no significant changes anticipated in expenses over the forward years.

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses:					
Ordinary annual services	8,299	18,062	18,190	-	-
Expenses not requiring appropriation	110	320,290	326,938	346,523	347,848
Total program expenses	8,409	338,352	345,128	346,523	347,848

Program deliverables

The CEFC will co-finance and invest, directly and indirectly, in clean energy projects and technologies which:

- meet the CEFC’s Australian clean energy sector criteria;

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- offer a commercial return and demonstrate a capacity to repay capital;
- are above the minimum transaction sizes which are set by the CEFC Board;
- result in an acceptable concentration of risk within the CEFC portfolio; and
- have priority against competing proposals within the balance of the \$2 billion per annum investment budget.

Program key performance indicators

For the purpose of the CEFC's Investment Mandate, the Government has directed the Board to adopt a portfolio benchmark return for the performance of funds invested by the CEFC, net of operating expenses, based on a weighted average of the five-year Australian Government bond rate. The portfolio benchmark return is a long-term target and expected to be earned across the portfolio and over a period of time. Individual investments could be made with expected individual returns above or below the portfolio benchmark return.

The performance of the CEFC will be measured by reference to the following key performance indicators:

- performance against the portfolio benchmark return set by the Government;
- placement of funds into Australia's clean energy sector;
- investment in renewable energy, low emissions and energy efficiency technologies;
- building industry capacity; and
- dissemination of information to industry stakeholders.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, movements in administered funds and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The CEFC does not have any administered funds.

3.1.2 Special accounts

The CEFC Act established the CEFC Special Account which will be credited with \$2 billion per year on 1 July from 2013 to 2017. This provides the CEFC with certainty in funding and these amounts will roll over to be available in future years if the amounts are not invested in one year.

The CEFC's \$2 billion per year from 2013 to 2017 is deemed as a special appropriation under section 21 of the *Financial Management and Accountability Act 1997*.

The CEFC Special Account must also be credited with the CEFC's surplus money that is returned.

The CEFC Special Account is administered by the Department of the Treasury. Details of the Special Account can be found in Table 3.1.2 in the Department of the Treasury's section of this Portfolio Budget Statement.

3.1.3 Australian Government Indigenous Expenditure

The CEFC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The budgeted surplus (deficit) for 2013-14 through 2016-17 includes a number of large non-cash charges including a concessional loan charge and a provision for loan impairment as well as the non-cash revenue from the unwind of the concessional loan charge. After eliminating the impact of these non-cash charges and revenue in each of the periods, the CEFC is budgeting for operating surpluses of \$13.4 million in 2013-14, \$66.9 million in 2014-15, \$129.5 million in 2015-16 and \$209.9 million in 2016-17.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	3,674	13,835	15,053	16,031	16,930
Suppliers	4,625	5,392	5,730	6,323	6,749
Depreciation and amortisation	110	418	426	250	250
Write-down and impairment of assets	-	18,750	25,000	25,000	25,000
Borrowing costs	-	299,957	298,919	298,919	298,919
Total expenses	8,409	338,352	345,128	346,523	347,848
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest and dividends	-	21,626	103,585	230,764	359,481
Total own-source revenue	-	21,626	103,585	230,764	359,481
Total own-source income	-	21,626	103,585	230,764	359,481
Net cost of (contribution by) services	(8,409)	(316,726)	(241,543)	(115,759)	11,633
Revenue from Government	18,383	18,062	18,190	-	-
Surplus (Deficit) attributable to the Australian Government	9,974	(298,664)	(223,353)	(115,759)	11,633
ADD NON-CASH CHARGES					
Concessional loan charge	-	299,957	298,919	298,919	298,919
Provision for loan impairment	-	18,750	25,000	25,000	25,000
Total non-cash charges	-	318,707	323,919	323,919	323,919
LESS NON-CASH REVENUE					
Unwind of concessional loan charge	-	(6,628)	(33,670)	(78,638)	(125,627)
Total non-cash revenue	-	(6,628)	(33,670)	(78,638)	(125,627)
Surplus (Deficit) attributable to the Australian Government after eliminating non-cash adjustments	9,974	13,415	66,896	129,522	209,925

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	9,934	20,000	20,000	20,000	20,000
Advances and loans	-	579,797	1,617,158	2,949,509	4,300,074
Trade and other receivables	-	12,523	57,691	96,691	105,776
Investments	-	300,000	600,000	900,000	1,200,000
Total financial assets	9,934	912,320	2,294,849	3,966,200	5,625,850
Non-financial assets					
Infrastructure, plant and equipment	580	339	173	183	183
Intangibles	80	153	143	133	133
Other	-	105	109	114	118
Total non-financial assets	660	597	425	430	434
Total assets	10,594	912,917	2,295,274	3,966,630	5,626,284
LIABILITIES					
Provisions					
Employees	120	1,448	2,128	2,845	3,599
Other	-	170,000	180,000	200,000	225,000
Total provisions	120	171,448	182,128	202,845	228,599
Payables					
Other	500	919	968	1,039	1,099
Total payables	500	919	968	1,039	1,099
Total liabilities	620	172,367	183,096	203,884	229,698
Net assets	9,974	740,550	2,112,178	3,762,746	5,396,586
EQUITY					
Contributed equity	-	1,029,240	2,624,221	4,390,548	6,012,755
Retained surpluses	9,974	(288,690)	(512,043)	(627,802)	(616,169)
Total equity	9,974	740,550	2,112,178	3,762,746	5,396,586
Current assets	9,934	32,523	77,691	116,691	125,776
Non-current assets	660	880,394	2,217,583	3,849,939	5,500,508
Current liabilities	500	919	968	1,039	1,099
Non-current liabilities	120	171,448	182,128	202,845	228,599

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	-	2,475	24,747	113,126	224,769
Grants	18,383	18,062	18,190	-	-
Total cash received	18,383	20,537	42,937	113,126	224,769
Cash used					
Employees	3,378	11,963	13,774	14,727	15,600
Suppliers	4,301	5,623	6,284	6,843	7,270
Total cash used	7,679	17,586	20,058	21,570	22,870
Net cash from or (used by) operating activities	10,704	2,951	22,879	91,556	201,899
INVESTING ACTIVITIES					
Cash received					
Loan advances	-	-	37,078	137,680	176,144
Total cash received	-	-	37,078	137,680	176,144
Cash used					
Purchase of property, plant and equipment and intangibles	770	250	250	250	250
Loan advances	-	721,875	1,354,688	1,695,313	1,700,000
Purchase of investments	-	300,000	300,000	300,000	300,000
Total cash used	770	1,022,125	1,654,938	1,995,563	2,000,250
Net cash from or (used by) investing activities	(770)	(1,022,125)	(1,617,860)	(1,857,883)	(1,824,106)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	1,034,398	1,699,856	2,034,312	2,009,085
Total cash received	-	1,034,398	1,699,856	2,034,312	2,009,085
Cash used					
Return of equity	-	5,158	104,875	267,985	386,878
Total cash used	-	5,158	104,875	267,985	386,878
Net cash from or (used by) financing activities	-	1,029,240	1,594,981	1,766,327	1,622,207
Net increase or (decrease) in cash held	9,934	10,066	-	-	-
Cash at the beginning of the reporting period	-	9,934	20,000	20,000	20,000
Cash at the end of the reporting period	9,934	20,000	20,000	20,000	20,000

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	9,974	-	-	-	9,974
Adjusted opening balance	9,974	-	-	-	9,974
Comprehensive income					
Surplus (deficit) for the period	(298,664)	-	-	-	(298,664)
Total comprehensive income recognised directly in equity	(298,664)	-	-	-	(298,664)
Transactions with owners					
<i>Contributions by owners</i>					
Distribution of equity	-	-	-	1,029,240	1,029,240
Total transactions with owners	-	-	-	1,029,240	1,029,240
Estimated closing balance as at 30 June 2014	(288,690)	-	-	1,029,240	740,550

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1	-	-	-	-	-
Total new capital appropriations	-	-	-	-	-
Provided for:					
Purchase of non-financial assets	-	-	-	-	-
Total Items	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally from departmental resources	770	250	250	250	250
TOTAL	770	250	250	250	250
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	770	250	250	250	250
Total cash used to acquire assets	770	250	250	250	250

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	-	650	120	770
Accumulated depreciation/amortisation and impairment	-	70	40	110
Opening net book balance	-	580	80	660
Capital Asset Additions/Disposals				
By purchase - appropriation ordinary annual services	-	87	163	250
Disposals - gross value	-	-	-	-
Total asset additions/disposals	-	87	163	250
Other movements				
Depreciation/amortisation expense	-	328	90	418
Disposals - accumulated depreciation/amortisation	-	-	-	-
Total other movements	-	328	90	418
As at 30 June 2014				
Gross book value	-	737	283	1,020
Accumulated depreciation/amortisation and impairment	-	398	130	528
Closing net book balance	-	339	153	492

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The departmental financial statements, included in Tables 3.2.1 to 3.2.6 have been prepared in accordance with the requirements of the CAC Act, the Finance Minister's Orders (Financial Statements for reporting periods ending on or after 1 July 2011), Australian Accounting Standards issued by the Australian Accounting Standards Board and the Department of Finance and Deregulation guidance for the preparation of financial statements.

The financial report has been prepared on an accrual basis and is prepared in accordance with the historical cost convention.

Notes to the departmental statements

The budget statements and estimated forward years should be read taking into account the following matters:

Concession loan discount

The CEFC is in the business of making loans which may be at a discount to the prevailing market equivalent rates or terms. For each investment the CEFC will attempt to maximise its return and provide only the level of discount from market

rates/terms that is required to ensure the project proceeds, however, this will typically involve the CEFC taking a position that is not generally offered by other market participants (for example, longer term fixed-rate debt or sub-ordinated debt) at rates that are below those that an equivalent market participant would demand if it were to participate in this market.

The CEFC is required to record a non-cash charge referred to as a concessional loan discount in relation to such loans and is a matter of judgment as to the market equivalent rate so as to ascertain the extent of the implicit discount attached to the loan.

Impairment of loans

The CEFC is required to ascertain the extent to which its portfolio of loans is likely to be recoverable. Given the higher risk position that will typically be assumed by the CEFC in its various loans (for example, unsecured debt, sub-ordinated or mezzanine debt, longer terms, lower credit worthiness of its customers, etc) it is considered likely that the CEFC will not fully recover 100 per cent of the principal relating to the loans it makes.

COMMONWEALTH GRANTS COMMISSION

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COMMONWEALTH GRANTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Commission.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts + available in 2013-14 \$'000	Proposed = at Budget 2013-14 \$'000	Total estimated 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental appropriation				
Prior year departmental appropriation	8,000 ³	-	8,000	-
Departmental appropriation ²	-	6,465 ¹	6,465	6,480
Total net resourcing for the CGC	8,000	6,465	14,465	6,480

1. Appropriation Bill (No. 1) 2013-14.

2. Includes \$0.1 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

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

1.3 BUDGET MEASURES

Budget measures relating to the CGC are summarised below.

Table 1.2: Commonwealth Grants Commission 2013-14 Budget measures

	2012-13 Program	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures					
Targeted savings – public service efficiencies ¹	1.1	(30)	(43)	(37)	(34)
Total expense measures		(30)	(43)	(37)	(34)

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

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

Outcome 1 strategy

The Commission's strategy is based on its role to provide advice to the Australian Government in response to terms of reference. Five-yearly reviews of the methods used to calculate the recommended State shares of GST revenue is the major activity associated with this outcome. The last five-year review was completed in February 2010. Between these reviews the shares are updated annually using the most recent data. The last update was completed in February 2013, as part of the review.

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

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

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	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Commonwealth Grants Commission		
Departmental expenses		
Departmental appropriation	6,417	6,402
Expenses not requiring appropriation in the budget year	107	107
Total expenses for Outcome 1	6,524	6,509
	2012-13	2013-14
Average staffing level (number)	40	40

Contributions to Outcome 1

Program 1.1: Commonwealth Grants Commission

Program objective

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

Program expenses

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

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	6,524	6,509	6,549	6,600	6,638
Total departmental expenses	6,524	6,509	6,549	6,600	6,638

Program deliverables

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

Completion of the *Report on GST Revenue Sharing Relativities – 2014 Update* for consideration by the Standing Council on Federal Financial Relations.

Program key performance indicators

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 Special accounts

The Commission does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The Commission does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

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

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	5,500	5,200	5,300	5,400	5,500
Supplier	945	1,230	1,169	1,119	1,073
Depreciation and amortisation	79	79	80	81	65
Total expenses	6,524	6,509	6,549	6,600	6,638
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Other gains	28	28	28	28	28
Total gains	28	28	28	28	28
Total own-source income	28	28	28	28	28
Net cost of (contribution by) services	6,496	6,481	6,521	6,572	6,610
Appropriation revenue	6,417	6,402	6,441	6,491	6,545
Surplus (deficit) attributable to the Australian Government	(79)	(79)	(80)	(81)	(65)

Note: Impact of Net Cash Appropriation Arrangements

	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(79)	(79)	(80)	(81)	(65)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(79)	(79)	(80)	(81)	(65)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	114	114	114	114	114
Trade and other receivables	8,007	8,007	8,007	8,007	8,007
Total financial assets	8,121	8,121	8,121	8,121	8,121
Non-financial assets					
Infrastructure, plant and equipment	514	498	482	466	466
Other	54	54	54	54	54
Total non-financial assets	568	552	536	520	520
Total assets	8,689	8,673	8,657	8,641	8,641
LIABILITIES					
Provisions					
Employees	1,732	1,732	1,732	1,732	1,732
Other	220	220	220	220	220
Total provisions	1,952	1,952	1,952	1,952	1,952
Payables					
Suppliers	185	185	185	185	185
Total payables	185	185	185	185	185
Total liabilities	2,137	2,137	2,137	2,137	2,137
Net assets	6,552	6,536	6,520	6,504	6,504
EQUITY					
Contributed equity	579	642	706	771	836
Reserves	343	343	343	343	343
Retained surpluses or accumulated deficits	5,630	5,551	5,471	5,390	5,325
Total equity	6,552	6,536	6,520	6,504	6,504
Current assets	8,175	8,175	8,175	8,175	8,175
Non-current assets	514	498	482	466	466
Current liabilities	1,386	1,386	1,386	1,386	1,386
Non-current liabilities	751	751	751	751	751

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	-	-	-	-
Appropriations	6,417	6,402	6,441	6,491	6,545
Total cash received	6,417	6,402	6,441	6,491	6,545
Cash used					
Employees	5,684	5,200	5,300	5,400	5,500
Suppliers	733	1,202	1,141	1,091	1,045
Total cash used	6,417	6,402	6,441	6,491	6,545
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	63	63	64	65	65
Total cash used	63	63	64	65	65
Net cash from or (used by) investing activities	(63)	(63)	(64)	(65)	(65)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	63	63	64	65	65
Total cash received	63	63	64	65	65
Net cash from or (used by) financing activities	63	63	64	65	65
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	114	114	114	114	114
Cash at the end of the reporting period	114	114	114	114	114

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	5,630	343	-	579	6,552
Adjusted opening balance	5,630	343	-	579	6,552
Comprehensive income					
Surplus (deficit) for the period	(79)	-	-	-	(79)
Total comprehensive income recognised directly in equity	(79)	-	-	-	(79)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	63	63
Total transactions with owners	-	-	-	63	63
Estimated closing balance as at 30 June 2014	5,551	343	-	642	6,536

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	63	63	64	65	65
Total new capital appropriations	63	63	64	65	65
Provided for:					
Purchase of non-financial assets	63	63	64	65	65
Total Items	63	63	64	65	65
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	63	63	64	65	65
TOTAL	63	63	64	65	65
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	63	63	64	65	65
Total cash used to acquire assets	63	63	64	65	65

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2013					
Gross book value	-	673	-	-	673
Accumulated depreciation/amortisation and impairment	-	159	-	-	159
Opening net book balance	-	514	-	-	514
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation ordinary annual services	-	63	-	-	63
Total additions	-	63	-	-	63
Other movements					
Depreciation/amortisation expense	-	79	-	-	79
Total other movements	-	79	-	-	79
As at 30 June 2014					
Gross book value	-	736	-	-	736
Accumulated depreciation/amortisation and impairment	-	238	-	-	238
Closing net book balance	-	498	-	-	498

Prepared on Australian Accounting Standards basis.

CORPORATIONS AND MARKETS ADVISORY COMMITTEE

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CORPORATIONS AND MARKETS ADVISORY COMMITTEE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Corporations and Markets Advisory Committee (CAMAC) is constituted under Part 9 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). Its functions, as reflected in paragraph 1(1)(c) and section 148 of the ASIC Act, are to provide informed and expert advice to the Government about corporate, financial product and financial market matters, on its own initiative or when requested by the Minister. CAMAC seeks to promote a sound and effective regulatory environment through the provision of timely advice to the Minister about relevant policy and law design issues.

CAMAC's members are appointed by the Minister following consultation with State and Territory Governments. CAMAC is supported by specialist legal advice from its Legal Committee and by a full-time executive located in Sydney.

In 2013-14, CAMAC will settle its report to the Government on the annual general meeting. CAMAC may also be in a position to settle its report on managed investment schemes.

CAMAC will also respond to other requests for advice from the Government and keep under consideration other areas that may be suitable for review.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for CAMAC.

Table 1.1: Corporations and Markets Advisory Committee resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	+	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	758 ²		-		758	-
Departmental appropriation ³	-		1,030 ¹		1,030	1,001
Total net resourcing for CAMAC	758		1,030		1,788	1,001

1. Appropriation Bill (No. 1) 2013-14.

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

3. Includes \$0.04 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

1.3 Budget measures

Budget measures relating to CAMAC are summarised below.

Table 1.2: Corporations and Markets Advisory Committee 2013-14 Budget measures

	2012-13 Program	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures					
Targeted savings – public service efficiencies ¹	1.1	(5)	(7)	(6)	(5)
Total expense measures		(5)	(7)	(6)	(5)

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice

Outcome 1 strategy

To achieve its outcome, CAMAC will:

- conduct thorough research on matters under review, canvassing relevant law and policy considerations, with a view to preparing discussion papers where appropriate;
- conduct roundtable discussions with interested parties where appropriate;
- consider submissions on discussion papers; and
- develop recommendations for inclusion in reports to the Government.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Corporations and Markets Advisory Committee		
Departmental expenses		
Departmental appropriation	985	986
Expenses not requiring appropriation in the budget year	31	31
Total expenses for Outcome 1	1,016	1,017
	2012-13	2013-14
Average staffing level (number)	3	3

Contributions to Outcome 1

Program 1.1: Corporations and Markets Advisory Committee

Program objective

CAMAC focuses on legislation related to corporations and financial markets. Its operations involve, either on its own initiative or at the request of the Government, the conducting of major policy reviews, which may include analysing procedural and other issues in current practice. CAMAC:

- seeks to stimulate and lead public debate on the enhancement of standards for corporations and participants in financial markets, and proposes regulatory reform where necessary; and
- builds on the public consultation process by thoroughly reviewing all submissions on discussion papers and providing timely advice to the Government in the form of CAMAC reports, containing detailed law reform recommendations, where appropriate.

Program expenses

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

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	1,016	1,017	1,024	1,033	1,043
Total departmental expenses	1,016	1,017	1,024	1,033	1,043

Program deliverables

CAMAC's deliverables are the discussion papers and reports that it publishes on matters as they arise.

Program key performance indicators

CAMAC's key performance indicator is:

- timely advice to the Minister in the form of CAMAC reports and other papers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements, which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

CAMAC does not have any administered funds.

3.1.2 Special accounts

CAMAC does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

CAMAC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

CAMAC is budgeting for a break-even result for 2013-14 and the forward estimates. This break-even result will occur after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	650	650	650	652	673
Supplier	350	351	358	365	354
Depreciation and amortisation	15	15	15	15	15
Finance costs	1	1	1	1	1
Total expenses	1,016	1,017	1,024	1,033	1,043
LESS:					
OWN SOURCE INCOME					
Gains					
Other	16	16	16	16	16
Total gains	16	16	16	16	16
Total own-source income	16	16	16	16	16
Net cost of (contribution by) services	1,000	1,001	1,008	1,017	1,027
Appropriation revenue	985	986	993	1,002	1,012
Surplus (deficit) attributable to the Australian Government	(15)	(15)	(15)	(15)	(15)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(15)	(15)	(15)	(15)	(15)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(15)	(15)	(15)	(15)	(15)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	66	66	66	66	66
Trade and other receivables	765	723	732	732	732
Other	8	8	8	8	8
Total financial assets	839	797	806	806	806
Non-financial assets					
Land and buildings	24	50	32	21	20
Infrastructure, plant and equipment	19	22	25	28	31
Total non-financial assets	43	72	57	49	51
Total assets	882	869	863	855	857
LIABILITIES					
Provisions					
Employees	383	393	403	403	403
Total provisions	383	393	403	403	403
Payables					
Suppliers	28	21	19	19	19
Other	45	-	1	1	1
Total payables	73	21	20	20	20
Total liabilities	456	414	423	423	423
Net assets	426	455	440	432	434
EQUITY					
Contributed equity	56	100	100	107	124
Reserves	23	23	23	23	23
Retained surpluses or accumulated deficits	347	332	317	302	287
Total equity	426	455	440	432	434
Current assets	839	797	806	806	806
Non-current assets	43	72	57	49	51
Current liabilities	239	196	204	203	203
Non-current liabilities	217	218	219	220	220

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	39	39	41	39	39
Appropriations	985	1,028	1,001	1,010	1,012
Total cash received	1,024	1,067	1,042	1,049	1,051
Cash used					
Employees	650	650	650	652	673
Suppliers	334	378	353	358	339
Other	40	39	39	39	39
Total cash used	1,024	1,067	1,042	1,049	1,051
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	16	44	-	7	17
Total cash used	16	44	-	7	17
Net cash from or (used by) investing activities	(16)	(44)	-	(7)	(17)
FINANCING ACTIVITIES					
Cash received					
Capital Injections	16	44	-	7	17
Total cash received	16	44	-	7	17
Net cash from or (used by) financing activities	16	44	-	7	17
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	66	66	66	66	66
Cash at the end of the reporting period	66	66	66	66	66

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Asset		Contributed		Total equity \$'000
	Retained surpluses \$'000	revaluation reserve \$'000	Other reserves \$'000	equity/ capital \$'000	
Opening balance as at 1 July 2013					
Balance carried forward from previous period	347	23	-	56	426
Adjusted opening balance	347	23	-	56	426
Comprehensive income					
Surplus (deficit) for the period	(15)	-	-	-	(15)
Total comprehensive income recognised directly in equity	(15)	-	-	-	(15)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	44	44
Total transaction with owners	-	-	-	44	44
Estimated closing balance as at 30 June 2014	332	23	-	100	455

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	16	44	-	7	17
Total new capital appropriations	16	44	-	7	17
Provided for:					
Purchase of non-financial assets	16	44	-	7	17
Total Items	16	44	-	7	17
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	16	44	-	7	17
TOTAL	16	44	-	7	17
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	16	44	-	7	17
Total cash used to acquire assets	16	44	-	7	17

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2013					
Gross book value	19	46	-	-	65
Accumulated depreciation/amortisation and impairment	(5)	27			22
Opening net book balance	24	19	-	-	43
Capital asset additions					
By purchase - appropriation ordinary annual services	27	17			44
Total asset additions	27	17	-	-	44
Other movements					
Depreciation/amortisation expense	1	14			15
Total other movements	1	14	-	-	15
As at 30 June 2014					
Gross book value	46	63	-	-	109
Accumulated depreciation/amortisation and impairment	-	41	-	-	37
Closing net book balance	46	22	-	-	72

Prepared on Australian Accounting Standards basis.

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve the administration of the tax laws for the benefit of all taxpayers.

The IGT's strategic direction for 2013-14 is to achieve this by delivering independent advice for improvement through:

- consulting with the community to ensure tax administration issues are identified;
- conducting reviews into the identified issues;
- developing a deeper understanding of the issues and advise on improvement options; and
- reporting publicly on review outcomes, observations and improvement recommendations.

In 2013-14, the IGT will establish a new work program through a broad-based community consultation process which remains in effect for that year.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for IGT.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	+	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services						
Departmental appropriation						
Prior year departmental appropriation	2,940	³	-		2,940	-
Departmental appropriation ²	-		2,656	¹	2,656	2,652
Total net resourcing for the IGT	2,940		2,656		5,596	2,652

1. Appropriation Bill (No. 1) 2013-14.

2. Includes \$0.03 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

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

1.3 BUDGET MEASURES

Budget measures relating to the IGT are summarised below.

Table 1.2: Inspector-General of Taxation 2013-14 Budget measures

Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures					
Targeted savings – public service efficiencies ¹	1.1	(12)	(18)	(15)	(14)
Total expense measures		(12)	(18)	(15)	(14)

¹ This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: Improved tax administration through community consultation, review, and independent advice to Government

Outcome 1 strategy

Key strategies to achieve Outcome 1 are to:

- undertake community consultation, research and other processes to identify and prioritise areas of tax administration for improvement;
- call for submissions to review and to stimulate input by, for example, issuing terms of reference and similar materials;
- review identified areas and provide independent advice and recommendations to the Government and the Australian Taxation Office (ATO) on improvements to the administration of the tax laws;
- maintain a positive public profile for the IGT through participation in conferences and seminars;
- build on approaches that increase the ATO's involvement and contribution to review processes and outcomes; and
- selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews.

The major projects and activities expected to be commenced and/or completed during 2013-14 include the development of a new IGT work program of reviews through broad-based consultation with stakeholders and to commence and/or complete these

reviews in that year. In addition, consideration of the ATO's implementation of IGT recommendations is also supported.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Improved tax administration through community consultation, review, and independent advice to government	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Inspector-General of Taxation		
Departmental expenses		
Departmental appropriation	2,622	2,626
Expenses not requiring appropriation in the budget year	38	30
Total expenses for Outcome 1	2,660	2,656
	2012-13	2013-14
Average staffing level (number)	10	10

Contributions to Outcome 1

Program 1.1: Inspector-General of Taxation

Program objective

The IGT has the following objectives:

- identify areas of tax administration where community stakeholders believe improvements should be made or issues reviewed;
- consult with government agencies that review tax administration, in particular the Australian National Audit Office and the Commonwealth Ombudsman to foster cooperation and make efficient use of resources;
- prioritise areas of tax administration for review according to the IGT's work program and ministerial direction as appropriate;
- provide independent advice to the Government and the ATO on tax administration and make recommendations on improvements; and
- consideration of the ATO's implementation of IGT recommendations.

Program expenses

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

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	2,660	2,656	2,669	2,694	2,721
Total program expenses	2,660	2,656	2,669	2,694	2,721

Program deliverables

The IGT has the following deliverables:

- a program of reviews based on community input and consultation with other relevant agencies, and prioritised in line with principles of good tax administration; and
- five completed reviews incorporating independent advice to the Government on systemic issues and/or viable improvements to tax administration.

Program key performance indicators

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners and relevant government agencies; and
- recommendations for systemic improvements in tax administration agreed and implemented by the ATO and/or the Government.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The IGT has no administered funds.

3.1.2 Special accounts

The IGT has no special accounts.

3.1.3 Australian Government Indigenous Expenditure

The IGT has no Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The IGT is budgeting for a break-even operating result in 2013-14 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	1,784	1,792	1,798	1,820	1,901
Supplier	838	834	841	844	790
Depreciation and amortisation	38	30	30	30	30
Total expenses	2,660	2,656	2,669	2,694	2,721
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net cost of (contribution by) services	2,660	2,656	2,669	2,694	2,721
Appropriation revenue	2,622	2,626	2,639	2,664	2,691
Surplus (deficit) attributable to the Australian Government	(38)	(30)	(30)	(30)	(30)

Note: Impact of Net Cash Appropriation Arrangements

	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss)					
less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(38)	(30)	(30)	(30)	(30)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(38)	(30)	(30)	(30)	(30)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	37	37	37	37	37
Trade and other receivables	2,940	2,940	2,940	2,940	2,940
Total financial assets	2,977	2,977	2,977	2,977	2,977
Non-financial assets					
Infrastructure, plant and equipment	126	126	126	126	126
Other	-	-	-	-	-
Total non-financial assets	126	126	126	126	126
Total assets	3,103	3,103	3,103	3,103	3,103
LIABILITIES					
Provisions					
Employees	246	246	246	246	246
Other	94	94	94	94	94
Total provisions	340	340	340	340	340
Payables					
Suppliers	77	77	77	77	77
Total payables	77	77	77	77	77
Total liabilities	417	417	417	417	417
Net assets	2,686	2,686	2,686	2,686	2,686
EQUITY					
Reserves	370	370	370	370	370
Contributed equity	30	60	90	120	150
Retained surpluses or accumulated deficits	2,286	2,256	2,226	2,196	2,166
Total equity	2,686	2,686	2,686	2,686	2,686
Current assets	2,977	2,977	2,977	2,977	2,977
Non-current assets	126	126	126	126	126
Current liabilities	179	179	179	179	179
Non-current liabilities	238	238	238	238	238

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,622	2,626	2,639	2,664	2,691
Other	-	-	-	-	-
Total cash received	2,622	2,626	2,639	2,664	2,691
Cash used					
Employees	1,784	1,792	1,798	1,820	1,901
Suppliers	838	834	841	844	790
Total cash used	2,622	2,626	2,639	2,664	2,691
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	30	30	30	30
Total cash used	-	30	30	30	30
Net cash from or (used by) investing activities	-	(30)	(30)	(30)	(30)
FINANCING ACTIVITIES					
Cash received					
Capital injections	-	30	30	30	30
Total cash received	-	30	30	30	30
Net cash from or (used by) financing activities	-	30	30	30	30
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	37	37	37	37	37
Cash at the end of the reporting period	37	37	37	37	37

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	2,286	294	76	30	2,686
Adjusted opening balance	2,286	294	76	30	2,686
Comprehensive income					
Surplus (deficit) for the period	(30)	-	-	-	(30)
Total comprehensive income recognised directly in equity	(30)	-	-	-	(30)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	30	30
Total transactions with owners	-	-	-	30	30
Estimated closing balance as at 30 June 2014	2,256	294	76	60	2,686

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	30	30	30	30	30
Total new capital appropriations	30	30	30	30	30
Provided for:					
Purchase of non-financial assets	30	30	30	30	30
Total Items	30	30	30	30	30
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by departmental resources	-	-	-	-	-
Funded by capital appropriation - DCB	30	30	30	30	30
TOTAL	30	30	30	30	30
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	30	30	30	30	30
Total cash used to acquire assets	30	30	30	30	30

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	-	240	-	240
Accumulated depreciation/amortisation and impairment	-	114	-	114
Opening net book balance	-	126	-	126
Capital asset additions				
By purchase - appropriation ordinary annual services	-	30	-	30
Total additions	-	30	-	30
Other movements				
Depreciation/amortisation expense	-	30	-	30
Total other movements	-	30	-	30
As at 30 June 2014				
Gross book value	-	270	-	270
Accumulated depreciation/amortisation and impairment	-	144	-	144
Closing net book balance	-	126	-	126

Prepared on Australian Accounting Standards basis.

NATIONAL COMPETITION COUNCIL

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NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The National Competition Council (NCC) makes recommendations under the National Access Regime in Part IIIA of the *Competition and Consumer Act 2010* (CCA) and recommendations and decisions under the National Gas Law (NGL).

The National Access Regime promotes competition, efficiency and productivity in markets that depend on the use of services provided by monopoly infrastructure facilities. Within this regime the NCC may recommend the declaration of a service provided by a monopoly facility but only if all of the 'declaration criteria' specified in the CCA are met. Where a service is declared, the Australian Competition and Consumer Commission (ACCC) is empowered to arbitrate access disputes if the parties seeking access and the facility owner are unable to agree on access arrangements and prices.

As an alternative to the National Access Regime, state and territory governments may implement access regimes specific to their circumstances or implement (cooperatively) parallel regulation in each jurisdiction (as has occurred for the gas and electricity industries). The NCC is responsible for recommending whether a state or territory access regime should be certified as effective, with the result that services covered by that access regime are exempt from declaration under the CCA.

Under the NGL, the NCC recommends on whether particular natural gas pipeline systems should be subject to access regulation (covered). The NCC also recommends in relation to the price regulation and greenfields exemptions available under the NGL. As well as these recommendatory roles, the NCC is responsible for determining whether covered pipelines should be subject to full regulation or light regulation and for classifying pipelines as transmission or distribution pipelines.

Access regulation is a complex and evolving area of law involving significant private and public interests. In almost all cases the NCC must balance competing claims and interests with a view to ensuring an outcome that serves Australia's national interest. The NCC will continue to develop its capabilities to ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In particular it will continue to ensure that its recommendations are in accord with the CCA and the NGL and that its websites and other information resources remain relevant.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the NCC.

Table 1.1: National Competition Council resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	+	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	4,642	¹	-		4,642	-
Departmental appropriation ²	-		2,777	³	2,777	2,774
Total net resourcing for the NCC	4,642		2,777		7,419	2,774

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

2. Includes \$0.03 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

3. Appropriation Bill (No. 1) 2013-14.

Third party payments from and on behalf of other agencies

	2012-13 \$'000	2013-14 \$'000
Payments made on behalf of the NCC	2,798	2,801

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

1.3 BUDGET MEASURES

Budget measures relating to the NCC are summarised below.

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Targeted Savings - public service efficiencies ¹	1.1	(13)	(19)	(17)	(16)	(14)
Total expense measures		(13)	(19)	(17)	(16)	(14)

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and performance information

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure

Outcome 1 strategy

To achieve its outcome the NCC will provide comprehensive, objective, timely and transparent recommendations and decisions that accord with the relevant law (including time limits) and good regulatory practice.

Pursuant to the CCA, the NCC provides recommendations to Ministers on applications for the declaration of services provided by monopoly infrastructure facilities and on the certification of state and territory access regimes.

Pursuant to the NGL, the NCC provides recommendations to Ministers on the coverage of natural gas pipeline systems and on price regulation and greenfields incentives, and makes determinations on the form of regulation and on the classification of natural gas pipeline systems.

Governments, through the Council of Australian Governments, agreed under the *Competition and Infrastructure Reform Agreement 2006* to submit applications for the certification of their existing access regimes and for the certification of energy access regimes by the end of 2010. They also undertook to achieve certification of any new access regimes as soon as practicable.

Governments submitted applications for the certification of all existing operational access regimes except one by the end of 2010. Western Australia's electricity network services access regime and the Northern Territory's electricity network access regime

National Competition Council Budget Statements

are both currently certified. Applications for the certification of other energy access regimes have not been submitted.

The NCC will continue to improve its processes and the structure of its recommendation reports and decisions. It will also continue to develop its published guidelines and other information in relation to access regulation to ensure these remain up-to-date.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

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	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: National Competition Council		
Departmental expenses		
Departmental appropriation	2,741	2,745
Expenses not requiring appropriation in the budget year	43	50
Total expenses for Outcome 1	2,784	2,795
	2012-13	2013-14
Average staffing level (number)	11	12

Contributions to Outcome 1

Program 1.1: National Competition Council

Program objective

The NCC's objective is to provide advice to governments and make decisions on infrastructure access issues that accord with statutory requirements (including time limits) and good regulatory practice, and ensuring that advice meets requirements of decision making Ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.

Program expenses

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

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,784	2,795	2,822	2,854	2,890
Total program expenses	2,784	2,795	2,822	2,854	2,890

Program deliverables

The NCC has the following deliverables:

- makes recommendations to Ministers pursuant to Part IIIA of the CCA in relation to applications for the declaration of services provided by monopoly infrastructure and the certification of state and territory access regimes;
- makes recommendations to Ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives;
- makes decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and
- advises the Parliament on the operation of the National Access Regime in accordance with section 290(2) of the CCA.

Program key performance indicators

The NCC has the following key performance indicators:

- recommendations on declaration applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations on certification applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers;
- recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet advice requirements of Ministers;
- accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website;
- up-to-date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website;

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- case law developments, legislative amendments and developments in the NCC's processes or policies are reflected in the NCC's information resources within 30 days; and
- the NCC's Annual Report to the Parliament includes a comprehensive report that meets the requirements of section 290(2) of the CCA and is provided within 60 days of the end of the financial year.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2013-14 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The NCC does not have any administered funds.

3.1.2 Special accounts

The NCC does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The NCC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The NCC is budgeting for a break even result for 2013-14 and the forward estimates. This break even result will occur after adding back non-appropriated depreciation and amortisation expenses.

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

Operating revenues

Total NCC revenue in 2013-14 is estimated to be \$2.8 million.

Operating expenses

Total expenses in 2013-14 are estimated to be \$2.8 million.

Budgeted departmental balance sheet

In 2013-14 the NCC's equity position will be positive \$4.9 million.

Assets

The NCC's assets are predominantly financial assets consisting of other receivables and cash. The non-financial assets include leasehold improvements and plant and equipment assets.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2012-13.

Administered income

The NCC is estimated to receive own source income of \$8,000 in 2013-14 being fees for applications made to it under the NGL.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	1,427	1,484	1,543	1,605	1,669
Supplier	1,338	1,285	1,244	1,206	1,171
Depreciation and amortisation	19	26	35	43	50
Total expenses	2,784	2,795	2,822	2,854	2,890
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	24	24	24	24	24
Net cost of (contribution by) services	2,760	2,771	2,798	2,830	2,866
Appropriation revenue	2,741	2,745	2,763	2,787	2,816
Surplus (deficit) attributable to the Australian Government	(19)	(26)	(35)	(43)	(50)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(19)	(26)	(35)	(43)	(50)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(19)	(26)	(35)	(43)	(50)

Prepared on Australian accounting standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	40	40	40	40	40
Trade and other receivables	5,130	5,130	5,130	5,130	5,130
Total financial assets	5,170	5,170	5,170	5,170	5,170
Non-financial assets					
Land and buildings	49	51	28	30	24
Infrastructure, plant and equipment	12	16	25	19	13
Intangibles	-	-	11	5	-
Other	51	51	51	51	51
Total non-financial assets	112	118	115	105	88
Total assets	5,282	5,288	5,285	5,275	5,258
LIABILITIES					
Provisions					
Employees	352	352	352	352	352
Other	10	10	10	10	10
Total provisions	362	362	362	362	362
Payables					
Suppliers	25	25	25	25	25
Other	35	35	35	35	35
Total payables	60	60	60	60	60
Total liabilities	422	422	422	422	422
Net assets	4,860	4,866	4,863	4,853	4,836
EQUITY					
Contributed equity	114	146	178	211	244
Reserves	228	228	228	228	228
Retained surpluses or accumulated deficits	4,518	4,492	4,457	4,414	4,364
Total equity	4,860	4,866	4,863	4,853	4,836
Current assets	5,221	5,221	5,221	5,221	5,221
Non-current assets	61	67	64	54	37
Current liabilities	60	60	60	60	60
Non-current liabilities	362	362	362	362	362

Prepared on Australian accounting standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	2,741	2,745	2,763	2,787	2,816
Total cash received	2,741	2,745	2,763	2,787	2,816
Cash used					
Employees	1,427	1,484	1,543	1,605	1,669
Suppliers	1,314	1,261	1,220	1,182	1,147
Total cash used	2,741	2,745	2,763	2,787	2,816
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	33	32	32	33	33
Total cash used	33	32	32	33	33
Net cash from or (used by) investing activities	(33)	(32)	(32)	(33)	(33)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	33	32	32	33	33
Total cash received	33	32	32	33	33
Net cash from or (used by) financing activities	33	32	32	33	33
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	40	40	40	40	40
Cash at the end of the reporting period	40	40	40	40	40

Prepared on Australian accounting standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	4,518	228	-	114	4,860
Adjusted opening balance	4,518	228	-	114	4,860
Comprehensive income					
Surplus (deficit) for the period	(26)	-	-	-	(26)
Total comprehensive income recognised directly in equity	(26)	-	-	-	(26)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	32	32
Total transactions with owners	-	-	-	32	32
Estimated closing balance as at 30 June 2014	4,492	228	-	146	4,866

Prepared on Australian accounting standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	33	32	32	33	33
Total new capital appropriations	33	32	32	33	33
Provided for:					
Purchase of non-financial assets	33	32	32	33	33
Total Items	33	32	32	33	33
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	33	32	32	33	33
TOTAL	33	32	32	33	33
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	33	32	32	33	33
Total cash used to acquire assets	33	32	32	33	33

Prepared on Australian accounting standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	66	14	7	87
Accumulated depreciation/amortisation and impairment	(17)	(2)	(7)	(26)
Opening net book balance	49	12	-	61
Capital asset additions				
By purchase - appropriation ordinary annual services	25	7	-	32
Total asset additions	25	7	-	32
Other movements				
Depreciation/amortisation expense	(23)	(3)	-	(26)
Total other movements	(23)	(3)	-	(26)
As at 30 June 2014				
Gross book value	91	21	7	119
Accumulated depreciation/amortisation and impairment	(40)	(5)	(7)	(52)
Closing net book balance	51	16	-	67

Prepared on Australian accounting standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	15	8	8	8	8
Total non-taxation revenue	15	8	8	8	8
Total own-source revenues administered on behalf of Government	15	8	8	8	8
Total own-sourced income administered on behalf of Government	15	8	8	8	8

Prepared on Australian accounting standards basis.

**Table 3.2.8: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	15	8	8	8	8
Total cash received	15	8	8	8	8
Net cash from or (used by) operating activities	15	8	8	8	8
Net increase or (decrease) in cash held	15	8	8	8	8
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for: - Transfers to other entities (Finance - Whole of Government)	15	8	8	8	8
	15	8	8	8	8
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian accounting standards basis.

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OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Auditing and Assurance Standards Board (AUASB) is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*.

The functions of the AUASB are to:

- make auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate auditing and assurance standards for other purposes;
- formulate guidance on auditing and assurance matters;
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and
- advance and promote the main objectives of part 12 of the *Australian Securities and Investments Commission Act 2001*.

The vision of the AUASB is to be recognised as a leading national auditing and assurance standards setting body that develops high quality auditing and assurance standards and guidance in the public interest.

The mission of the AUASB is to develop, in the public interest, high quality auditing and assurance standards and related guidance as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

Key strategies during 2013-14 include to:

- develop auditing and assurance standards and guidance;
- identify emerging auditing and assurance issues;
- contribute to and influence the development of international auditing standards; and

- promote awareness and understanding of the AUASB role and work program, auditor responsibilities, and the role of auditing and assurance services.

1.2 Agency resource statement

Table 1.1 shows the total resources for the AUASB.

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	931 ⁴	-	931	-
Departmental appropriation ³	-	2,244 ¹	2,244	2,239
Receipts from other sources (s31)	-	33 ²	33	32
Total ordinary annual services	A 931	2,277	3,208	2,271
Other services				
Departmental non-operating				
Equity injections	579 ⁴	-	579	-
Total other services	B 579	-	579	-
Total net resourcing for AUASB (A+B)	1,510	2,277	3,787	2,271

1. Appropriation Bill (No. 1) 2013-14.

2. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

3. Includes \$0.04 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

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

1.3 Budget measures

Budget measures relating to the AUASB are summarised below.

Table 1.2: Office of the Auditing and Assurance Standards Board 2013-14 Budget measures

Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures					
Targeted savings – public service efficiencies ¹	1.1	(10)	(14)	(12)	(11)
Total expense measures		(10)	(14)	(12)	(11)

¹ This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- making auditing standards under section 336 of the *Corporations Act 2001* and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of the Corporations legislation, including facilitating and monitoring the implementation of the Australian Auditing Standards;
- formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance;
- engagements for purposes other than the purposes of the Corporations legislation; and
- providing Australian participation in, and contributing to, the development of a single set of auditing standards for world-wide use. In this regard the AUASB will continue to participate in key International Auditing and Assurance Standards Board (IAASB) projects on auditor reporting, audit quality, International Standards on Auditing implementation monitoring and review engagements.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

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	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Auditing and Assurance Standards Board		
Departmental expenses		
Departmental appropriation	2,234	2,241
Expenses not requiring appropriation in the budget year	103	120
Total expenses for Outcome 1	2,337	2,361
	2012-13	2013-14
Average staffing level (number)	8	8

Contributions to Outcome 1

Program 1.1: Auditing and Assurance Standards Board

Program objective

Formulate and maintain Auditing Standards that are legally enforceable under the *Corporations Act 2001* and contribute to the development of international auditing standards.

Contribute to the ongoing implementation of Australian Auditing Standards, including:

- monitoring the implementation of Australian Auditing Standards and providing periodic and formal feedback to the IAASB, which has established a project monitoring task force for this purpose;
- monitoring the revision of IAASB International Standards on Auditing and considering the implications for the following equivalent AUASB standards:
 - Auditor Reporting; and
 - Standard on review engagements.
- developing articles that will highlight key principles in auditing standards; and
- presenting at various public forums, conferences and information sessions.

Formulate and maintain other auditing and assurance standards, ensuring quality and complete coverage of relevant auditing and assurance topics including:

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- standards on review engagements;
- assurance engagements other than on historical financial statements;
- assurance on water accounting reports;
- assurance on internal control; and
- assurance on compliance and performance engagements.

Formulate and maintain guidance pronouncements, ensuring that guidance is high quality, timely and provides appropriate coverage through pronouncements that supplement standards and address emerging issues including:

- auditing under National Greenhouse and Energy Reporting and Clean Energy schemes;
- the Australian Prudential Regulation Authority including superannuation, general insurance, approved deposit taking institutions and life insurance companies;
- the Australian Securities and Investments Commission regulated areas, including managed investment schemes;
- auditing self-managed superannuation funds;
- privacy letter requests; and
- auditing grant acquittals.

Influence the development of international and national standards by liaising with the IAASB and other national standard-setting organisations to contribute to improving the quality of global auditing and assurance standards. This includes working with the New Zealand Auditing and Assurance Standards Board to harmonise Australian and New Zealand auditing standards and undertake joint projects where possible, consistent with the Outcome Proposals agreed in August 2009 by the Australian and New Zealand Prime Ministers.

Through research, communication and consultations to identify and respond to emerging issues on a timely basis, including participating in the early stages of the development of legislation and regulation to better define audit requirements, including:

- development of AUASB Bulletins on various current topics relating to the Board's areas of interest, including the value of using the AUASB auditing framework;
- updating the Audit Committees Guide; and

- promoting thought leadership on the importance of achieving and heightening audit quality.

Through a detailed communication and consultation plan, the AUASB strategy is to increase awareness of the AUASB's work among its stakeholders, and to ensure that stakeholders' views are appropriately considered in the AUASB activities and initiatives.

Program expenses

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

Table 2.2 Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,337	2,361	2,380	2,391	2,372
Total departmental expenses	2,337	2,361	2,380	2,391	2,372

Program deliverables

The AUASB has the following deliverables:

- prepare and issue auditing standards under section 336 of the *Corporations Act 2001*;
- prepare and issue new and revised assurance standards, standards on review engagements and related guidance; and
- contribute to the development of international auditing and assurance standards.

Program key performance indicators

The AUASB has the following key performance indicators:

- issued auditing standards are high quality, developed on a timely basis, are consistent with those developed by the IAASB and are based on the corresponding versions of International Standards on Auditing;
- issued assurance standards and standards on review engagements are high quality and developed on a timely basis;
- relevant guidance is issued to auditors, assurance practitioners and other users, as appropriate, on a timely basis;
- emerging auditing and assurance issues are identified and addressed on a timely basis;

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- responses are made to all significant IAASB exposure drafts; and
- appropriate input is provided to the IAASB.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AUASB does not have any administered funds.

3.1.2 Special accounts

The AUASB does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The AUASB does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The AUASB is budgeting for a break-even operating result for 2013-14 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	1,542	1,541	1,591	1,645	1,701
Supplier expenses	713	721	688	655	623
Depreciation and amortisation	79	96	98	88	45
Finance costs	3	3	3	3	3
Total expenses	2,337	2,361	2,380	2,391	2,372
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	32	33	35	36	37
Total revenue	32	33	35	36	37
Gains					
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	56	57	59	60	61
Net cost of (contribution by) services	2,281	2,304	2,321	2,331	2,311
Appropriation revenue	2,202	2,208	2,223	2,243	2,266
Surplus (deficit) attributable to the Australian Government	(79)	(96)	(98)	(88)	(45)

Note: Impact of Net Cash Appropriation Arrangements

	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income					
(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(79)	(96)	(98)	(88)	(45)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(79)	(96)	(98)	(88)	(45)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	200	200	200	200	200
Trade and other receivables	1,265	1,235	1,206	1,168	1,185
Total financial assets	1,465	1,435	1,406	1,368	1,385
Non-financial assets					
Infrastructure, plant and equipment	208	148	82	24	33
Intangibles	8	12	10	12	5
Other	5	5	5	5	5
Total non-financial assets	221	165	97	41	43
Total assets	1,686	1,600	1,503	1,409	1,428
LIABILITIES					
Provisions					
Employees	563	594	625	657	690
Other	85	88	90	93	96
Total provisions	648	682	715	750	786
Payables					
Suppliers	50	51	50	49	45
Other	244	183	115	37	31
Total payables	294	234	165	86	76
Total liabilities	942	916	880	836	862
Net assets	744	684	623	573	566
EQUITY					
Contributed equity	595	499	401	313	268
Asset Revaluation Reserve	22	22	22	22	22
Retained surpluses or accumulated deficits	127	163	200	238	276
Total equity	744	684	623	573	566
Current assets	1,470	1,440	1,411	1,373	1,390
Non-current assets	216	160	92	36	38
Current liabilities	340	372	402	432	462
Non-current liabilities	602	544	478	404	400

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	2,254	2,211	2,217	2,236	2,275
Other	80	61	70	78	37
Total cash received	2,334	2,272	2,287	2,314	2,312
Cash used					
Employees	1,512	1,512	1,560	1,613	1,668
Suppliers	743	757	733	708	606
Other	-	-	-	-	29
Total cash used	2,255	2,269	2,293	2,321	2,303
Net cash from (used by) operating activities	79	3	(6)	(7)	9
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	89	39	31	31	47
Total cash used	89	39	31	31	47
Net cash from (used by) investing activities	(89)	(39)	(31)	(31)	(47)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	37	36	37	38	38
Total cash received	37	36	37	38	38
Net cash from (used by) financing activities	37	36	37	38	38
Net increase (decrease) in cash held	27	-	-	-	-
Cash at the beginning of the reporting period	173	200	200	200	200
Cash at the end of the reporting period	200	200	200	200	200

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	595	22	-	127	744
Adjusted opening balance	595	22	-	127	744
Comprehensive income					
Surplus (deficit) for the period	(96)	-	-	-	(96)
Total comprehensive income recognised directly in equity	(96)	-	-	-	(96)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	36	36
Total transactions with owners	-	-	-	36	36
Estimated closing balance as at 30 June 2014	499	22	-	163	684

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	37	36	37	38	38
Total new capital appropriations	37	36	37	38	38
Provided for:					
Purchase of non-financial assets	37	36	37	38	38
Total Items	37	36	37	38	38
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	89	39	31	31	47
TOTAL	89	39	31	31	47
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	89	39	31	31	47
Total cash used to acquire assets	89	39	31	31	47

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2013					
Gross book value	-	589	50	-	639
Accumulated depreciation/amortisation and impairment	-	380	42	-	422
Opening net book balance	-	209	8	-	217
Capital asset additions					
By purchase - appropriation ordinary annual services	-	25	14	-	39
Total additions	-	25	14	-	39
Other movements					
Depreciation/amortisation expense	-	86	10	-	96
Total other movements	-	86	10	-	96
As at 30 June 2014					
Gross book value	-	614	64	-	678
Accumulated depreciation/amortisation and impairment	-	466	52	-	518
Closing net book balance	-	148	12	-	160

Prepared on Australian Accounting Standards basis.

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OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Australian Accounting Standards Board (AASB) is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*.

The functions of the AASB are to:

- develop a conceptual framework for the purpose of evaluating proposed accounting standards and international standards;
- make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate accounting standards for other purposes;
- participate in and contribute to the development of a single set of accounting standards for world-wide use; and
- facilitate the Australian economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, leaving accounting standards that are clearly stated and easily to understand, and to maintain investor confidence in the Australian economy (including its capital markets).

The vision of the AASB is to build on its reputation as a leading national standard setter and be recognised as a global centre of excellence, delivering a truly distinctive contribution to the development of high quality financial reporting standards.

The mission of the AASB is to develop and maintain high quality financial reporting standards for all sectors of the Australian economy and contribute, through leadership and talent, to the development of global financial reporting standards and be recognised as facilitating the inclusion of the Australian community in the activity of global standard setting.

Key priorities during 2013-14 include:

- issue Australian consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers to encourage

Office of the Australian Accounting Standards Board Budget Statements

Australian constituents to be involved in the process and provide the AASB with information for making its own comments to the IASB;

- ensure that changes to International Financial Reporting Standards (IFRS) are processed expeditiously and are communicated to Australian constituents;
- work closely with the New Zealand Financial Reporting Standards Board to converge reporting requirements across the Tasman, consistent with the Outcome Proposals agreed in August 2009 (as amended in 2011) by the Australian and New Zealand Prime Ministers;
- continue to implement the new differential reporting framework, (Reduced Disclosure Requirements);
- actively pursue an agenda relevant to the public sector and the not-for-profit private sector, whilst maintaining a transaction neutral approach;
- participate in ongoing projects of the International Public Sector Accounting Standards Board (IPSASB) with a view to promoting and improving the IPSASB's output;
- issue a revised Standard on financial reporting by superannuation plans; and
- work closely both in the Asia Oceania and global arenas to promote Australian thought leadership and influence.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AASB.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 ⁺ \$'000	Proposed at Budget 2013-14 ⁼ \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	1,485 ⁴	-	1,485	-
Departmental appropriation ³	-	3,815 ¹	3,815	3,810
Receipts from other sources (s31)	-	788 ²	788	808
Total ordinary annual services	A 1,485	4,603	6,088	4,618
Departmental non-operating				
Equity injections	3,188 ⁴	-	3,188	-
Total other services	B 3,188	-	3,188	-
Total net resourcing for AASB (A+B)	4,673	4,603	9,276	4,618

1. Appropriation Bill (No. 1) 2013-14.

2. Receipts under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

3. Includes \$0.08 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

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

1.3 Budget measures

Budget measures relating to the AASB are summarised below.

Table 1.2: Australian Accounting Standards Board 2013-14 Budget measures

Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures					
Targeted savings – public service efficiencies ¹	1.1 (17)	(26)	(23)	(22)	(20)
Total expense measures	(17)	(26)	(23)	(22)	(20)

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions

Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- to make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the financial reporting requirements of the Corporations legislation;
- to formulate accounting standards for the purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation; and
- to participate in, and contribute to, the development of a single set of accounting standards for world-wide use.

The AASB will continue its role in the development of legally enforceable accounting standards, the development of accounting standards for non Corporation's legislation entities and the development of global accounting standards.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation	4,537	4,521
Expenses not requiring appropriation in the budget year	191	239
Total expenses for Outcome 1	4,728	4,760
	2012-13	2013-14
Average staffing level (number)	22	24

Contributions to Outcome 1

Program 1.1: Australian Accounting Standards Board

Program objective

The objectives of the AASB are to:

- ensure Australian for-profit entities complying with Australian Accounting Standards would also be complying with the IFRS;
- to the extent feasible, ensure transactions are accounted for in the same way by all entities – that is, to the extent feasible, ensure Australian Accounting Standards are transaction neutral, which requires consideration by the AASB of how each IFRS might affect not-for-profit entities in the public and private sectors;
- maintain and enhance Australia's reputation as a leading national accounting standard setter in the interests of making an important contribution to setting high-quality global standards. This also involves establishing and maintaining working relationships with other national standard setters (particularly in the Asia-Oceania region), the IASB and the IPSASB;
- drive improvements in financial reporting, particularly on issues not being dealt with internationally, including those relating to not-for-profit entities in the public and private sectors when a purely transaction neutral approach does not prove feasible;
- have consistent interpretations of requirements and encourage other jurisdictions to do the same through relationships with other standard setters;

- have an up-to-date and easy-to-use website and report on AASB decisions and projects on a timely basis; and
- develop staff with expertise in standard setting through ongoing education and graduate and secondment programs.

Program expenses

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

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,728	4,760	4,794	4,827	4,780
Total departmental expenses	4,728	4,760	4,794	4,827	4,780

Program deliverables

The AASB has the following deliverables:

- promulgate each IFRS and IFRS amendment developed by the IASB into Australian Law;
- promulgate each standard to apply on a transaction neutral basis to the extent feasible and develop specific standards to deal with not-for-profit entity issues where necessary;
- prepare and publish accounting standards, compiled versions of standards and exposure drafts;
- participate in international standard setting and other research projects;
- maintain close relationships with equivalent organisations in other jurisdictions; and
- develop personnel with experience in standard setting.

Program key performance indicators

The AASB has the following key performance indicators:

- accounting standard and standard amendments to be developed by the IASB are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements;

Office of the Australian Accounting Standards Board Budget Statements

- regular consultation and liaison with a broad range of Australian constituents;
- accounting standards or compilations are lodged on the Federal Register of Legislative Instruments and are published on the AASB website within three days of finalisation;
- responses are made to all significant IASB and IPSASB exposure drafts;
- host and/or attendance at meetings of the IASB's Accounting Standards Advisory Forum, the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters Group and participate in the work of the Trans-Tasman Accounting and Auditing Standards Advisory Group; and
- develop opportunities for accounting professionals, including recent graduates and secondments.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AASB does not have any administered funds.

3.1.2 Special accounts

The AASB does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The AASB does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The AASB is budgeting for a break-even operating result for 2013-14 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	3,398	3,697	3,742	3,818	3,930
Supplier	1,169	854	841	805	740
Depreciation and amortisation	157	205	207	199	105
Finance costs	4	4	4	5	5
Total expenses	4,728	4,760	4,794	4,827	4,780
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	308	288	295	302	309
Other revenue	500	500	500	500	500
Total revenue	808	788	795	802	809
Gains					
Other gains	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	842	822	829	836	843
Net cost of (contribution by) services	3,886	3,938	3,965	3,991	3,937
Appropriation revenue	3,729	3,733	3,758	3,792	3,832
Surplus (deficit) attributable to the Australian Government	(157)	(205)	(207)	(199)	(105)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(157)	(205)	(207)	(199)	(105)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(157)	(205)	(207)	(199)	(105)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	402	402	402	402	402
Trade and other receivables	4,213	4,066	3,941	3,886	3,903
Total financial assets	4,615	4,468	4,343	4,288	4,305
Non-financial assets					
Infrastructure, plant and equipment	421	334	196	74	99
Inventories	13	34	39	34	12
Intangibles	3	3	3	3	3
Other	23	23	23	23	23
Total non-financial assets	460	394	261	134	137
Total assets	5,075	4,862	4,604	4,422	4,442
LIABILITIES					
Provisions					
Employees	1,380	1,403	1,380	1,438	1,498
Other	141	145	149	154	158
Total provisions	1,521	1,548	1,529	1,592	1,656
Payables					
Suppliers	81	63	63	62	51
Other	428	329	216	89	77
Total payables	509	392	279	151	128
Total liabilities	2,030	1,940	1,808	1,743	1,784
Net assets	3,045	2,922	2,796	2,679	2,658
EQUITY					
Contributed equity	281	363	444	526	610
Asset Revaluation Reserve	33	33	33	33	33
Retained surpluses or accumulated deficits	2,731	2,526	2,319	2,120	2,015
Total equity	3,045	2,922	2,796	2,679	2,658
Current assets	4,641	4,494	4,369	4,314	4,331
Non-current assets	434	368	235	108	111
Current liabilities	886	892	869	927	974
Non-current liabilities	1,144	1,048	939	816	810

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	308	288	295	302	309
Appropriations	3,783	3,790	3,752	3,781	3,857
Other	731	573	632	565	500
Total cash received	4,822	4,651	4,679	4,648	4,666
Cash used					
Employees	3,431	3,675	3,766	3,760	3,870
Suppliers	1,223	919	919	899	718
Other	-	-	-	-	53
Total cash used	4,654	4,594	4,685	4,659	4,641
Net cash from (used by) operating activities	168	57	(6)	(11)	25
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	135	139	75	71	109
Total cash used	135	139	75	71	109
Net cash from (used by) investing activities	(135)	(139)	(75)	(71)	(109)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	81	82	81	82	84
Total cash received	81	82	81	82	84
Net cash from (used by) financing activities	81	82	81	82	84
Net increase (decrease) in cash held	114	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	286	400	400	400	400
Cash and cash equivalents at the end of the reporting period	400	400	400	400	400

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	2,731	33	-	281	3,045
Adjusted opening balance	2,731	33	-	281	3,045
Comprehensive income					
Surplus (deficit) for the period	(205)	-	-	-	(205)
Total comprehensive income recognised directly in equity	(205)	-	-	-	(205)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	82	82
Total transactions with owners	-	-	-	82	82
Estimated closing balance as at 30 June 2014	2,526	33	-	363	2,922

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	81	82	81	82	84
Total new capital appropriations	81	82	81	82	84
Provided for:					
Purchase of non-financial assets	81	82	81	82	84
Total Items	81	82	81	82	84
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	135	139	75	71	109
TOTAL	135	139	75	71	109
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	135	139	75	71	109
Total cash used to acquire assets	135	139	75	71	109

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2013					
Gross book value	-	1,204	99	-	1,303
Accumulated depreciation/amortisation and impairment	-	783	86	-	869
Opening net book balance	-	421	13	-	434
Capital asset additions					
By purchase - appropriation ordinary annual services	-	94	45	-	139
Total asset additions	-	94	45	-	139
Other movements					
Depreciation/amortisation expense	-	181	24	-	205
Total other movements	-	181	24	-	205
As at 30 June 2014					
Gross book value	-	1,298	144	-	1,442
Accumulated depreciation/amortisation and impairment	-	964	110	-	1,074
Closing net book balance	-	334	34	-	368

Prepared on Australian Accounting Standards basis.

PRODUCTIVITY COMMISSION

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PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Productivity Commission (the Commission) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of government responsibility – Federal, State, Territory and Local.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The Commission contributes to well-informed policy decision-making and public understanding on matters relating to Australia's economic performance and community wellbeing, based on independent and transparent analysis that takes a broad view encompassing the interests of the community as a whole, rather than just particular industries or groups. The Commission has four broad components of work:

- government commissioned projects;
- performance reporting and other services to government bodies;
- competitive neutrality complaints activities; and
- supporting research and activities and statutory annual reporting.

It is anticipated the Commission's work in 2013-14 and the forward years will be integral to the national reform agenda. The Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research program. Commissioned projects currently underway and carrying over into 2013-14 include: inquiries into *Non-financial barriers to mineral and energy resource exploration*, and the *National Access Regime*; and studies to benchmark *Australia's Major Project Development Assessment Processes*, and *Regulator Engagement with Small Business*.

Several of the commissioned projects have been initiated by the Council of Australian Governments (COAG). The Commission is also working with Australia's jurisdictions

Productivity Commission Budget Statements

in respect of standing research responsibilities and specific projects. In particular, the Commission is providing cross-jurisdictional reporting to COAG on performance of government services; indicators of Indigenous disadvantage; and expenditure on services to Indigenous Australians. The Commission prepares and reports performance information to the COAG Reform Council in respect of the *Intergovernmental Agreement on Federal Financial Relations*. The Commission is also undertaking data development, modelling and analysis to report on the economic impacts and benefits of COAG's agreed reform agenda.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. Its function is to receive and investigate complaints and provide advice to the Assistant Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a statutory mandate to undertake research to complement its other activities. The supporting research program includes work on productivity performance and its determinants, environmental and resources management, labour markets (including social dimensions) and development of economic models and frameworks. The Commission's most recent research publications include staff working papers on *Trends in the Distribution of Income in Australia* and *Changes in the Prevalence of Forms of Work in Australia*. A full list of the Commission's research reports and staff working papers is provided on the Commission's website.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Commission.

Table 1.1: Productivity Commission resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	19,836 ⁴	-	19,836	-
Departmental appropriation ³	-	38,233 ¹	38,233	37,709
Receipts from other sources (s31)	-	10 ²	10	10
Total net resourcing for the Productivity Commission	19,836	38,243	58,079	37,719

1. Appropriation Bill (No. 1) 2013-14.

2. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

3. Includes \$0.3 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

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

1.3 BUDGET MEASURES

Budget measures relating to the Commission are summarised below.

Table 1.2: Productivity Commission 2013-14 Budget measures

Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures					
Targeted savings – public service efficiencies ¹	1.1	(172)	(250)	(227)	(197)
Total expense measures		(172)	(250)	(227)	(197)

¹ This measure was included in a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective

Outcome 1 strategy

The Commission's activities derive from its statutory functions outlined in the *Productivity Commission Act 1998* and reported in detail in the Annual Report. The Commission aims to demonstrate its effectiveness by reporting annually on the relevance, quality, timeliness and cost-effectiveness of its activities.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1: Productivity Commission		
Departmental expenses		
Departmental appropriation	37,439	37,964
Expenses not requiring appropriation in the budget year	1,013	1,013
Total expenses for Outcome 1	38,452	38,977
	2012-13	2013-14
Average staffing level (number)	198	193

Contributions to Outcome 1

Program 1.1: Productivity Commission

Program objective

The Commission's objective is to contribute to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

Program expenses

There are no significant changes to the pre-existing forward estimates.

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	38,452	38,977	38,942	34,672	34,903
Total departmental expenses	38,452	38,977	38,942	34,672	34,903

Program deliverables

The Commission will deliver:

- public inquiry reports (for example, the inquiry report on *Non-financial barriers to mineral and energy resource exploration*), and reports concerning other commissioned work (such as the benchmarking of *Australia's Major Project Development Assessment Processes* study);
- government services performance reports including Australian Government or State or Territory service provision, key indicators of Indigenous disadvantage, and the Indigenous expenditure report;
- investigation of competitive neutrality complaints and associated activities such as research, advice and education; and
- statutory annual reporting including the *Trade and Assistance Review*; Commission research and staff working papers prepared in support of the Commission's inquiry program and to contribute to better understanding of public policy issues; and associated activities such as submissions, conference reports and speeches delivered by the Chairman, Commissioners and Commission staff.

Program key performance indicators

The Commission aims to complete projects, reports and associated activities that are:

- high quality;
- useful to stakeholders; and
- timely.

Indicators of performance include:

- the Commission's work being widely referenced in public policy forums;
- projects and reports are completed in accordance with commissioned timelines; and
- independent and transparent processes are followed.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 Special accounts

The Commission does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Productivity Commission Outcome 1						
Departmental 2013-14	1,170	-	-	1,170	-	1,170	1.1
<i>Departmental 2012-13</i>	<i>731</i>	-	-	<i>731</i>	-	<i>731</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The Commission is budgeting for a break-even result in 2013-14 and the forward years.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	28,774	29,224	29,275	25,915	26,129
Supplier	8,676	8,750	8,763	7,757	7,818
Depreciation and amortisation	980	980	880	975	930
Finance costs	22	23	24	25	26
Total expenses	38,452	38,977	38,942	34,672	34,903
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	10	10	10	10	10
Total revenue	10	10	10	10	10
Gains					
Other	33	33	33	33	33
Total gains	33	33	33	33	33
Total own-source income	43	43	43	43	43
Net cost of (contribution by) services	38,409	38,934	38,899	34,629	34,860
Appropriation revenue	37,429	37,954	38,019	33,654	33,930
Surplus (deficit) attributable to the Australian Government	(980)	(980)	(880)	(975)	(930)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(980)	(980)	(880)	(975)	(930)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(980)	(980)	(880)	(975)	(930)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	357	357	357	357	357
Trade and other receivables	20,022	20,009	20,331	20,437	18,412
Total financial assets	20,379	20,366	20,688	20,794	18,769
Non-financial assets					
Land and buildings	4,321	3,654	2,989	2,259	4,407
Infrastructure, plant and equipment	849	683	753	913	776
Intangibles	160	139	134	129	124
Other	628	628	628	628	628
Total non-financial assets	5,958	5,104	4,504	3,929	5,935
Total assets	26,337	25,470	25,192	24,723	24,704
LIABILITIES					
Provisions					
Employees	12,582	12,582	12,582	12,582	12,582
Other	428	451	475	500	526
Total provisions	13,010	13,033	13,057	13,082	13,108
Payables					
Suppliers	295	295	295	295	295
Other	2,830	2,641	2,352	1,958	1,958
Total payables	3,125	2,936	2,647	2,253	2,253
Total liabilities	16,135	15,969	15,704	15,335	15,361
Net assets	10,202	9,501	9,488	9,388	9,343
EQUITY					
Contributed equity	2,435	2,714	3,581	4,456	5,341
Reserves	2,154	2,154	2,154	2,154	2,154
Retained surpluses or accumulated deficits	5,613	4,633	3,753	2,778	1,848
Total equity	10,202	9,501	9,488	9,388	9,343
Current assets	21,007	20,994	21,316	21,422	19,397
Non-current assets	5,330	4,476	3,876	3,301	5,307
Current liabilities	11,929	12,029	12,134	12,199	12,033
Non-current liabilities	4,206	3,940	3,570	3,136	3,328

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	10	10	10	10	10
Appropriations	37,546	37,967	37,697	33,548	35,955
Total cash received	37,556	37,977	37,707	33,558	35,965
Cash used					
Employees	28,624	29,224	29,275	25,915	26,129
Suppliers	8,735	8,906	9,019	8,118	7,785
Total cash used	37,359	38,130	38,294	34,033	33,914
Net cash from or (used by) operating activities	197	(153)	(587)	(475)	2,051
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	477	126	280	400	2,936
Total cash used	477	126	280	400	2,936
Net cash from or (used by) investing activities	(477)	(126)	(280)	(400)	(2,936)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	280	279	867	875	885
Total cash received	280	279	867	875	885
Net cash from (used by) financing activities	280	279	867	875	885
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	357	357	357	357	357
Cash at the end of the reporting period	357	357	357	357	357

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	5,613	2,154	-	2,435	10,202
Adjusted opening balance	5,613	2,154	-	2,435	10,202
Comprehensive income					
Surplus (deficit) for the period	(980)	-	-	-	(980)
Total comprehensive income recognised directly in equity	(980)	-	-	-	(980)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation - DCB	-	-	-	279	279
Total transactions with owners	-	-	-	279	279
Estimated closing balance as at 30 June 2014	4,633	2,154	-	2,714	9,501

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	280	279	867	875	885
Total new capital appropriations	280	279	867	875	885
Provided for:					
Purchase of non-financial assets	280	126	280	400	885
Other	-	153	587	475	-
Total Items	280	279	867	875	885
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	477	126	280	400	2,734
Funded internally from departmental resources	-	-	-	-	202
TOTAL	477	126	280	400	2,936
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	477	126	280	400	2,936
Total cash used to acquire assets	477	126	280	400	2,936

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	6,077	1,485	690	8,252
Accumulated depreciation/amortisation and impairment	1,756	636	530	2,922
Opening net book balance	4,321	849	160	5,330
Capital asset additions				
By purchase - appropriation ordinary annual services	-	121	5	126
Total asset additions	-	121	5	126
Other movements				
Depreciation/amortisation expense	667	287	26	980
Total other movements	667	287	26	980
As at 30 June 2014				
Gross book value	6,077	1,606	695	8,378
Accumulated depreciation/amortisation and impairment	2,423	923	556	3,902
Closing net book balance	3,654	683	139	4,476

Prepared on Australian Accounting Standards basis.

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a prescribed agency operating under the *Financial Management and Accountability Act 1997*. The Mint's vision is to achieve excellence as a sustainable world class Mint. Its goal is to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of Australia's National Coin Collection and provides educational and tourist services to local and overseas residents.

Over the next three years, the Mint's key strategies include:

- further development of in-house capability;
- improve relationships with suppliers and ensure customer expectations are met by delivering quality products in-full and on-time;
- continue to recognise and demonstrate the importance of staff;
- maintain workplace health and safety, and environmental conditions; and
- continue 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 2013-14, the Mint will continue to target revenue growth opportunities for both numismatic and international circulating coin, particularly in the Pacific and neighbouring countries.

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.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Mint.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in + 2013-14 \$'000	Proposed at Budget = 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Other services				
Special accounts				
Opening balance	59,274 ¹	-	59,274	-
Non-appropriation receipts to special accounts	-	181,953	181,953	176,987
Total special account	59,274	181,953	241,227	176,987
Total net resourcing for the Mint	59,274	181,953	241,227	176,987

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

1.3 BUDGET MEASURES

The Mint does not have any budget measures for 2013-14.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products

Outcome 1 strategy

To achieve this outcome the Mint will continue to:

- produce cost efficient circulating coins for Australia;
- produce appropriate circulating coins for foreign jurisdictions under commercial arrangements;
- maintain an appropriate level of Australian circulating coin;
- provide advice to the Treasury and government on coin related issues; and
- develop and produce high quality profitable numismatic products.

As the sole producer of Australian circulating coin and custodian of the National Coin Collection, the following activities are an adjunct to the key strategies outlined above:

- delivering an education program through the Mint's visitors centre;
- promoting public understanding of the cultural and historical significance of coins; and
- maintaining Australia's National Coin Collection.

Outcome expense statement

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

Table 2.1: Budgeted expenses and resources 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	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	56,845	54,026
Departmental expenses		
Special accounts	94,557	98,397
Total expenses for Outcome 1	151,402	152,423
	2012-13	2013-14
Average staffing level (number)	217	241

Contributions to Outcome 1

Program 1.1: Royal Australian Mint

Program objective

To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.

Program expenses

The costs of production, warehousing and distribution of minted circulating coin are dependent on the demand for circulating coin by Australian commercial banks and foreign jurisdictions whilst costs for numismatic products are driven by orders received from collectors.

Table 2.2 Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Administered items					
Special account					
Minting and Coinage Special Account	56,845	54,026	54,092	54,874	55,829
Departmental items					
Special account					
Minting and Coinage Special Account	94,557	98,397	101,820	108,046	113,397
Total program expenses	151,402	152,423	155,912	162,920	169,226

Program deliverables

The Mint has the following deliverables:

- produce Australian circulating coins to meet the demands of the Australian community;
- maintain minted Australian circulating coin inventory;
- produce circulating coins to meet demand from foreign countries;
- produce numismatic products to meet Australian and overseas demand;
- maintain Australia's National Coin Collection;
- maintain the Mint's visitor gallery, including building and surrounds;
- provide an educational program to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

Program key performance indicators

The Mint has the following key performance indicators:

- produce and deliver Australian circulating coins in a cost effective and timely manner;
- foreign circulating coin sales meet or exceed cost of production;
- all numismatic sales meet or exceed cost of production;
- at least 95 per cent of numismatic orders placed are produced and delivered within contracted delivery time;
- rotate the display of Australia's National Coin Collection on a regular basis;
- maintenance of gallery and visitor centre to community standard;
- ensure that school student visitor programs align with relevant school curricula; and
- increase in visitor numbers to the gallery and visitor centre compared to prior year's actual visitor numbers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2013-14 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Mint does not have any movement of administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance	Receipts	Payments	Adjustments	Closing balance
		2013-14	2013-14	2013-14	2013-14	2013-14
		2012-13	2012-13	2012-13	2012-13	2012-13
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	59,274	181,953	177,789	-	63,438
		55,296	176,987	173,009	-	59,274
Total special accounts						
2013-14 Budget estimate		59,274	181,953	177,789	-	63,438
Total special accounts						
2012-13 estimate actual		55,296	176,987	173,009	-	59,274

3.1.3 Australian Government Indigenous Expenditure

The Mint does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The Mint does not have any material differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

There is a minor decrease in the anticipated operating results in 2013-14 compared to 2012-13 due to the Mint's investment in additional capability and capacity.

There is an increase in the estimated cash balances in the Mint's budgeted departmental statement of cash flows. This movement is due to a greater increase in receipts from supply of goods and services compared to expenditure.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	18,660	23,257	23,594	24,302	25,031
Supplier	63,364	64,498	66,740	72,272	76,678
Depreciation and amortisation	5,127	4,004	4,848	4,834	5,050
Finance costs	4	1	1	1	1
Other	7,402	6,637	6,637	6,637	6,637
Total expenses	94,557	98,397	101,820	108,046	113,397
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	90,624	94,521	97,852	104,424	109,354
Interest	350	350	600	600	600
Other revenue	7,461	6,733	6,733	6,733	6,733
Total own-source income	98,435	101,604	105,185	111,757	116,687
Surplus (deficit) attributable to the Australian Government	3,878	3,207	3,365	3,711	3,290

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	59,858	63,438	63,527	64,740	67,536
Trade and other receivables	9,106	9,797	13,177	16,731	20,005
Tax assets	1,081	1,081	1,081	1,081	1,081
Total financial assets	70,045	74,316	77,785	82,552	88,622
Non-financial assets					
Infrastructure, plant and equipment	44,518	44,545	44,434	43,967	41,055
Heritage and cultural	23,388	23,388	23,388	23,388	23,388
Inventories	30,971	30,973	30,973	30,973	30,973
Intangibles	1,073	1,559	1,807	1,473	1,868
Other	656	476	476	476	476
Total non-financial assets	100,606	100,941	101,078	100,277	97,760
Total assets	170,651	175,257	178,863	182,829	186,382
LIABILITIES					
Provisions					
Employees	6,729	8,273	8,521	8,776	9,039
Total provisions	6,729	8,273	8,521	8,776	9,039
Payables					
Suppliers	15,384	17,784	17,784	17,784	17,784
Tax liabilities	1,706	1,706	1,706	1,706	1,706
Other	12,638	12,570	12,570	12,570	12,570
Total payables	29,728	32,060	32,060	32,060	32,060
Interest bearing liabilities					
Leases	49	7	-	-	-
Total interest bearing liabilities	49	7	-	-	-
Total liabilities	36,506	40,340	40,581	40,836	41,099
Net assets	134,145	134,917	138,282	141,993	145,283
EQUITY					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	25,679	25,679	25,679	25,679	25,679
Retained surpluses or accumulated deficits	30,563	31,335	34,700	38,411	41,701
Total equity	134,145	134,917	138,282	141,993	145,283
Current assets	100,591	104,684	108,153	112,920	118,990
Non-current assets	70,060	70,573	70,710	69,909	67,392
Current liabilities	34,674	38,285	38,489	38,707	38,930
Non-current liabilities	1,832	2,055	2,092	2,129	2,169

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	170,414	181,369	178,329	183,329	184,030
Total cash received	170,414	181,369	178,329	183,329	184,030
Cash used					
Employees	17,567	21,712	23,346	24,046	24,768
Borrowing costs	4	1	1	1	1
Suppliers	143,613	151,559	149,908	154,036	153,932
Total cash used	161,184	173,272	173,255	178,083	178,701
Net cash from or (used by) operating activities	9,230	8,097	5,074	5,246	5,329
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	4,125	4,517	4,985	4,033	2,533
Total cash used	4,125	4,517	4,985	4,033	2,533
Net cash from or (used by) investing activities	(4,125)	(4,517)	(4,985)	(4,033)	(2,533)
FINANCING ACTIVITIES					
Cash used					
Repayments of debt	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	5,105	3,580	89	1,213	2,796
Cash at the beginning of the reporting period	54,753	59,858	63,438	63,527	64,740
Cash at the end of the reporting period	59,858	63,438	63,527	64,740	67,536

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	28,128	25,679	-	77,903	131,710
Adjusted opening balance	28,128	25,679	-	77,903	131,710
Comprehensive income					
Surplus (deficit) for the period	3,207	-	-	-	3,207
Total comprehensive income recognised directly in equity	3,207	-	-	-	3,207
Estimated closing balance as at 30 June 2014	31,335	25,679	-	77,903	134,917

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	4,125	4,517	4,985	4,033	2,533
TOTAL	4,125	4,517	4,985	4,033	2,533
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,125	4,517	4,985	4,033	2,533
Total cash used to acquire assets	4,125	4,517	4,985	4,033	2,533

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other infrastructure, plant and equipment \$'000	Heritage and cultural assets \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	55,903	23,388	7,343	86,634
Accumulated depreciation/amortisation and impairment	11,385	-	6,270	17,655
Opening net book balance	44,518	23,388	1,073	68,979
Capital asset additions				
By purchase - other	3,667	-	850	4,517
Total additions	3,667	-	850	4,517
Other movements				
Depreciation/amortisation expense	3,640	-	364	4,004
Total other movements	3,640	-	364	4,004
As at 30 June 2014				
Gross book value	59,570	23,388	8,193	91,151
Accumulated depreciation/amortisation and impairment	15,025	-	6,634	21,659
Closing net book balance	44,545	23,388	1,559	69,492

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	55,345	52,478	52,505	53,248	54,162
Other	1,500	1,548	1,587	1,626	1,667
Total expenses administered on behalf of government	56,845	54,026	54,092	54,874	55,829
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Goods and services	131,775	130,550	133,752	132,555	133,532
Total non-taxation revenue	131,775	130,550	133,752	132,555	133,532
Total own-source revenues administered on behalf of Government on behalf of government	131,775	130,550	133,752	132,555	133,532
Total own-sourced income administered on behalf of Government	131,775	130,550	133,752	132,555	133,532
Net Cost of (contribution by) services	(74,930)	(76,524)	(79,660)	(77,681)	(77,703)
Surplus (Deficit)	74,930	76,524	79,660	77,681	77,703

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	14,587	14,587	14,587	14,587	14,587
Total financial assets	14,587	14,587	14,587	14,587	14,587
Non-financial assets					
Inventories	22,558	22,558	22,558	22,558	22,558
Total non-financial assets	22,558	22,558	22,558	22,558	22,558
Total assets administered on behalf of government	37,145	37,145	37,145	37,145	37,145
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	-	-	-	-	-
Total payables	-	-	-	-	-
Total liabilities administered on behalf of government	-	-	-	-	-
Net assets/(liabilities)	37,145	37,145	37,145	37,145	37,145

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services (seigniorage)	74,930	89,704	79,660	77,651	77,703
Total cash received	74,930	89,704	79,660	77,651	77,703
Net cash from or (used by) operating activities					
	74,930	89,704	79,660	77,651	77,703
Net increase or (decrease) in cash held					
	74,930	89,704	79,660	77,651	77,703
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for - special accounts	74,930	89,704	79,660	77,651	77,703
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

The Mint has no administered capital budget.

Table 3.2.11: Schedule of asset movements — administered

The Mint has no administered asset movements.

3.2.4 Notes to the financial statements

Departmental

Basis of accounting

The Mint's budgeted statements have been prepared on an accrual basis, in accordance with the historical cost convention except for some assets and liabilities that are at valuation and in accordance with:

- the Australian Government's financial budgeting and reporting framework; and
- Australian Accounting Standards.

Budgeted departmental income statement

Revenues

Revenue is derived from the production of circulating coins, the sale of numismatic coins and coin like products. The amount of revenue earned in any one-year is dependent upon the demand for such products by the Australian financial institutions and the coin collecting market.

Expenses

Employees

This includes wages and salaries, superannuation, provision for annual leave and long service leave.

Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives, using the straight-line method.

Other

Other expenses include the cost of goods sold.

Budgeted departmental balance sheet

Non-financial assets

Inventory

Inventories held for resale are at the lower of cost and net realisable value. Work in progress and finished goods are brought to account to include direct costs and a

portion of direct labour and overhead. All precious metals are purchased and brought to account at cost.

Provisions and payables

Employees

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

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

Asset valuation

Commonwealth Government agencies are required to value property, plant and equipment and other infrastructure assets using the fair value method of valuation.

Administered

Seigniorage is collected by the Mint on behalf of the Commonwealth Government. Seigniorage represents the difference between the face value of the coinage sold to the Australian financial institutions and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.