

TREASURY EXECUTIVE BOARD
ORGANISATIONAL STRATEGY PAPER

10 December 2010

**TREASURY PORTFOLIO AGENCY FINANCIAL MANAGEMENT REPORT –
OCTOBER 2010**

Recommendation/s

That the Board note the financial performance of Treasury portfolio agencies for October 2010.

KEY POINTS

[This section is removed under section 47E(d)]

- The Australian Prudential Regulation Authority (APRA) is budgeting for an operating deficit in 2010-11. The operating deficit has been approved by the Finance Minister.
- The Inspector General of Taxation has sought approval to budget for an operating loss of \$0.5m in 2010-11. As yet, this loss has not been approved.
- All other agencies are budgeting for a break even operating result or an operating surplus in 2010-11.
- There are no other significant issues with the October 2010 financial performance of Treasury portfolio agencies.

Chief Financial Officer

Distribution: Executive Board and SES

Financial implications: nil

Consultation: Treasury portfolio agencies

Timing: n/a

Communication strategy: n/a

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
AUSTRALIAN BUREAU OF STATISTICS (ABS)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	118,284	106,455	11,829	11%	354,851
Sale of goods and services	11,889	11,819	70	1%	39,391
Other income	(87)	66	(153)	-232%	220
Total Income	130,086	118,340	11,746	10%	394,462
EXPENSES					
Employee expenses	87,560	80,717	(6,843)	-8%	269,056
Supplier expenses	31,748	37,600	5,852	16%	125,341
Finance costs	33	20	(13)	-65%	65
Write down of assets	122	0	(122)	N/A	0
Total Expenses	119,463	118,337	(1,126)	-1%	394,462
NET OPERATING SURPLUS/(DEFICIT)	10,623	3	10,620	354000%	0
Below the line - Depreciation and amortisation expenses	9,341	9,883	542	5%	32,944
CAPITAL EXPENDITURE	10,045	13,403	3,358	25%	44,676

Comments:

The ABS has an operating surplus of \$10.6 million at 31 October 2010. This is mainly due to the ABS recognising appropriation revenue equally each month. However, their expenses will be significantly greater in the second half of 2010-11 due to the ramp up towards the 2011 Census.

The ABS has an underspend in capital expenditure of \$3.4 million which is due to a timing variance only.

Australian Competition and Consumer Commission (ACCC)

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
AUSTRALIAN COMPETITION AND CONSUMER COMMISSION (ACCC)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	46,256	42,253	4,003	9%	140,842
Sale of goods and services	422	150	272	181%	500
Other income	60	22	38	173%	75
Total Income	46,738	42,425	4,313	10%	141,417
EXPENSES					
Employee expenses	26,595	24,786	(1,809)	-7%	82,617
Supplier expenses	18,705	17,640	(1,065)	-6%	58,800
Total Expenses	45,300	42,426	(2,874)	-7%	141,417
NET OPERATING SURPLUS/(DEFICIT)	1,438	(1)	1,439	NA	0
Below the line - Depreciation and amortisation expenses	1,586	1,040	(546)	-53%	3,465
CAPITAL EXPENDITURE	417	762	345	45%	2,540

Comments:

There are no issues of concern.

Australian Office of Financial Management (AOFM)

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT (AOFM)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	5,299	5,087	212	4%	15,896
Other income	283	348	(65)	-19%	1,089
Total Income	5,582	5,435	147	3%	16,985
EXPENSES					
Employee expenses	1,727	2,151	424	20%	6,724
Supplier expenses	3,014	3,284	270	8%	10,261
Total Expenses	4,741	5,435	694	13%	16,985
NET OPERATING SURPLUS/(DEFICIT)	841	0	841	N/A	0
Below the line - Depreciation and amortisation expenses	105	144	39	27%	450
CAPITAL EXPENDITURE	312	80	(232)	-290%	250

Comments:

The AOFM has an operating surplus of \$0.8 million at 31 October 2010.

Actual expenses are \$0.7 million less than budget.

- Employee expenses are less than budget due to lower than planned staffing levels. The AOFM has recently recruited several officers with most commencing in January 2011.
- Supplier expenses are less than budget due to lower than expected syndication fees for the issuance of Treasury Indexed Bonds. The AOFM in its budget made an allowance for fees on an issuance of up to \$3 billion of Treasury Indexed Bonds. The AOFM issued \$1.25 billion in September 2010.

Australian Prudential Regulation Authority (APRA)

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY (APRA)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	34,693	33,760	933	3%	102,303
Sale of goods and services	1,317	1,373	(56)	-4%	4,160
Other income	529	588	(59)	-10%	1,780
Total Income	36,539	35,721	818	2%	108,243
EXPENSES					
Employee expenses	27,163	27,257	94	0%	82,596
Supplier expenses	10,091	10,811	720	7%	32,761
Depreciation and amortisation	1,387	1,448	61	4%	4,386
Finance costs	34	0	(34)	N/A	0
Write down of assets	53	0	(53)	N/A	0
Total Expenses	38,728	39,516	788	2%	119,743
NET OPERATING SURPLUS/(DEFICIT)	(2,189)	(3,795)	1,606	-42%	(11,500)
CAPITAL EXPENDITURE	1,330	1,630	300	18%	4,940

Comments:

APRA has approval to budget for an operating deficit of \$11.5 million in 2010-11, which relates to changes in the expenditure profile of their global financial crisis funding..

Australian Securities and Investments Commission (ASIC)

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION (ASIC)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	109,644	106,896	2,748	3%	319,092
Sale of goods and services	1,127	1,127	0	0%	3,362
Other income	8,296	10,623	(2,327)	-22%	31,710
Total Income	119,067	118,646	421	0%	354,164
EXPENSES					
Employee expenses	75,647	72,780	(2,867)	-4%	217,254
Supplier expenses	44,032	44,930	898	2%	134,120
Finance costs	162	168	6	4%	500
Write down of assets	54	0	(54)	N/A	0
Total Expenses	119,895	117,878	(2,017)	-2%	351,874
NET OPERATING SURPLUS/(DEFICIT)	(828)	768	(1,596)	-208%	2,290
Below the line - Depreciation and amortisation expenses	12,400	14,922	2,522	17%	44,544
CAPITAL EXPENDITURE	17,158	19,410	2,252	12%	57,941

Comments:

[This section is removed under section 47E(d)]

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
AUSTRALIAN TAXATION OFFICE (ATO)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	Budget Full Year %	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	1,004,073	1,003,895	178	0%	3,009,393
Sale of goods and services	12,957	10,316	2,641	26%	59,590
Other income	1,640	1,213	427	35%	4,055
Total Income	1,018,670	1,015,424	3,246	0%	3,073,038
EXPENSES					
Employee expenses	661,280	672,431	11,151	2%	2,060,406
Supplier expenses	324,113	326,416	2,303	1%	1,011,415
Finance costs	0	0	0	0%	0
Write down of assets	660	0	(660)	N/A	0
Income tax expense	0	0	0	0%	317
Total Expenses	986,053	998,847	12,794	1%	3,072,138
NET OPERATING SURPLUS/(DEFICIT)	32,617	16,577	16,040	97%	900
Below the line - Depreciation and amortisation expenses	41,415	41,179	(236)	-1%	115,986
CAPITAL EXPENDITURE	58,264	64,859	6,595	10%	168,949

Comments:

The ATO has an operating surplus of \$32.6 million which is greater than the budgeted surplus by \$16.0 million. The underspend is due to delays in recruitment processes. The ATO expects to finish 2010-11 in line with budget.

The ATO has an underspend in capital of \$6.6 million. The ATO intends to seek approval to move surplus capital budget funding from 2010-11 into 2011-12.

Corporations and Markets Advisory Committee (CAMAC)

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
CORPORATIONS AND MARKETS ADVISORY COMMITTEE (CAMAC)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	341	310	31	10%	1,021
Other income	5	5	0	0%	16
Total Income	346	315	31	10%	1,037
EXPENSES					
Employee expenses	182	193	11	6%	635
Supplier expenses	115	122	7	6%	401
Finance costs	0	0	0	0%	1
Total Expenses	297	315	18	6%	1,037
NET OPERATING SURPLUS/(DEFICIT)	49	0	49	NA	0
Below the line - Depreciation and amortisation expenses	3	4	1	25%	15
CAPITAL EXPENDITURE	0	6	6	0%	20

Comments:

There are no issues of concern.

Commonwealth Grants Commission (CGC)

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
COMMONWEALTH GRANTS COMMISSION (CGC)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	Budget Full Year %	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	2,430	1,770	660	37%	5,365
Sales of Goods and Services	0	3	(3)	0%	8
Other income	0	6	(6)	0%	19
Total Income	2,430	1,779	651	37%	5,392
EXPENSES					
Employee expenses	1,708	1,526	(182)	-12%	4,624
Supplier expenses	403	253	(150)	-59%	768
Total Expenses	2,111	1,779	(332)	-19%	5,392
NET OPERATING SURPLUS/(DEFICIT)	319	0	319	NA	0
Below the line - Depreciation and amortisation expenses	50	26	(24)	-92%	80
CAPITAL EXPENDITURE	109	26	(83)	-319%	80

Comments:

In 2010-11 the CGC's funding has reduced from \$7.3 million to \$5.3 million due to supplementary terms of reference funding terminating in 2009-10.

[This section is redacted under section 47E(d)]

Inspector General of Taxation (IGT)

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
INSPECTOR GENERAL OF TAXATION (IGT)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	704	711	(7)	-1%	2,134
Other Income	18	17	1	6%	52
Total Income	722	728	(6)	-1%	2,186
EXPENSES					
Employee expenses	401	436	35	8%	1,307
Supplier expenses	243	293	50	17%	879
Total Expenses	644	729	85	12%	2,186
NET OPERATING SURPLUS/(DEFICIT)	78	(1)	79	-7900%	0
Below the line - Depreciation and amortisation expenses	18	13	(5)	-38%	38
CAPITAL EXPENDITURE	0	13	13	0%	38

Comments:

- The Inspector General of Taxation has sought approval to budget for an operating loss of \$0.5m in 2010-11. As yet, this loss has not been approved, but the YTD position is a small surplus.

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
NATIONAL COMPETITION COUNCIL (NCC)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	924	832	92	11%	2,772
Other income	0	7	(7)	0%	24
Total Income	924	839	85	10%	2,796
EXPENSES					
Employee expenses	484	498	14	3%	1,658
Supplier expenses	275	342	67	20%	1,138
Finance costs	0	0	0	0%	0
Net write down of assets	0	0	0	0%	0
Total Expenses	759	840	81	10%	2,796
NET OPERATING SURPLUS/(DEFICIT)	165	(1)	166	-16600%	0
Below the line - Depreciation and amortisation expenses	33	12	(21)	-175%	40
CAPITAL EXPENDITURE	0	12	12	0%	40

Comments:

There are no issues of concern at this stage.

Office of the Auditing and Assurance Standards Board (AUASB)

TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD (AUASB)

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	YTD Variance %	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	1,106	1,106	0	0%	1,106
Sales of Goods and Services	10	10	0	0%	30
Other income	808	809	(1)	0%	1,118
Total Income	1,924	1,925	(1)	0%	2,254
EXPENSES					
Employee expenses	444	458	14	3%	1,396
Supplier expenses	192	246	54	22%	822
Finance costs	1	1	0	0%	4
Total Expenses	637	705	68	10%	2,222
NET OPERATING SURPLUS/(DEFICIT)	1,287	1,220	67	5%	32
Below the line - Depreciation and amortisation expenses	21	21	0	0%	63
CAPITAL EXPENDITURE	23	23	0	0%	45

Comments:

There are no issues of concern at this stage.

The AUASB has an actual operating surplus of \$1.3 million at 31 October 2010. This is due to the AUASB recognising their full 2010-11 appropriation in their October financial results.

Office of the Australian Accounting Standards Board (AASB)

TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
AUSTRALIAN ACCOUNTING STANDARDS BOARD (AASB)

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	3,048	3,048	0	0%	3,048
Sales of Goods and Services	93	89	4	4%	267
Other income	974	975	(1)	0%	1,273
Total Income	4,115	4,112	3	0%	4,588
EXPENSES					
Employee expenses	1,032	1,084	52	5%	3,245
Supplier expenses	308	504	196	39%	1,299
Finance costs	0	2	2	0%	6
Total Expenses	1,340	1,590	250	16%	4,550
NET OPERATING SURPLUS/(DEFICIT)	2,775	2,522	253	10%	38
Below the line - Depreciation and amortisation expenses	48	47	(1)	-2%	140
CAPITAL EXPENDITURE	44	33	(11)	-33%	100

Comments:

There are no issues of concern at this stage.

The AASB has an actual operating surplus of \$2.8 million at 31 October 2010. This is due to the AASB recognising their full 2010-11 appropriation in their October financial results.

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
PRODUCTIVITY COMMISSION (PC)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Appropriations	11,544	12,302	(758)	-6%	37,279
Sales of Goods and Services	112	3	109	3633%	10
Other income	0	11	(11)	0%	33
Total Income	11,656	12,316	(660)	-5%	37,322
EXPENSES					
Employee expenses	8,479	8,810	331	4%	26,698
Supplier expenses	2,300	3,495	1,195	34%	10,591
Finance costs	11	11	0	0%	33
Total Expenses	10,790	12,316	1,526	12%	37,322
NET OPERATING SURPLUS/(DEFICIT)	866	0	866	N/A	0
Below the line - Depreciation and amortisation expenses	324	308	(16)	-5%	935
CAPITAL EXPENDITURE	28	1,368	1,340	98%	4,145

Comments:

The PC has an actual operating surplus of \$0.9 million at 31 October 2010.

The PC expects to incur additional expenses in the second half of 2010-11 relating to the study into emissions reduction policies in key economies, for which they received additional funding in the 2010-11 MYEFO.

The PC has an underspend in capital expenditure which is due to a timing issue. Capital expenditure associated with the Melbourne office relocation will be incurred in the new year .

**TREASURY PORTFOLIO AGENCY
FINANCIAL MANAGEMENT REPORT FOR OCTOBER 2010
ROYAL AUSTRALIAN MINT (RAM)**

	Actual YTD \$'000	Budget YTD \$'000	YTD Variance \$'000	%	Budget Full Year \$'000
Departmental Income Statement					
INCOME					
Sales of Goods and Services	27,728	29,621	(1,893)	-6%	89,762
Other income	92	225	(133)	-59%	683
Total Income	27,820	29,846	(2,026)	-7%	90,445
EXPENSES					
Employee expenses	4,977	5,098	121	2%	15,449
Supplier expenses	21,548	22,580	1,032	5%	68,423
Depreciation and amortisation	1,816	1,928	112	6%	5,840
Finance costs	0	10	10	0%	29
Write down of assets	0	66	66	0%	200
Total Expenses	28,341	29,682	1,341	5%	89,941
NET OPERATING SURPLUS/(DEFICIT)	(521)	164	(685)	-418%	504
CAPITAL EXPENDITURE	0	438	438	0%	1,328

Comments:

There are no significant issues of concern at this stage.