

BUDGET

2014-15

Portfolio Budget Statements 2014-15
Budget Related Paper No. 1.16
Treasury Portfolio

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programmes by Agency

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TREASURER

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Madam Speaker

I hereby submit Portfolio Budget Statements in support of the 2014-15 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 'J. B. Hockey', with a long horizontal flourish extending to the right.

HON J. B. HOCKEY MP

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

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

Enquiries

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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 2014-15 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 in the general government sector.

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.

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

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 2014-15

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	38,804	-	88,530,428	-	88,569,232
Departmental appropriations	177,780	2,613	-	8,488	188,881
Total:	216,584	2,613	88,530,428	8,488	88,758,113
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	341,094	7,243	-	30,000	378,337
Total:	341,094	7,243	-	30,000	378,337
Australian Competition and Consumer Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	169,483	2,700	-	1,250	173,433
Total:	169,483	2,700	-	1,250	173,433
Australian Office of Financial Management					
Administered appropriations	10	-	344,799,852	-	344,799,862
Departmental appropriations	12,134	-	-	828	12,962
Total:	12,144	-	344,799,852	828	344,812,824
Australian Prudential Regulation Authority					
Administered appropriations	-	-	-	-	-
Departmental appropriations	953	108	116,020	5,471	122,552
Total:	953	108	116,020	5,471	122,552
Australian Securities and Investments Commission					
Administered appropriations	7,891	-	103,949	-	111,840
Departmental appropriations	340,689	5,950	-	2,044	348,683
Total:	348,580	5,950	103,949	2,044	460,523
Australian Taxation Office					
Administered appropriations	284	-	11,981,660	-	11,981,944
Departmental appropriations	3,342,775	25,943	-	73,572	3,442,290
Total:	3,343,059	25,943	11,981,660	73,572	15,424,234

Table 1: Portfolio resources 2014-15 (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Clean Energy Finance Corporation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	-	38,166	38,166
Total:	-	-	-	38,166	38,166
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	6,399	-	-	-	6,399
Total:	6,399	-	-	-	6,399
Corporations and Markets Advisory Committee					
Administered appropriations	-	-	-	-	-
Departmental appropriations	977	-	-	-	977
Total:	977	-	-	-	977
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,359	-	-	-	3,359
Total:	3,359	-	-	-	3,359
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,945	-	-	-	1,945
Total:	1,945	-	-	-	1,945
Office of the Auditing and Assurance Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,226	-	-	35	2,261
Total:	2,226	-	-	35	2,261
Office of the Australian Accounting Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,781	-	-	850	4,631
Total:	3,781	-	-	850	4,631
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	34,118	-	-	825	34,943
Total:	34,118	-	-	825	34,943
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	144,146	-	144,146
Total:	-	-	144,146	-	144,146
Resources available within the Treasury portfolio:					450,366,843

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 Treasury provides macroeconomic policy advice based on careful monitoring and analysis of economic conditions and prospects both in Australia and overseas, including assessment of key risks to the outlook as discussed in detail in Budget Paper No. 1, *Budget Strategy and Outlook 2014-15*.

Australia's 2014 G20 Presidency allows the Treasury to help shape the international economic agenda. The G20 accounts for 85 per cent of global GDP, and includes all of Australia's major trading and investment partners. The Treasury has expanded bilateral engagement and multilateral outreach in order to advocate Australia's G20 agenda. Under Australia's Presidency, the G20 is focusing on: promoting ambitious growth strategies for G20 members; developing strategies to promote long-term investment (including infrastructure); collectively addressing the integrity of national tax systems through initiatives around base erosion and profit shifting; working towards substantially completing the core financial regulatory reforms identified from the global financial crisis; and progressing International Monetary Fund governance reform.

The Treasury supports ongoing reform of international financial institutions (IFIs) and engagement between the IFIs, the Government and the G20 on issues of mutual interest, such as investment and infrastructure. The Treasury continues to deepen its bilateral cooperation with key strategic partners in the Asia-Pacific-Indian Ocean region.

The Treasury is implementing the Government's deregulation agenda by focusing on eliminating inefficient or unnecessary regulation that imposes unwarranted burdens on business, individuals and the community. The Treasury has established a Deregulation Division with the role of driving deregulation activity and managing the Treasury portfolio's contribution towards the Government's red tape reduction target.

Department of the Treasury Budget Statements

The Treasury will continue to support the Government's fiscal strategy through advice on effective government spending, taxation and retirement income arrangements, as well as debt management policy.

The Treasury will continue to advise the Government on infrastructure, industry, regional, agriculture, environment, defence and national security issues, and social policy including income support, disability support, education, health, aged care, skills, employment, labour market, social services, Indigenous and immigration matters. The Treasury will also advise on federal financial relations arrangements, including working with state and territory governments.

As a result of the Administrative Arrangements Orders of 18 September 2013, the Treasury has taken the lead in advising Government on whole-of-government policy settings to support the efficient operation of the Australian small business sector.

In 2014-15, the Treasury will assist the Government to implement its tax agenda. This will involve consulting with stakeholders, analysing the regulatory impact as well as the economic and social effects of taxation policy proposals, and providing revenue forecasts and costings of taxation policies. The Treasury will also instruct parliamentary counsel on the design of taxation laws and support the passage of legislation through Parliament.

The Treasury will support the Government in its preparation of a tax White Paper. The Treasury will also continue to support the work on improvements to the international tax framework as part of the G20.

Continued support for Australia's productivity and international competitiveness, including through sound deregulatory and competition reforms will remain a priority. 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.

Advice will be provided 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 international developments and prudential frameworks applying to banks, insurers and superannuation funds. Advice will also be provided on appropriate regulatory frameworks for securities markets, financial advice, disclosure requirements, corporate governance and funds management arrangements. In particular, the Treasury will support the Government to identify and implement appropriate recommendations from the Financial System Inquiry expected to report in November 2014.

The Treasury will 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 with its ongoing programme of organisational reform through its response to the Australian Public Service Commission Capability Review, as well as ongoing work with respect to both the Strategic Review and Progressing Women.

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 2014-15 as at Budget May 2015

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	60,384 ⁵	-		60,384	-
Departmental appropriation ³	-	177,780 ¹		177,780	176,769
Receipts from other sources (s31)	-	8,488 ⁴		8,488	8,266
Total departmental	60,384	186,268		246,652	185,035
Administered expenses					
Outcome 1	-	38,804 ¹		38,804	8,805,808
Payment to CAC bodies	-	-		-	8,000
Total administered expenses	-	38,804		38,804	8,813,808
Total ordinary annual services	A 60,384	225,072		285,456	8,998,843
Other services					
Departmental non-operating					
Equity injections	-	2,613 ²		2,613	1,775
Total	-	2,613		2,613	1,775
Administered non-operating					
Administered assets and liabilities					
Outcome 1	-	-		-	47,518
Total	-	-		-	47,518
Total other services	B -	2,613		2,613	49,293
Total available annual appropriations (A+B)	60,384	227,685		288,069	9,048,136
Special appropriations					
Asian Development Bank (Additional Subscription) Act 2009	-	17,499		17,499	16,510
Federal Financial Relations Act 2009	-	72,271,989		72,271,989	70,344,924
International Monetary Agreements Act 1947	-	1,950,856		1,950,856	270,338
Total special appropriations	C -	74,240,344		74,240,344	70,631,772
Total appropriations excluding special accounts (A+B+C)	60,384	74,468,029		74,528,413	79,679,908

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2014-15 as at Budget May 2014 (continued)

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Special accounts						
Opening balance ⁶	871,219		-		871,219	-
Appropriation receipts to special accounts	-		-		-	2,000,000
Non-appropriation receipts to special accounts	-		14,290,084		14,290,084	16,013,713
Total special account	D 871,219		14,290,084		15,161,303	18,013,713
Total resourcing (A+B+C+D)	931,603		88,758,113		89,689,716	97,693,621
Less appropriation drawn from annual or special appropriations and/or CAC Act bodies through annual appropriations credited to special accounts	-		-		-	2,008,000
Total net resourcing for the Treasury	931,603		88,758,113		89,689,716	95,685,621

1. Appropriation Bill (No. 1) 2014-15.
2. Appropriation Bill (No. 2) 2014-15.
3. Includes \$5.4 million in 2014-15 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 2014-15* and are summarised below.

Table 1.2: Department of the Treasury 2014-15 Budget measures

	2013-14 Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Addressing insurance costs in North Queensland - establishment of an insurance comparison website	1.1	-	nfp	nfp	nfp	nfp
Australian Reinsurance Pool Corporation - assess future options	1.1	-	1,204	-	-	-
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(443)	(765)	(1,115)	(1,125)
Brisbane Cross River Rail and Melbourne Metro Projects Advisory Board - cessation	1.1	-	(1,600)	-	-	-

Table 1.2: Department of the Treasury 2014-15 Budget measures (continued)

	2013-14	2014-15	2015-16	2016-17	2017-18	
Programme	\$'000	\$'000	\$'000	\$'000	\$'000	
Expense measures (continued)						
Official Development Assistance - reprioritised funding	1.1	(163)	(183)	(260)	(260)	(260)
Small Business and Family Enterprise Ombudsman	1.1	-	2,000	2,000	2,000	2,000
Migration Programme - allocation of places for 2014-15	1.4	(1,763)	(5,998)	(11,306)	(16,967)	(22,818)
Reintroduction of fuel excise indexation	1.4	-	10,000	20,000	40,000	60,000
Addressing insurance costs in North Queensland	1.10	(37,165)	(32,447)	6,250	3,125	-
Adelaide Festival Centre - support for Asian cultural activities - cessation	1.10	(460)	(460)	(460)	(460)	-
Australian Government Commonwealth Games Funding Commitment	1.10	156,000	-	-	-	-
Certain Concessions for Pensioners and Seniors Card Holders	1.10	-	(303,571)	(314,422)	(326,560)	(337,574)
Child Care: Neighbourhood Model Occasional Care - reinstatement	1.10	-	3,075	3,124	3,174	3,228
Commonwealth Public Hospitals - change to funding arrangements	1.10	-	(217,254)	(260,468)	(133,375)	(1,162,768)
Disaster relief - New South Wales and Victorian bushfires	1.10	1,000	-	-	-	-
Exotic Disease Preparedness Programme - cessation	1.10	-	(430)	(438)	(438)	(447)
Full implementation of National Bowel Cancer Screening	1.10	-	-	235	4,747	6,352
Improving local access to health care on Phillip Island	1.10	-	2,500	-	-	-
Indigenous teenage sexual and reproductive health and young parent support - continuation	1.10	-	25,500	-	-	-
Industry Skills Fund - establishment	1.10	7,909	(26,668)	-	-	-

Table 1.2: Department of the Treasury 2014-15 Budget measures (continued)

		2013-14	2014-15	2015-16	2016-17	2017-18
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures (continued)						
Infrastructure Growth Package						
- addition to the Infrastructure Investment Programme for new investments	1.10	1,000,000	201,700	660,300	969,200	519,300
- Asset Recycling initiative - establishment	1.10	-	335,000	1,278,000	1,285,000	1,007,000
- Western Sydney Infrastructure Plan - Road Funding	1.10	-	103,000	210,200	351,600	530,900
International Tourism - Demand Driver Infrastructure	1.10	-	11,029	10,675	10,675	10,675
National Bushfire Mitigation Programme	1.10	-	5,000	5,000	5,000	-
National Partnership Agreement for adult public dental services - deferral	1.10	-	(200,000)	(95,000)	(95,000)	-
National Partnership Agreement on Homelessness - extension	1.10	-	115,000	-	-	-
National Partnership Agreement on Improving Public Hospital Services - cessation	1.10	-	-	(99,489)	(99,489)	(2,039)
National Partnership Agreement on Preventive Health - cessation	1.10	-	(53,512)	(53,512)	(130,412)	(130,512)
National Rental Affordability Scheme - discontinue incentive allocations	1.10	-	-	-	-	-
Northern Territory Medical Programme - continuation	1.10	-	(2,286)	(2,323)	(2,365)	(2,409)
Pharmaceutical Benefits Scheme - price amendments	1.10	140	579	591	623	630
Port Arthur Penitentiary restoration - contribution	1.10	-	1,500	-	-	-
Schools Security Programme	1.10	-	-	-	-	-
Smaller Government - Department of Infrastructure and Regional Development - savings	1.10	(61,551)	(24,540)	(51,860)	(2,500)	-
Support to Drought Affected Farmers	1.10	5,000	17,000	-	-	-
Whale and Dolphin Protection Plan - establishment	1.10	-	276	84	224	-

Table 1.2: Department of the Treasury 2014-15 Budget measures (continued)

	2013-14	2014-15	2015-16	2016-17	2017-18
Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Related capital					
Addressing insurance costs in					
North Queensland -					
establishment of an					
insurance comparison					
website	1.1	-	nfp	nfp	nfp
Efficiency Dividend - a further					
temporary increase of					
0.25 per cent	1.1	-	(14)	(27)	(41)
					(42)
Revenue measures					
Australian Reinsurance Pool					
Corporation - assess future					
options	1.1	-	37,500	37,500	37,500
					112,500

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The Treasury's outcome is described below, specifying the strategy, programme objectives, programme 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. More specifically the Treasury provides 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, defence and, social and income support policy;
- policies that promote well regulated, competitive and efficient infrastructure;
- 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;

- policy settings to support the efficient operation of the Australian small business sector;
- policies that help to improve Australia's productivity by reducing the regulatory burden imposed on businesses, individuals and the community;
- 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 Programmes 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Department of the Treasury		
Departmental expenses		
Departmental appropriations	175,468	179,266
Special accounts	1,269	1,629
Expenses not requiring appropriation	8,786	9,797
Administered expenses		
Other services (Appropriation Bill No. 1)	8,801,133	465
Expenses not requiring appropriation	150,000	-
Total for Programme 1.1	9,136,656	191,157
Programme 1.2: Payments to International Financial Institutions		
Administered expenses		
Other services (Appropriation Bill No. 1)	-	36,664
Special appropriations	453,007	6,849
Total for Programme 1.2	453,007	43,513
Programme 1.3: Support for Markets and Business		
Administered expenses		
Other services (Appropriation Bill No. 1)	4,675	1,675
Payment to CAC bodies	8,000	-
Total for Programme 1.3	12,675	1,675
Programme 1.4: General Revenue Assistance		
Administered expenses		
Special appropriations	50,720,000	53,710,000
Special accounts	1,335,790	1,151,386
Total for Programme 1.4	52,055,790	54,861,386

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
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		
Programme 1.5: Assistance to the States for Healthcare Services		
Administered expenses		
Special appropriations	13,844,523	15,115,544
Total for Programme 1.5	13,844,523	15,115,544
Programme 1.6: Assistance to the States for Government Schools		
Administered expenses		
Special appropriations	2,080,342	-
Total for Programme 1.6	2,080,342	-
Programme 1.7: Assistance to the States for Skills and Workforce Development		
Administered expenses		
Special appropriations	1,408,969	1,435,176
Total for Programme 1.7	1,408,969	1,435,176
Programme 1.8: Assistance to the States for Disabilities Services		
Administered expenses		
Special appropriations	1,333,917	1,398,198
Total for Programme 1.8	1,333,917	1,398,198
Programme 1.9: Assistance to the States for Affordable Housing		
Administered expenses		
Special appropriations	1,282,683	1,305,771
Total for Programme 1.9	1,282,683	1,305,771
Programme 1.10: National Partnership Payments to the States		
Administered expenses		
Special accounts	12,673,649	9,764,387
Total for Programme 1.10	12,673,649	9,764,387
Outcome 1 Totals by appropriation type		
Administered expenses		
Other services (Appropriation Bill No. 1)	8,805,808	38,804
Special appropriations	71,123,441	72,971,538
Special accounts	14,009,439	10,915,773
Payment to CAC bodies	8,000	-
Expenses not requiring appropriation	150,000	-
Departmental expenses		
Departmental appropriations	175,468	179,266
Special accounts	1,269	1,629
Expenses not requiring appropriation	8,786	9,797
Total expenses for Outcome 1	94,282,211	84,116,807
	2013-14	2014-15
Average staffing level (number)¹	899	884

1. The 2014-15 ASL figure reflects the full year impact of the small business policy function that was transferred to the Treasury following the 2013 election (48 ASL).

Contributions to Outcome 1

Programme 1.1: Department of the Treasury

Programme 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 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 and competitive financial system and sound corporate practices, a reduced regulatory burden on businesses, individuals and the community, and foreign investment consistent with Australia's national interest and the development of an efficient small business sector.

Programme expenses

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

Table 2.2: Programme 1.1 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Departmental expenses					
Departmental items	156,622	163,995	156,930	153,501	154,854
Australia to host the Group of 20 in 2014	20,115	16,900	768	-	-
Expenses not requiring appropriation	8,786	9,797	8,217	6,886	7,478
Total departmental expenses	185,523	190,692	165,915	160,387	162,332
Administered expenses					
Grant to the Reserve Bank of Australia	8,800,000	-	-	-	-
Other	1,133	465	486	601	1,078
Expenses not requiring appropriation	150,000	-	-	-	-
Total administered expenses	8,951,133	465	486	601	1,078
Total programme expenses	9,136,656	191,157	166,401	160,988	163,410

Programme deliverables

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

Macroeconomic Group

In 2014-15, 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 host G20 Finance Ministers' and Central Bank Governors' meetings as part of Australia's 2014 host year. 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.

Macroeconomic Group will continue its bilateral cooperation with a number of strategically important regional partners in the Asia-Pacific-Indian Ocean region.

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

Fiscal Group

In 2014-15, Fiscal Group will provide advice on:

- fiscal strategy, with the aim of ensuring 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 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 2014-15, Revenue Group will provide advice on:

- the regulatory effects and costs of taxation policy proposals;
- implementation of the Government's taxation and retirement income reform agenda including decisions in the Government's 2014-15 Budget;
- supporting the Government's deliberations on the longer term reform direction for Australia's tax system, including through commencing preparation of a tax White Paper;
- Australia's participation in international forums, including the Organisation for Economic Co-operation and Development, 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 2014-15, Markets Group will provide advice on:

- implementation of the Government's election commitments in relation to the small business sector (including the establishment of the Small Business and Family Enterprise Ombudsman) and the Government's deregulation and competition reform agendas;
- Australia's financial system and services regulatory policy framework including: measures to promote competition and efficiency in the financial system; availability and access of financial services; prudential and other regulatory (governance, disclosure, conduct and licencing) frameworks applying to authorised deposit-taking institutions, capital market operators, insurance and superannuation entities; managed investment schemes; financial service providers; the payments system; all aspects of regional integration for financial services, including the Asia Region Funds Passport; agency problems in corporations; and reforms arising from the Government's Financial System Inquiry;
- a range of policy issues that support the efficient allocation of capital and management of risk including advice on international developments, corporate

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governance, and financial market infrastructure and prudential frameworks applying to the banking sector, insurers, and superannuation and managed funds;

- the competition and consumer policy framework;
- foreign investment issues including assessing foreign investment proposals; and
- actuarial matters through the Australian Government Actuary which provides actuarial services to the Government, the Treasury and other agencies.

Markets Group will also provide secretariat support to the Financial System Inquiry and the Competition Policy Review.

Corporate Services and Strategy Group

In 2014-15, Corporate Services and Strategy Group will:

- continue to deliver high quality and valued corporate advice and services to the department and to Treasury Ministers;
- assist in setting and delivering the corporate strategic direction; and
- continue to improve behavioural and organisational change through the Australian Public Service Commission Capability Review and Progressing Women agendas.

Programme key performance indicators

The Treasury has the following key performance indicators:

- advice meets the Government's needs in administering its responsibilities and making and implementing decisions. Advice is timely, of high quality, and is based on an objective and thorough understanding of issues and a whole-of-government perspective. The degree of client satisfaction with the quality and timeliness of the advice provided is assessed through formal and informal feedback mechanisms;
- timely, high-quality, accurate and transparent Budget, Mid-Year Economic and Fiscal Outlook and Final Budget Outcome documents that meet the expectations of the Government, the Parliament and the public. The budget preparation and coordination process is subject to an annual evaluation;
- published reports and other information stimulate and inform government and public debate through robust analysis, modelling and research. Publications are timely, high quality and widely available to the public; and
- legislation progressed by the Treasury is in accordance with the principles of good law design and is delivered according to government priorities.

Programme 1.2: Payments to International Financial Institutions

Programme objective

Payments are made to the International Monetary Fund (IMF), under the *International Monetary Agreements Act 1947*, to promote international monetary cooperation, stability of the international financial system 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 also made to multilateral development banks to which Australia is a member, specifically the World Bank Group, the Asian Development Bank and the European Bank for Reconstruction and Development, as required, to facilitate the achievement of government objectives in international forums, including support for development objectives through the multilateral development banks, and multilateral debt relief.

Programme 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: Programme 1.2 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Contribution to the Poverty Reduction and Growth Trust	-	36,664	-	-	-
Special appropriations					
<i>International Monetary Agreements Act 1947</i>	453,007	6,849	6,915	6,958	7,082
Total programme expenses	453,007	43,513	6,915	6,958	7,082

Programme deliverables

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

Programme key performance indicators

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

Programme 1.3: Support for Markets and Business

Programme 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. Payments are not classified as expenses and therefore do not appear in Table 2.4. The HIH Claims Support Scheme is now focused on winding-up the claims portfolio.

Programme expenses

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

Table 2.4: Programme 1.3 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Administered expenses					
Annual appropriations					
Centre for International Finance and Regulation	4,000	1,000	-	-	-
Housing Loan Insurance Company Limited - payments in respect of insurance claims	675	675	675	675	-
Payment to CAC Act bodies - CEFC	8,000	-	-	-	-
Total administered expenses	12,675	1,675	675	675	-
Total programme expenses	12,675	1,675	675	675	-

Programme 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.

Programme 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.

Programme 1.4: General revenue assistance

Programme 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 programme are linked to the Industry portfolio. Also refer to Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Table 2.5: Programme 1.4 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial Relations Act 2009</i>	50,720,000	53,710,000	57,020,000	60,440,000	63,810,000
Special accounts					
COAG Reform Fund					
ACT Municipal Services	37,311	37,983	38,629	39,324	40,032
Reduced Royalties	72,814	54,871	56,915	61,488	56,156
Royalties	1,149,656	983,532	974,533	981,777	928,202
Taxation Compensation in Respect of Snowy Hydro Limited	76,009	75,000	75,000	75,000	75,000
Total programme expenses	52,055,790	54,861,386	58,165,077	61,597,589	64,909,390

Programme 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*.

Programme 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 to the States and Territories on a monthly, quarterly and annual basis, and will maintain a schedule of estimates of annual net GST receipts, in accordance with the requirements of the *Intergovernmental Agreement on Federal Financial Relations*.

Programme 1.5: Assistance to the States for healthcare services

Programme objective

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

In 2013-14, National Health Reform funding is set to the amount that would have been previously payable through the former National Healthcare SPP.

From July 2014 to June 2017, National Health Reform funding will be linked to the level of services delivered by public hospitals as provided under the *National Health Reform Agreement*. During this period, each State and Territory's entitlement will be directly linked to the activity level of services provided in a jurisdiction. The Australian Government has announced that from 2014-15 the funding guarantees under the *National Health Reform Agreement* will cease.

National Health Reform funding is paid into a National Health Funding Pool. The Administrator of the National Health Funding Pool, jointly established by the Commonwealth and the States, is responsible for: calculating the Commonwealth funding amount for public hospitals and advising the Treasurer of this amount; and making payments from the National Health Funding Pool.

From 1 July 2017, the Commonwealth will index its public hospitals funding by the Consumer Price Index and population growth.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Table 2.6: Programme 1.5 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
National Health Reform funding - <i>Federal Financial Relations Act 2009</i>	13,844,523	15,115,544	16,551,316	18,094,856	-
Public hospitals funding - <i>Federal Financial Relations Act 2009</i>	-	-	-	-	18,872,141
Total programme expenses	13,844,523	15,115,544	16,551,316	18,094,856	18,872,141

Programme deliverables

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

Programme key performance indicators

The Commonwealth Treasury will transfer to the National Health Funding Pool the amount of Commonwealth funding to which each State and Territory (including Local Hospital Networks in each jurisdiction) is entitled, 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 National Health Reform funding in the healthcare sector. Each State and Territory Treasurer will provide a report to the *Council on Federal Financial Relations* demonstrating expenditure of National Health Reform funding within the sector is in accordance with the *Intergovernmental Agreement on Federal Financial Relations* and the *National Health Reform Agreement*.

Programme 1.6: Assistance to the States for schools

Programme objective

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

From January 2014, the National Schools SPP was replaced by Students First funding, which is provided for under the *Australian Education Act 2013* and is reported in the Education portfolio. The non-government schools component of the National Schools SPP to December 2013 also appears in the Education portfolio.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Table 2.7: Programme 1.6 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
National Schools SPP - Government schools <i>Federal Financial Relations Act 2009</i>	2,080,342	-	-	-	-
Total programme expenses	2,080,342	-	-	-	-

Programme deliverables

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

Programme 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 components) 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 *Council on Federal Financial Relations* demonstrating expenditure of the National Schools SPP within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*.

Programme 1.7: Assistance to the States for skills and workforce development

Programme objective

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

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Table 2.8: Programme 1.7 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
National Skills and Workforce Development SPP - <i>Federal Financial Relations Act 2009</i>	1,408,969	1,435,176	1,460,005	1,487,161	1,514,599
Total programme expenses	1,408,969	1,435,176	1,460,005	1,487,161	1,514,599

Programme deliverables

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

Programme 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 *Council on 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*.

Programme 1.8: Assistance to the States for disability services

Programme objective

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

Since 2011-12, an adjustment has been 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. Estimates of this are not published below as negotiations are still being finalised.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Table 2.9: Programme 1.8 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations Act 2009</i>	1,333,917	1,398,198	1,454,901	1,513,751	1,580,338
Changed roles and responsibilities - adjustment to achieve budget neutrality	nfp	nfp	nfp	nfp	nfp
Total programme expenses	1,333,917	1,398,198	1,454,901	1,513,751	1,580,338

Programme deliverables

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

Programme 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 *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*

Programme 1.9: Assistance to the States for affordable housing

Programme objective

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

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Table 2.10: Programme 1.9 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations Act 2009</i>	1,282,683	1,305,771	1,327,969	1,351,873	1,376,206
Total programme expenses	1,282,683	1,305,771	1,327,969	1,351,873	1,376,206

Programme deliverables

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

Programme 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 *Council on Federal Financial Relations* demonstrating expenditure of the

National Affordable Housing SPP within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*.

Programme 1.10: National Partnership Payments to the States

Programme 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 programme is linked to the Agriculture portfolio; Attorney-General’s portfolio; Defence portfolio; Education portfolio; Environment portfolio; Finance portfolio; Foreign Affairs and Trade portfolio; Health portfolio; Industry portfolio; Infrastructure and Regional Development portfolio; Prime Minister and Cabinet portfolio; and Social Services portfolio. Also refer to Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2014-15*.

Table 2.11: Programme 1.10 expenses

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special accounts						
COAG Reform Fund						
Agriculture portfolio						
Assistance for water infrastructure and pest management in drought-affected areas	1.2	5,000	17,000	-	-	-
Assistance to farm businesses for water-related infrastructure	1.2	10,128	-	-	-	-
Pest and disease preparedness and response programmes						
- Animal and plant pest and disease eradication	2.2	17,927	10,897	11,369	11,653	13,117
- Exotic disease preparedness	2.2	423	-	-	-	-

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Agriculture portfolio (continued)						
Pilot of drought reform measures in Western Australia	1.11	1,157	-	-	-	-
South Australian River Murray Sustainability Programme - irrigation industry assistance component	1.2	9,000	17,000	28,000	39,500	16,500
Total		43,635	44,897	39,369	51,153	29,617
Attorney-General's portfolio						
Australian Capital Territory emergency services	1.6	4,000	-	-	-	-
Bushfire mitigation	1.6	-	5,000	5,000	5,000	-
Legal assistance services	1.3	200,550	204,362	207,838	211,578	214,963
Natural Disaster Relief and Recovery Arrangements	1.6	182,943	97,845	18,024	-	-
Natural disaster resilience	1.6	17,618	39,150	26,100	26,100	nfp
Total		405,111	346,357	256,962	242,678	214,963
Defence portfolio						
School Pathways Programme	1.3	1,287	1,287	-	-	-
Total		1,287	1,287	-	-	-
Education portfolio						
Assistance to Tasmania to implement national policy reforms	2.1	30,000	-	-	-	-
Improving literacy and numeracy - Government Schools	2.1	62,645	-	-	-	-
Improving literacy and numeracy - Non-Government Schools	2.2	18,129	-	-	-	-
Independent Public Schools	2.1	10,000	20,000	20,000	20,000	-
More support for students with disabilities - Government Schools	2.6	61,620	46,357	-	-	-
National Occasional Care Programme	1.4	-	3,075	3,124	3,174	3,228
National quality agenda for early childhood education and care	1.4	19,080	19,080	nfp	nfp	nfp

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Education portfolio (continued)						
Smarter schools						
- Improving teacher quality	2.1	173,814	-	-	-	-
- Low socio-economic status school communities	2.8	140,888	-	-	-	-
TAFE fee waivers for childcare qualifications	1.4	21,213	11,496	-	-	-
Trade training centres in schools - government schools	2.4	69,115	69,131	52,218	-	-
Universal access to early childhood education	1.4	407,000	234,900	nfp	-	-
Youth attainment and transitions						
- Maximising engagement, attainment and successful transitions	2.7	18,751	-	-	-	-
- Year 12 attainment and transitions	2.7	28,231	-	-	-	-
Total		1,060,486	404,039	75,342	23,174	3,228
Environment portfolio						
Coal seam gas and large coal mining development	4.1	19,700	-	-	-	-
Great Artesian Basin Sustainability Initiative	4.1	15,832	-	-	-	-
Implementation of the Tasmanian Forests Intergovernmental Agreement	1.1	12,479	13,020	12,769	10,002	10,253
Implementing water reform in the Murray-Darling Basin	4.1	13,500	20,000	20,000	20,000	20,000
National Urban Water and Desalination Plan	4.1	5,590	1,550	-	-	-
National Water Security Plan for Cities and Towns	4.1	18,839	10,110	2,945	-	-
Port Arthur Penitentiary restoration	1.4	-	1,500	-	-	-
South Australian River Murray Sustainability Programme - irrigation efficiency and water purchase components	4.1	14,000	29,000	45,000	23,500	8,500

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Environment portfolio (continued)						
Sustainable Rural Water Use and Infrastructure Programme	4.1	363,800	453,006	530,919	388,291	147,899
Whale and dolphin entanglements	1.4	-	276	84	224	-
Total		463,740	528,462	611,717	442,017	186,652
Finance portfolio						
Provision of fire services		18,352	18,995	19,660	20,347	21,059
Total		18,352	18,995	19,660	20,347	21,059
Foreign Affairs and Trade portfolio						
Developing demand-driver infrastructure for tourism industry	1.14	-	11,029	10,675	10,675	10,675
Total		-	11,029	10,675	10,675	10,675
Health portfolio						
2018 Gold Coast						
Commonwealth Games	10.1	156,000	-	-	-	-
Adult public dental services	3.6	-	-	200,000	295,000	390,000
Albury-Wodonga Cardiac Catheterisation Laboratory	7.5	-	5,000	-	-	-
Bright Hospital - feasibility study	7.5	-	100	50	-	-
Canberra Hospital - dedicated paediatric emergency care	7.5	-	5,000	-	-	-
Cancer Support Clinic in Katherine	7.5	-	500	-	-	-
Construction of Palmerston Hospital	7.5	-	20,000	20,000	-	-
Essential vaccines	1.3	249,520	235,773	234,429	241,450	238,668
Expansion of the BreastScreen Australia programme	1.1	5,463	11,862	13,467	15,641	-
Financial assistance for long stay older patients	4.1	78,231	-	-	-	-
Health and Hospitals Fund						
- Hospital infrastructure and other projects of national significance	7.5	98,180	66,400	600	-	-
- National cancer system	7.5	125,259	117,515	55,391	-	4,600
- Regional priority round	7.5	235,483	494,149	251,660	52,410	4,769

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Health portfolio (continued)						
Health care grants for the Torres Strait Health Services	4.1	4,459	4,519	4,600	4,671	-
- National antimicrobial utilisation surveillance programme	7.4	150	-	-	-	-
- Northern Territory medical school - funding contribution	8.2	2,250	-	-	-	-
Hepatitis C settlement fund	7.6	713	726	740	-	-
Improving ear health services for Indigenous Australian children	5.3	677	-	-	-	-
Improving Health Services in Tasmania						
- Better access to community based palliative care services component	4.1	1,790	1,700	1,700	-	-
- Cradle Coast Connected Care clinical repository component	7.1	250	250	250	-	-
- Improving Patient Pathways through clinical and system redesign component	4.1	6,936	5,087	5,135	-	-
- Innovative flexible funding for mental health component	5.4	1,050	1,025	1,025	-	-
- Reducing elective surgery waiting lists in Tasmania component	4.1	8,345	7,119	6,228	-	-
Improving local access to health care on Phillip Island	7.5	-	2,500	-	-	-
Improving Public Hospital Services						
- Flexible funding pool for emergency departments, elective surgery and subacute care	4.1	1,073	-	-	-	-
- National elective surgery target						
- Capital funding	4.1	1,244	-	-	-	-
- Facilitation and reward funding	4.1	20,637	nfp	-	-	-

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Health portfolio (continued)						
Improving Public Hospital Services (continued)						
- National emergency access target						
	4.1	1,941	-	-	-	-
- Facilitation and reward funding						
	4.1	10,095	nfp	-	-	-
- New subacute beds guarantee funding						
	4.1	632,500	-	-	-	-
Improving trachoma control services for Indigenous Australians						
	5.3	4,392	4,079	4,161	4,244	4,329
Indigenous early childhood development - antenatal and reproductive health						
	5.3	24,363	31,454	-	-	-
National Bowel Cancer Screening Programme - participant follow-up function						
	1.1	1,832	1,866	2,420	4,747	6,352
National Coronial Information System						
	1.2	424	440	-	-	-
National Perinatal Depression Initiative						
	5.4	10,810	8,200	8,200	8,200	-
Oncology Day Treatment Centre at Frankston Hospital						
	7.5	-	350	300	-	-
OzFoodNet						
	9.1	1,664	1,693	1,723	1,756	-
Preventive health Healthy children and workers						
	1.1	53,512	-	-	-	-
Public hospital system - additional funding						
	4.1	170,501	-	-	-	-
Redevelopment of the Royal Victorian Eye and Ear Hospital						
	7.5	-	50,000	50,000	-	-
Reducing acute rheumatic heart fever among Indigenous children						
	5.3	2,938	3,036	3,074	2,724	-
Renal dialysis services in Central Australia						
	5.3	1,700	1,700	-	-	-
Royal Darwin Hospital - equipped, prepared and ready						
	9.1	15,007	15,307	15,476	15,771	-
Stronger Futures in the Northern Territory - Hearing health services component						
	5.3	2,816	3,184	3,114	3,255	3,402
- Oral health services component						
	5.3	2,564	2,604	2,535	2,650	2,769

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Health portfolio						
(continued)						
Supporting National Mental Health Reform	5.4	50,603	51,560	45,251	-	-
Torres Strait health protection strategy - mosquito control	9.1	942	958	973	992	-
Torres Strait health protection strategy - Saibai Island health clinic	5.3	500	500	-	-	-
Treating more public dental patients	3.6	155,200	119,600	-	-	-
Upgrade of Ballina Hospital	7.5	-	1,900	2,600	-	-
Upgrade of the Casino and District Memorial Hospital	7.5	-	3,000	-	-	-
Vaccine-preventable diseases surveillance	7.4	795	814	830	845	-
Victorian cytology service	1.1	8,472	8,897	9,350	9,819	-
Warrnambool Integrated Cancer Care Centre	7.5	-	10,000	-	-	-
Total		2,151,281	1,300,367	945,282	664,175	654,889
Industry portfolio						
Building Australia's Future Workforce						
- Skills reform	1.4	238,351	377,212	377,439	516,328	-
- Training places for single and teenage parents	1.4	26,668	-	-	-	-
Environmental management of the former Rum Jungle Mine site	3.4	3,355	3,911	4,295	-	-
Industry and Indigenous Skills Centres	1.4	879	-	-	-	-
Commonwealth/State and Territory joint group training programme	1.4	10,511	-	-	-	-
National Solar Schools Programme	3.5	17,951	-	-	-	-
Total		297,715	381,123	381,734	516,328	-
Infrastructure and Regional Development portfolio						
Building Australia Fund						
- Rail	1.1	1,128,000	331,000	232,100	-	-
- Road	1.1	70,990	48,100	-	-	-
Centenary of Canberra 2013						
- A gift to the national capital	4.1	-	10,000	-	-	-
- Joint national programme	4.1	991	-	-	-	-

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Infrastructure and Regional Development portfolio (continued)						
Community Infrastructure						
Grants - Glenbrook precinct upgrade	3.1	820	-	-	-	-
Infrastructure Growth						
Package - Asset Recycling Fund						
- New investments	1.1	-	201,700	660,300	969,200	519,300
- Western Sydney Infrastructure Plan	1.1	-	103,000	210,200	351,600	530,900
Infrastructure Investment Programme						
- Black spot projects	1.1	64,500	60,000	60,000	60,000	60,000
- Heavy vehicle safety and productivity	1.1	40,000	48,000	40,000	40,000	40,000
- Improving the national network	1.1	773	-	-	-	-
- Investment						
- Rail	1.1	332,661	353,734	124,200	23,500	24,600
- Road	1.1	4,279,583	3,005,930	3,973,430	5,311,550	2,779,950
- Off-network projects						
- Rail	1.1	87,121	115,890	219,000	160,100	3,000
- Road	1.1	104,780	442,400	354,329	395,383	222,600
Interstate road transport	2.2	77,004	77,004	77,004	77,004	77,004
Latrobe Valley economic diversification	3.1	1,400	1,300	650	-	-
Liveable communities	1.1	5,020	-	-	-	-
Managed motorways	1.1	20,800	9,420	-	-	-
Murray-Darling Basin regional economic diversification programme	3.1	10,000	32,493	30,519	24,683	-
South Australian River Murray Sustainability Programme Regional economic development component	3.1	7,000	9,000	7,000	2,000	-
Total		6,231,443	4,848,971	5,988,732	7,415,020	4,257,354
Prime Minister and Cabinet portfolio						
2014 G20 leaders' summit security	1.1	83,500	65,000	-	-	-
Indigenous early childhood development - children and family centres	2.2	78,024	-	-	-	-
Remote Indigenous Housing	2.5	541,078	485,600	368,176	411,729	447,627

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Prime Minister and Cabinet portfolio (continued)						
Remote Indigenous public internet access	2.4	2,105	2,150	2,191	2,237	2,284
Seamless National Economy	1.1	41,847	-	-	-	-
Stronger Futures in the Northern Territory						
- Alice Springs Transformation Plan	2.3	4,653	4,179	1,800	-	-
- Building a quality school workforce						
- Additional teachers	2.2	11,249	22,925	23,360	17,924	18,264
- Quality teaching	2.2	6,275	12,550	12,550	12,550	12,550
- Teacher housing	2.2	2,392	3,813	4,467	5,724	5,867
- Child, youth, family and community wellbeing	2.3	13,644	11,326	11,629	11,930	3,118
- Community safety and justice	2.3	40,346	35,017	35,788	34,797	35,569
- Expansion of the school enrolment and attendance measure	2.2	2,338	2,304	2,191	2,255	2,128
- Housing	2.3	51,194	55,873	52,292	46,196	47,421
- Mobile Outreach Service Plus	2.5	4,386	4,474	4,563	4,770	4,985
- Municipal and essential services	2.5	15,360	20,879	21,360	21,851	22,332
- Remote engagement and coordination	2.4	4,214	4,181	3,715	3,513	3,533
- Tackling alcohol abuse	2.3	3,773	3,970	3,973	3,973	4,081
Total		906,378	734,241	548,055	579,449	609,759
Social Services portfolio						
Assisting preparation towards the trial of the National Disability Insurance Scheme	5.2	7,128	4,316	616	-	-
Certain concessions for pensioners and senior card holders						
- Certain concessions for pensioners	1.7	279,685	-	-	-	-
- National reciprocal transport concessions	1.5	12,500	-	-	-	-

Table 2.11: Programme 1.10 expenses (continued)

	Agency PBS Programme	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Social Services portfolio (continued)						
Home and Community Care	3.2	540,979	586,445	nfp	nfp	nfp
Homelessness	4.1	154,913	115,000	-	-	-
Pay equity for the social and community services sector	2.3	82,373	84,863	107,716	158,400	197,714
Component of perinatal depression initiative	2.3	61	-	-	-	-
Payments from the DisabilityCare Australia Fund	5.2	-	-	73,900	188,500	298,000
Transitioning responsibilities for aged care and disability services - Specialist disability services	3.3	nfp	nfp	nfp	nfp	nfp
Trial of My Way sites	5.2	-	11,842	43,172	-	-
Total		1,077,639	802,466	229,512	346,900	495,714
Treasury portfolio						
Addressing insurance costs in North Queensland	1.1	-	3,125	6,250	3,125	-
First Home Owners Boost	1.1	357	-	-	-	-
Implementation of the National Insurance Affordability Initiative	1.1	7,000	3,000	7,000	-	-
Infrastructure Growth Package - Asset Recycling Fund - Asset Recycling Initiative	1.1	-	335,000	1,278,000	1,285,000	1,007,000
MoneySmart Teaching	1.1	1,088	1,028	1,125	1,310	-
Total		8,445	342,153	1,292,375	1,289,435	1,007,000
Veterans' Affairs portfolio						
Home and Community Care - services for veterans	2.4	8,137	-	-	-	-
Total		8,137	-	-	-	-
Total programme expenses		12,673,649	9,764,387	10,399,415	11,601,351	7,490,910

Note: These items can also be found in Budget Paper No. 3, *Australia's Federal Relations 2014-15*.

Programme 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.

Programme 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 3.1.1: Estimates of special account cash flows and balances

	Outcome	Opening balance	Receipts		Payments	Closing balance
		2014-15	non-appropriated	Receipts appropriated	2014-15	2014-15
		2013-14	2013-14	2013-14	2013-14	2013-14
		\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account(D)	1	2,819	1,629	-	1,629	2,819
		2,819	1,269	-	1,269	2,819
Clean Energy Finance Corporation Special Account(A)	1	868,400	474,710	-	-	1,343,110
		-	-	2,000,000	1,131,600	868,400
COAG Reform Fund Special Account(A)	1	-	13,813,745	-	13,813,745	-
		-	16,012,444	-	16,012,444	-
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						
2014-15 Budget estimate		871,219	14,290,084	-	13,815,374	1,345,929
Total special accounts 2013-14 estimated actual		2,819	16,013,713	2,000,000	17,145,313	871,219

(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 2014-15 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	129,431	126,603	120,494	119,061	119,235
Supplier	46,693	52,618	35,507	33,806	34,974
Grants	1,163	2,224	2,247	1,184	1,195
Depreciation and amortisation	8,236	9,247	7,667	6,336	6,928
Total expenses	185,523	190,692	165,915	160,387	162,332
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	7,416	7,638	7,868	8,104	8,104
Other revenue	850	850	850	850	850
Total revenue	8,266	8,488	8,718	8,954	8,954
Gains					
Other gains	550	550	550	550	550
Total gains	550	550	550	550	550
Total own-source income	8,816	9,038	9,268	9,504	9,504
Net cost of (contribution by) services	176,707	181,654	156,647	150,883	152,828
Appropriation revenue	168,471	172,407	148,980	144,547	145,900
Surplus (deficit) attributable to the Australian Government	(8,236)	(9,247)	(7,667)	(6,336)	(6,928)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(8,236)	(9,247)	(7,667)	(6,336)	(6,928)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(8,236)	(9,247)	(7,667)	(6,336)	(6,928)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,223	1,223	1,223	1,223	1,223
Trade and other receivables	65,592	67,592	69,586	71,566	73,545
Total financial assets	66,815	68,815	70,809	72,789	74,768
Non-financial assets					
Land and buildings	4,870	3,351	3,000	2,500	2,000
Infrastructure, plant and equipment	9,520	9,347	7,955	6,856	6,026
Intangibles	7,809	8,240	7,649	8,266	8,090
Other	2,665	2,665	2,665	2,665	2,665
Total non-financial assets	24,864	23,603	21,269	20,287	18,781
Total assets	91,679	92,418	92,078	93,076	93,549
LIABILITIES					
Provisions					
Employees	49,415	51,415	53,415	55,415	57,415
Total provisions	49,415	51,415	53,415	55,415	57,415
Payables					
Suppliers	2,516	2,516	2,516	2,516	2,516
Other	5,536	5,536	5,536	5,536	5,536
Total payables	8,052	8,052	8,052	8,052	8,052
Total liabilities	57,467	59,467	61,467	63,467	65,467
Net assets	34,212	32,951	30,611	29,609	28,082
EQUITY					
Parent entity interest					
Contributed equity	46,153	54,139	59,466	64,800	70,201
Reserves	5,186	5,186	5,186	5,186	5,186
Retained surpluses or accumulated deficits	(17,127)	(26,374)	(34,041)	(40,377)	(47,305)
Total equity	34,212	32,951	30,611	29,609	28,082
Current assets	69,480	71,480	73,474	75,454	77,433
Non-current assets	22,199	20,938	18,604	17,622	16,116
Current liabilities	52,870	54,710	56,550	58,390	60,230
Non-current liabilities	4,597	4,757	4,917	5,077	5,237

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	7,416	7,638	7,868	8,104	8,104
Appropriations	166,273	168,571	146,986	142,567	143,921
Other	850	850	850	850	850
Total cash received	174,539	177,059	155,704	151,521	152,875
Cash used					
Employees	127,399	124,603	118,494	117,061	117,235
Suppliers	45,977	50,232	34,963	33,276	34,445
Grants	1,163	2,224	2,247	1,184	1,195
Total cash used	174,539	177,059	155,704	151,521	152,875
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	5,446	7,986	5,327	5,334	5,401
Total cash used	5,446	7,986	5,327	5,334	5,401
Net cash from or (used by) investing activities	(5,446)	(7,986)	(5,327)	(5,334)	(5,401)
FINANCING ACTIVITIES					
Cash received					
Appropriations - equity injections	180	2,613	-	-	-
Appropriations - DCB	5,266	5,373	5,327	5,334	5,401
Total cash received	5,446	7,986	5,327	5,334	5,401
Net cash from or (used by) financing activities	5,446	7,986	5,327	5,334	5,401
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	1,223	1,223	1,223	1,223	1,223
Cash at the end of the reporting period	1,223	1,223	1,223	1,223	1,223

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(17,127)	5,186	-	46,153	34,212
Adjusted opening balance	(17,127)	5,186	-	46,153	34,212
Comprehensive income					
Surplus (deficit) for the period	(9,247)	-	-	-	(9,247)
Total comprehensive income recognised directly in equity	(9,247)	-	-	-	(9,247)
Transactions with owners					
<i>Distributions to owners</i>					
Restructuring	-	-	-	-	-
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	2,613	2,613
Appropriation (departmental capital budget)	-	-	-	5,373	5,373
Total transactions with owners	-	-	-	7,986	7,986
Estimated closing balance as at 30 June 2015	(26,374)	5,186	-	54,139	32,951

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	5,266	5,373	5,327	5,334	5,401
Total equity injections	1,775	2,613	-	-	-
Total new capital appropriations	7,041	7,986	5,327	5,334	5,401
Provided for:					
Purchase of non-financial assets	5,446	7,986	5,327	5,334	5,401
Other	1,595	-	-	-	-
Total Items	7,041	7,986	5,327	5,334	5,401
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	180	2,613	-	-	-
Funded by capital appropriation - DCB	5,266	5,373	5,327	5,334	5,401
TOTAL	5,446	7,986	5,327	5,334	5,401
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,446	7,986	5,327	5,334	5,401
Total cash used to acquire assets	5,446	7,986	5,327	5,334	5,401

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 2014				
Gross book value	13,697	16,484	16,070	46,251
Accumulated depreciation/amortisation and impairment	8,827	6,964	8,261	24,052
Opening net book balance	4,870	9,520	7,809	22,199
Capital asset additions				
By purchase - equity injection	-	-	2,613	2,613
By purchase - appropriation DCB	1,324	3,002	1,047	5,373
Total additions	1,324	3,002	3,660	7,986
Other movements				
Depreciation/amortisation expense	2,843	3,175	3,229	9,247
Total other movements	2,843	3,175	3,229	9,247
As at 30 June 2015				
Gross book value	15,021	19,486	19,730	54,237
Accumulated depreciation/amortisation and impairment	11,670	10,139	11,490	33,299
Closing net book balance	3,351	9,347	8,240	20,938

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	93,491,873	83,918,126	89,358,683	95,646,581	95,743,584
Interest	5,693	6,849	6,915	6,958	7,082
Other	599,122	1,140	1,161	1,276	1,078
Total expenses administered on behalf of government	94,096,688	83,926,115	89,366,759	95,654,815	95,751,744
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Goods and services	1,005,840	877,092	838,562	701,843	700,796
Levies	-	-	400,000	450,000	450,000
Interest	4,282	7,386	15,979	30,335	45,832
Dividends	1,768,000	-	33,000	898,000	-
Nation Building and COAG transfers	1,815,639	1,858,731	2,946,871	3,082,114	2,639,287
Other sources of non-taxation revenues	4,581	4,000	4,000	4,000	4,000
Total non-taxation revenue	4,598,342	2,747,209	4,238,412	5,166,292	3,839,915
Total own-source revenues administered on behalf of Government	4,598,342	2,747,209	4,238,412	5,166,292	3,839,915
Gains					
Foreign exchange	-	62,221	104,952	153,312	18,001
Fair value gain on NDRRA provision	340,472	-	-	-	-
Total gains administered on behalf of government	340,472	62,221	104,952	153,312	18,001
Total own-sourced income administered on behalf of Government	4,938,814	2,809,430	4,343,364	5,319,604	3,857,916
Net Cost of (contribution by) services	89,157,874	81,116,685	85,023,395	90,335,211	91,893,828
Surplus (Deficit)	(89,157,874)	(81,116,685)	(85,023,395)	(90,335,211)	(91,893,828)

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	3,719	3,719	3,719	3,719	3,719
Advances and loans	1,005,088	1,113,070	1,048,642	962,848	855,832
Receivables	1,898,247	135,869	138,586	976,499	59,096
Investments	26,755,162	32,109,096	32,676,248	33,341,637	33,701,309
Total financial assets	29,662,216	33,361,754	33,867,195	35,284,703	34,619,956
Total assets administered on behalf of government	29,662,216	33,361,754	33,867,195	35,284,703	34,619,956
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	3,709,351	7,670,732	7,107,086	7,107,826	7,108,822
Other	5,085,875	5,085,875	5,165,796	5,272,314	5,272,314
Total interest bearing liabilities	8,795,226	12,756,607	12,272,882	12,380,140	12,381,136
Payables					
Grants and subsidies	3,643,587	745,613	96,530	96,140	90,004
Other payables	171,109	111,009	81,300	54,459	35,488
Total payables	3,814,696	856,622	177,830	150,599	125,492
Total liabilities administered on behalf of government	12,609,922	13,613,229	12,450,712	12,530,739	12,506,628
Net assets/(liabilities)	17,052,294	19,748,525	21,416,483	22,753,964	22,113,328

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	318,581	193,694	145,236	142,511	136,156
Levies	-	-	400,000	450,000	450,000
Interest	2,209	2,798	9,115	22,984	38,134
Dividends	150,000	1,693,000	-	33,000	898,000
COAG receipts from agencies	12,902,267	16,203,909	18,582,170	20,124,882	20,810,797
Other	4,581	4,000	4,000	4,000	4,000
Total cash received	13,377,638	18,097,401	19,140,521	20,777,377	22,337,087
Cash used					
Grant payments	106,253,904	100,467,578	104,949,165	112,130,139	113,356,130
Interest paid	4,991	6,868	6,915	6,975	7,105
Other	5,826	2,140	1,161	1,276	1,078
Total cash used	106,264,721	100,476,586	104,957,241	112,138,390	113,364,313
Net cash from or (used by) operating activities	(92,887,083)	(82,379,185)	(85,816,720)	(91,361,013)	(91,027,226)
INVESTING ACTIVITIES					
Cash received					
Advances and loans	144,379	99,376	110,798	112,474	114,709
Other investing activities	-	511,374	59,041	89,168	186,697
Total cash received	144,379	610,750	169,839	201,642	301,406
Cash used					
Purchase of investments	1,231,149	1,808,712	980,595	469,833	484,606
Advances and loans	220,108	202,775	25,000	-	-
Total cash used	1,451,257	2,011,487	1,005,595	469,833	484,606
Net cash from or (used by) investing activities	(1,306,878)	(1,400,737)	(835,756)	(268,191)	(183,200)
Net increase or (decrease) in cash held	(94,193,961)	(83,779,922)	(86,652,476)	(91,629,204)	(91,210,426)
Cash at beginning of reporting period	3,719	3,719	3,719	3,719	3,719
Cash from Official Public Account - appropriations	96,629,348	88,142,893	89,921,093	95,095,019	95,191,723
Cash to Official Public Account	2,435,387	4,362,971	3,268,617	3,465,815	3,981,297
Cash at end of reporting period	3,719	3,719	3,719	3,719	3,719

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Administered assets and liabilities	47,518	-	-	-	-
Special appropriations	281,857	1,961,487	574,321	-	-
Total new capital appropriations	329,375	1,961,487	574,321	-	-
Provided for:					
International Financial Institutions	281,857	1,961,487	574,321	-	-
Other	47,518	-	-	-	-
Total items	329,375	1,961,487	574,321	-	-

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:

- operating as a central statistical authority for the Australian Government and providing statistical services for State and Territory Governments;
- collecting, compiling, analysing and disseminating statistics and related information; and
- coordinating 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 to 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 improved global and national statistical systems 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 the ABS's work programme. Key external drivers of, and challenges for, the ABS work programme include the:

- need to reflect rapid change and real world complexity in trusted official statistics;
- need to reduce the burden on businesses and households through better use of existing data sets held by government and businesses;
- need to transform the way the ABS engages with users, providers and producers of statistics in a digital world, including delivery of a primarily on-line Census of Population and Housing in 2016 and improving access to confidentialised microdata;
- increasing demand for open data to support evidence-based policy;
- increasing demand for integrated, flexible and accessible statistical information; and
- 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 2014-15 as at Budget May 2014

	Estimate of prior year amounts + available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	= Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services				
Departmental appropriations				
Prior year departmental appropriation	28,084 ⁵	-	28,084	-
Departmental appropriation ⁴	-	341,094 ¹	341,094	330,158
Receipts from other sources (s31)	-	30,000 ³	30,000	45,963
Total ordinary annual services	A 28,084	371,094	399,178	376,121
Other services				
Departmental non-operating				
Equity injections	-	7,243 ²	7,243	8,211
Total other services	B -	7,243	7,243	8,211
Total net resourcing for the ABS (A+B)	28,084	378,337	406,421	384,332

1. Appropriation Bill (No. 1) 2014-15.

2. Appropriation Bill (No. 2) 2014-15.

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

4. Includes an amount of \$21.3 million in 2014-15 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 2014-15 Budget measures

		2013-14	2014-15	2015-16	2016-17	2017-18
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Efficiency Dividend - temporary increase in the rate ¹	1.1	-	(3,503)	(9,023)	(18,604)	(18,604)
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(820)	(1,878)	(3,751)	(2,367)
Public Service efficiencies ²	1.1	(87)	(422)	(978)	(1,587)	(1,587)
Reforms to APS management and efficient procurement of agency software ¹	1.1	(87)	(422)	(977)	(1,586)	(1,586)
Total expense measures		(174)	(5,167)	(12,856)	(25,528)	(24,144)
Related capital						
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(55)	(107)	(158)	(158)
Total related capital		-	(55)	(107)	(158)	(158)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

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

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

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;
- ensuring official statistics are accessible, timely, comprehensive and transparent;
- 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;
 - support 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 support a digital economy, 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Bureau of Statistics		
Departmental expenses		
Departmental appropriation	355,427	349,642
Expenses not requiring appropriation in the budget year	35,215	32,709
Total expenses for Outcome 1	390,642	382,351
	2013-14	2014-15
Average staffing level (number)	2,600	2,500

Contributions to Outcome 1

Programme 1.1: Australian Bureau of Statistics

Programme 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;
- continued cooperation and support of providers;
- 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.

Programme 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: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	390,642	382,351	432,677	550,907	371,547
Total departmental expenses	390,642	382,351	432,677	550,907	371,547

Programme deliverables

In 2014-15 and onwards, the ABS will:

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

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- integrate data, as a Commonwealth integrating authority, to produce new official statistics to inform society;
- reduce respondent burden through implementation of electronic forms and seeking to maximise the use of alternative data sources;
- improve the relevance, reliability and accuracy of the ABS statistical programme by engaging with external stakeholders to understand their needs and implementing ongoing methodological developments and statistical standards;
- 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 programmes in Australia, Asia and the Pacific region;
- provide advice and guidance on the development and implementation of statistical standards and frameworks internationally;
- continue to transform the ABS's business systems and processes in a digital environment to improve the efficiency and accessibility of the ABS's services, ensuring central role in Australia's long-term statistical sustainability; and
- prepare and deliver a primarily digital Census in 2016.

Programme 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 availability of online or alternative reporting and 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;
- national statistical literacy programmes effectively engage target audiences;
- effective delivery of international engagement programmes to increase the statistical capability of national statistical offices in the Asia and Pacific region;
- the NSS priorities are progressed or met;
- the ABS continues to provide and improve product, services and tools to help providers meet their obligations;
- the ABS progresses 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 2014-15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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

The ABS does not have any special accounts.

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 2014-15 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.

The ABS is budgeting to break-even in 2014-15 and 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	272,551	257,798	296,114	436,958	254,965
Supplier	82,376	91,344	99,241	79,101	81,735
Depreciation and amortisation	35,215	32,709	36,822	34,348	34,347
Other	500	500	500	500	500
Total expenses	390,642	382,351	432,677	550,907	371,547
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	45,963	30,000	30,000	30,000	30,000
Total revenue	45,963	30,000	30,000	30,000	30,000
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	46,183	30,220	30,220	30,220	30,220
Net cost of (contribution by) services	344,459	352,131	402,457	520,687	341,327
Appropriation revenue	309,968	319,785	365,635	486,339	306,980
Surplus (deficit) attributable to the Australian Government	(34,491)	(32,346)	(36,822)	(34,348)	(34,347)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(34,491)	(32,346)	(36,822)	(34,348)	(34,347)
plus depreciation/amortisation expenses previously funded through revenue appropriations	35,215	32,709	36,822	34,348	34,347
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	724	363	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	5,495	5,495	5,495	5,495	5,495
Trade and other receivables	34,112	37,112	37,112	37,112	37,112
Total financial assets	39,607	42,607	42,607	42,607	42,607
Non-financial assets					
Infrastructure, plant and equipment	40,823	43,121	53,715	45,414	36,649
Intangibles	70,253	64,161	54,589	50,426	45,358
Other non-financial assets	8,074	8,074	8,074	8,074	8,074
Total non-financial assets	119,150	115,356	116,378	103,914	90,081
Total assets	158,757	157,963	158,985	146,521	132,688
LIABILITIES					
Interest bearing liabilities					
Leases	3,716	3,716	3,716	3,716	3,716
Total interest bearing liabilities	3,716	3,716	3,716	3,716	3,716
Provisions					
Employees	89,706	91,706	91,706	91,706	91,706
Other	6,413	6,413	6,413	6,413	6,413
Total provisions	96,119	98,119	98,119	98,119	98,119
Payables					
Suppliers	16,345	17,345	17,345	17,345	17,345
Other	22,154	22,154	22,154	22,154	22,154
Total payables	38,499	39,499	39,499	39,499	39,499
Total liabilities	138,334	141,334	141,334	141,334	141,334
Net assets	20,423	16,629	17,651	5,187	(8,646)
EQUITY					
Contributed equity	129,877	158,429	196,273	218,157	238,671
Reserves	23,605	23,605	23,605	23,605	23,605
Retained surpluses or accumulated deficits	(133,059)	(165,405)	(202,227)	(236,575)	(270,922)
Total equity	20,423	16,629	17,651	5,187	(8,646)
Current assets	45,934	45,704	46,000	42,393	38,391
Non-current assets	112,823	112,259	112,986	104,128	94,297
Current liabilities	55,486	56,690	56,690	56,690	56,690
Non-current liabilities	82,848	84,644	84,644	84,644	84,644

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	45,963	30,000	30,000	30,000	30,000
Appropriations	314,341	316,785	365,635	486,339	306,980
Net GST received	6,686	6,256	7,528	3,325	5,349
Total cash received	366,990	353,041	403,163	519,664	342,329
Cash used					
Employees	270,516	255,798	296,114	436,958	254,965
Suppliers	94,888	96,480	106,649	82,306	86,964
Other cash used	500	500	500	500	500
Total cash used	365,904	352,778	403,263	519,764	342,429
Net cash from or (used by) operating activities	1,086	263	(100)	(100)	(100)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	100	100	100	100	100
Total cash received	100	100	100	100	100
Cash used					
Purchase of property, plant and equipment	29,909	28,915	37,844	21,884	20,514
Total cash used	29,909	28,915	37,844	21,884	20,514
Net cash from or (used by) investing activities	(29,809)	(28,815)	(37,744)	(21,784)	(20,414)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	28,401	28,552	37,844	21,884	20,514
Total cash received	28,401	28,552	37,844	21,884	20,514
Net cash from or (used by) financing activities	28,401	28,552	37,844	21,884	20,514
Net increase or (decrease) in cash held	(322)	-	-	-	-
Cash at the beginning of the reporting period	5,817	5,495	5,495	5,495	5,495
Cash at the end of the reporting period	5,495	5,495	5,495	5,495	5,495

Prepared on Australian Accounting Standards basis.

**3.2.4: Departmental statement of changes in equity — summary of movement
(budget year 2014-15)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(133,059)	23,605	-	129,877	20,423
Adjusted opening balance	(133,059)	23,605	-	129,877	20,423
Comprehensive income					
Surplus (deficit) for the period	(32,346)	-	-	-	(32,346)
Total comprehensive income recognised directly in equity	(32,346)	-	-	-	(32,346)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	7,243	7,243
Appropriation (departmental capital budget)	-	-	-	21,309	21,309
Total transactions with owners	-	-	-	28,552	28,552
Estimated closing balance as at 30 June 2015	(165,405)	23,605	-	158,429	16,629

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	20,190	21,309	20,811	20,542	20,514
Total equity injections	8,211	7,243	17,033	1,342	-
Total new capital appropriations	28,401	28,552	37,844	21,884	20,514
Provided for:					
Purchase of non-financial assets	28,401	28,552	37,844	21,884	20,514
Total Items	28,401	28,552	37,844	21,884	20,514
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	8,673	7,243	17,033	1,342	-
Funded by capital appropriation - DCB	20,512	21,309	20,811	20,542	20,514
Funded internally from departmental resources	724	363	-	-	-
TOTAL	29,909	28,915	37,844	21,884	20,514
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	29,909	28,915	37,844	21,884	20,514
Total cash used to acquire assets	29,909	28,915	37,844	21,884	20,514

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 2014					
Gross book value	-	80,409	219,061	-	299,470
Accumulated depreciation/amortisation and impairment	-	39,586	148,808	-	188,394
Opening net book balance	-	40,823	70,253	-	111,076
Capital asset additions					
By purchase - appropriation equity	-	2,860	4,383	-	7,243
By purchase - departmental resource	-	-	363	-	363
By purchase - appropriation ordinary annual services	-	13,006	8,303	-	21,309
Total asset additions	-	15,866	13,049	-	28,915
Other movements					
Depreciation/amortisation expense	-	13,568	19,141	-	32,709
Total other movements	-	13,568	19,141	-	32,709
As at 30 June 2015					
Gross book value	-	96,275	232,110	-	328,385
Accumulated depreciation/amortisation and impairment	-	53,154	167,949	-	221,103
Closing net book balance	-	43,121	64,161	-	107,282

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 programme.

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. Together the ACCC and AER champion strong, efficient and effective markets.

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

During 2014-15, the ACCC is prioritising work in the following areas:

- consumer protection in the telecommunications sector, and in the energy sectors with a particular focus on saving representations, also referred to as 'discounts off what?';
- emerging consumer issues in the online marketplace, particularly those associated with the incremental disclosure of additional fees and charges (including credit card surcharges) by traders (often referred to as 'drip pricing'), and comparator websites;
- competition and consumer issues in highly concentrated sectors, in particular in the supermarket and fuel sectors;

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- in conjunction with other agencies, disruption of scams that rely on building deceptive relationships and which cause severe and widespread consumer and small business detriment;
- complexity and unfairness in consumer or small business contracts;
- credence claims, particularly those with the potential to adversely impact the competitive process and small businesses;
- misleading carbon pricing representations;
- the Australian Consumer Law consumer guarantees regime, and particularly representations made about a consumer's rights when buying products, including representations made in the context of the sale of extended warranties; and
- consumer protection issues impacting on Indigenous 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.

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

The ACCC economic regulation priorities for 2014-15 are:

- consideration and giving effect to the reviews into the National Broadband Network (NBN), including:
 - any consequential variations to the regulatory arrangements relating to the NBN; and
 - regulation of fixed line access and domestic network transmission facilities.
- responding to expected Part IIIA Access Undertakings:
 - finalisation of competitive access arrangements for export wheat ports.
- increasing confidence in emerging water markets in the Murray-Darling Basin – enforcing and monitoring water market and charge; and
- developing a body evidence to support the need for micro economic reform agenda being considered by the Harper Review.

The AER has a diverse work programme 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 programme. For 2014-15, the AER will be focussing on the following priorities when considering its work:

- delivering better network regulation;
- building consumer confidence in retail energy markets; and
- Supporting the efficient operation of energy markets.

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

In the 2014-15 Budget, the Government announced the cessation of the Private Health Insurance Administration Council (PHIAC) as part of its measures to reduce duplication and increase efficiency in how public funds are used to deliver services to the community. The price monitoring functions of PHIAC will be merged into the ACCC. The winding up of the Council will be implemented through 2014-15. Further information can be found in the Budget measure *Smaller Government – additional reductions in the number of Australian Government bodies* in Budget Paper No. 2, *Budget Measures 2014-15* and the press release of 13 May 2014 issued by the Minister for Finance.

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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	6,715 ⁴	-		6,715	-
Departmental appropriation ⁶	-	169,483 ¹		169,483	181,542
Receipts from other sources (s31)	-	1,250 ³		1,250	870
Total ordinary annual services	A 6,715	170,733		177,448	182,412
Other services					
Departmental non-operating					
Equity injections	8,800 ⁴	2,700 ²		11,500	14,310
Total other services	B 8,800	2,700		11,500	14,310
Total available annual appropriations (A+B)	15,515	173,433		188,948	196,722
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)	15,569	173,433		189,002	196,722

1. Appropriation Bill (No. 1) 2014-15.

2. Appropriation Bill (No. 2) 2014-15.

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

4. Estimated adjusted balance carried forward from previous year.

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

6. Includes \$2.0 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

Third party payments from and on behalf of other agencies

	2013-14 \$'000	2014-15 \$'000
Payments made on behalf of the National Competition Council (NCC)	2,775	1,945

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 2014-15 Budget measures

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Efficiency Dividend - temporary increase in the rate ¹						
	Departmental expenses	1.1	-	(1,201)	(2,637)	(4,114)
	Departmental expenses	1.2	-	(351)	(784)	(1,211)
Australian Competition and Consumer Commission - additional funding ²						
	Commission - additional funding ²	1.1	-	-	-	17,705
Extension of Unfair Contract Provisions to Small Businesses						
	Provisions to Small Businesses	1.1	-	165	418	417
Efficiency Dividend - a further temporary increase of 0.25 per cent						
	Departmental expenses	1.1	-	(342)	(666)	(1,003)
	Departmental expenses	1.2	-	(88)	(173)	(256)
Total expense measures			-	(1,817)	(3,842)	(6,167)
Related Capital						
Australian Competition and Consumer Commission - additional funding ²						
	Commission - additional funding ²	1.1	-	-	-	600
Efficiency Dividend - a further temporary increase of 0.25 per cent						
		1.1	-	(5)	(10)	(15)
Total capital measures			-	(5)	(10)	(15)
						584

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. Funding for this measure was included as a decision taken but not yet announced in the *Mid-Year Economic and Fiscal Outlook 2013-14*.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

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

The outcome is also applicable to the AER and informs the strategies, programme objectives, deliverables and programme 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 affecting consumers and small business; and
- promote the economically efficient operation of, use of, and investment in monopoly infrastructure in the long term interest of end users.

Each of these strategies is underpinned by our engagement with a 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Competition and Consumer Commission		
Departmental expenses		
Departmental appropriation	143,215	133,244
Revenues from independent sources (s31)	870	1,250
Expenses not requiring appropriation in budget year	3,711	4,938
Total for Programme 1.1	147,796	139,432
Programme 1.2: Australian Energy Regulator		
Departmental expenses		
Departmental appropriation	36,302	34,226
Expenses not requiring appropriation in budget year	898	842
Total for Programme 1.2	37,200	35,068
Outcome 1 Total by appropriation type		
Departmental expenses		
Departmental appropriation	179,517	167,470
Revenues from independent sources (s31)	870	1,250
Expenses not requiring appropriation in budget year	4,609	5,780
Total expenses for Outcome 1	184,996	174,500
	2013-14	2014-15
Average staffing level (number)	790	735

Contributions to Outcome 1

Programme 1.1: Australian Competition and Consumer Commission

Programme objective

The ACCC programme 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.

Programme expenses

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

Table 2.2: Programme 1.1 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Programme 1.1: Australian Competition and Consumer Commission					
Annual departmental expenses					
Departmental items	147,796	139,432	136,786	136,469	135,360
Total programme expenses	147,796	139,432	136,786	136,469	135,360

Programme 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 affecting consumers and small business

- 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 programme of stronger and managed partnerships with Australian Consumer Law regulators and law enforcement agencies;
- identify and implement nationally integrated approaches to minimise the risk of injury and death from safety hazards in consumer products;

- 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; and
- empower consumers to assert their rights under the Australian Consumer Law to secure fairer outcomes in the marketplace.

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.

Programme 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 affecting consumers and small business

- 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 and consumer awareness and assertion of their consumer law rights.

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.

Programme 1.2: Australian Energy Regulator

Programme objective

The 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 programme. 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.

Programme expenses

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

Table 2.3: Programme 1.2 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Programme 1.2: Australian Energy Regulator					
Annual departmental expenses					
Departmental items	37,200	35,068	34,516	34,010	34,344
Total programme expenses	37,200	35,068	34,516	34,010	34,344

Programme deliverables

Delivering better network regulation

- promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers;
- implement network guidelines that cover how the AER:
 - assesses the regulated return on capital;

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- scrutinises network businesses' expenditure proposals;
- encourages efficient investment; and
- engages consumers in the regulatory process.
- develop benchmarking of network businesses;
- consult widely, including closely involving consumers in the regulatory processes;
- gain advice from the newly established Consumer Challenge Panel; and
- make transparent decisions within statutory time limits.

Building consumer confidence in retail energy markets

- promote a culture of regulatory compliance by energy businesses, including through compliance monitoring activities, investigations and reviews;
- monitor and report on retail energy markets and the performance of retailers active in those markets;
- assess applications for entry into the retail energy market and provide guidance to potential applicants so that authorised retailers and exempt sellers are aware of and can meet their obligations under the Retail Law; and
- enhance the functionality of the Energy Made Easy website to provide consumers with additional tools to assist them navigate the retail energy market and understand their rights and available retail energy offers.

Supporting the efficient operation of energy markets

- promote more efficient, competitive, transparent and secure energy wholesale and retail markets through compliance monitoring activities, investigations and reviews;
- take effective, targeted and timely enforcement action when necessary, and promote best practice through compliance publications and audits;
- report on market activities and pricing outcomes to detect consumer harm, market irregularities and manipulation; and
- publish information on energy markets.

Programme key performance indicators

Organisation-wide

- stakeholders perceive the AER as a transparent and consultative decision making body;
- write all public documents clearly and include plain English explanations;
- apply a risk based approach to compliance and monitoring activities;
- investigate and close major compliance matters in a timely manner and take appropriate enforcement action; and
- publish the AER's annual State of the Energy Market Report.

Delivering better network regulation

- decisions consistent with the legislative framework and made within statutory time limits;
- all stakeholders provided with an adequate opportunity to actively participate and engage in regulatory processes;
- publish regulatory decisions that clearly set out how we accounted for stakeholder views, including those of the Consumer Challenge Panel;
- regulatory decisions draw on improved data systems, information requirements, analysis techniques and metrics;
- draw on increased in-house technical expertise, including engineering capabilities; and
- publish the first annual benchmarking report.

Building consumer confidence in retail energy markets

- undertake compliance and enforcement activities that improve market outcomes for consumers;
- accurate, timely and accessible reports on the performance of the energy market within six weeks of the data being available;
- assess applications from businesses to become energy retailers or grant exemptions from the requirement within 12 weeks of the receipt of all relevant information; and
- clear, accurate and accessible information for consumers on energy retail markets, through the Energy Made Easy website.

Supporting the efficient operation of energy markets

- publish quarterly compliance reports within six weeks of the end of the relevant quarter;
- conduct audits of participant systems that are critical to market efficiency and energy security;
- conduct a series of targeted compliance reviews;
- report on outcomes in gas spot markets in Victoria, Short Term Trading Market and the Wallumbilla Hubs; and
- publish reports on extreme price events in the National Electricity Market and significant price variations in spot gas markets, within statutory timeframes.

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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 2014-15 2013-14	Receipts 2014-15 2013-14	Payments 2014-15 2013-14	Adjustments 2014-15 2013-14	Closing balance 2014-15 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys Account	1	54	-	-	-	54
		54	-	-	-	54
Total special accounts						
2014-15 Budget estimate		54	-	-	-	54
Total special accounts 2013-14 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. The statements show the planned financial performance for the 2014-15 budget year and estimated actual for 2013-14 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 2014-15 and each of the forward estimates.

Operating revenues

Total appropriation revenue for 2014-15 is estimated to be \$167.5 million. The ACCC received additional funding of \$12.1 million in 2014-15, \$16.0 million in 2015-16, \$19.0 million in 2016-17 and \$17.7 million in 2017-18.

Operating expenses

Total expenses in 2014-15 are estimated to be \$174.5 million. This is a decrease of \$10.5 million from the 2013-14 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	111,035	102,414	99,502	99,557	99,718
Suppliers	69,427	66,381	65,173	64,979	64,973
Depreciation and amortisation	4,534	5,705	6,627	5,943	5,013
Total expenses	184,996	174,500	171,302	170,479	169,704
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	870	1,250	1,250	1,250	1,250
Total revenue	870	1,250	1,250	1,250	1,250
Gains					
Other gains	75	75	75	75	75
Total gains	75	75	75	75	75
Total own-source income	945	1,325	1,325	1,325	1,325
Net cost of (contribution by) services	184,051	173,175	169,977	169,154	168,379
Appropriation revenue	179,517	167,470	163,350	163,211	163,366
Surplus (deficit) attributable to the Australian Government	(4,534)	(5,705)	(6,627)	(5,943)	(5,013)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(4,534)	(5,705)	(6,627)	(5,943)	(5,013)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(4,534)	(5,705)	(6,627)	(5,943)	(5,013)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	4,964	4,592	4,444	4,344	4,205
Trade and other receivables	19,586	19,201	18,782	19,103	19,486
Total financial assets	24,550	23,793	23,226	23,447	23,691
Non-financial assets					
Land and buildings	14,155	12,759	10,841	8,901	7,757
Infrastructure, plant and equipment	5,951	4,819	3,687	2,555	1,423
Inventories	22	22	22	22	22
Intangibles	3,886	4,422	3,644	3,374	3,263
Other	759	759	759	759	759
Total non-financial assets	24,773	22,781	18,953	15,611	13,224
Total assets	49,323	46,574	42,179	39,058	36,915
LIABILITIES					
Provisions					
Employees	26,087	24,593	23,619	23,356	23,100
Other	1,435	1,435	1,435	1,435	1,435
Total provisions	27,522	26,028	25,054	24,791	24,535
Payables					
Suppliers	5,355	5,092	4,999	4,983	4,983
Other	14,046	14,046	14,046	14,046	14,046
Total payables	19,401	19,138	19,045	19,029	19,029
Total liabilities	46,923	45,166	44,099	43,820	43,564
Net assets	2,400	1,408	(1,920)	(4,762)	(6,649)
EQUITY					
Contributed equity	63,618	68,331	71,630	74,731	77,857
Reserves	3,733	3,733	3,733	3,733	3,733
Retained surpluses or accumulated deficits	(64,951)	(70,656)	(77,283)	(83,226)	(88,239)
Total equity	2,400	1,408	(1,920)	(4,762)	(6,649)
Current assets	24,550	23,793	23,226	23,447	23,691
Non-current assets	24,773	22,781	18,953	15,611	13,224
Current liabilities	19,401	19,138	19,045	19,029	19,029
Non-current liabilities	27,522	26,028	25,054	24,791	24,535

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	869	1,250	1,250	1,250	1,250
Appropriations	182,050	167,470	163,350	163,211	163,366
Total cash received	182,919	168,720	164,600	164,461	164,616
Cash used					
Employees	111,097	105,869	102,172	102,180	102,384
Suppliers	69,925	64,223	63,076	62,881	62,871
Total cash used	181,022	170,092	165,248	165,061	165,255
Net cash from or (used by) operating activities	1,897	(1,372)	(648)	(600)	(639)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	5,060	3,713	2,799	2,601	2,626
Total cash used	5,060	3,713	2,799	2,601	2,626
Net cash from or (used by) investing activities	(5,060)	(3,713)	(2,799)	(2,601)	(2,626)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	7,535	4,713	3,299	3,101	3,126
Total cash received	7,535	4,713	3,299	3,101	3,126
Net cash from or (used by) financing activities	7,535	4,713	3,299	3,101	3,126
Net increase or (decrease) in cash held	4,372	(372)	(148)	(100)	(139)
Cash at the beginning of the reporting period	592	4,964	4,592	4,444	4,344
Cash at the end of the reporting period	4,964	4,592	4,444	4,344	4,205

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014				
Balance carried forward from previous period	(64,951)	3,733	63,618	2,400
Adjustments				-
Adjusted opening balance	(64,951)	3,733	63,618	2,400
Comprehensive income				
Surplus (deficit) for the period	(5,705)	-	-	(5,705)
Total comprehensive income recognised directly in equity	(5,705)	-	-	(5,705)
Transactions with owners				
<i>Contribution by owners</i>				
Appropriation (equity injection)	-	-	2,700	2,700
Appropriation (departmental capital budget)	-	-	2,013	2,013
Total transactions with owners	-	-	4,713	4,713
Estimated closing balance as at 30 June 2015	(70,656)	3,733	68,331	1,408

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	2,025	2,013	1,999	2,001	2,026
Equity injections - Bill 2	14,310	2,700	1,300	1,100	1,100
Total new capital appropriations	16,335	4,713	3,299	3,101	3,126
Provided for:					
Purchase of non-financial assets	3,831	3,713	2,799	2,601	2,626
Other Items	12,504	1,000	500	500	500
Total Items	16,335	4,713	3,299	3,101	3,126
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	2,025	2,013	1,999	2,001	2,026
Funded by capital appropriations	1,806	1,700	800	600	600
TOTAL	3,831	3,713	2,799	2,601	2,626
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,831	3,713	2,799	2,601	2,626
Total cash used to acquire assets	3,831	3,713	2,799	2,601	2,626

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 2014				
Gross book value	18,154	8,705	11,112	37,971
Accumulated depreciation/amortisation and impairment	(3,999)	(2,754)	(7,226)	(13,979)
Opening net book balance	14,155	5,951	3,886	23,992
Capital asset additions				
By purchase - appropriation ordinary annual services	600	-	3,113	3,713
Total additions	600	-	3,113	3,713
Other movements				
Depreciation/amortisation expense	(1,996)	(1,132)	(2,577)	(5,705)
Total other movements	(1,996)	(1,132)	(2,577)	(5,705)
As at 30 June 2015				
Gross book value	18,754	8,705	14,225	41,684
Accumulated depreciation/amortisation and impairment	(5,995)	(3,886)	(9,803)	(19,684)
Closing net book balance	12,759	4,819	4,422	22,000

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	20,000	40,000	40,000	40,000	40,000
Total non-taxation revenue	20,000	40,000	40,000	40,000	40,000
Total own-source revenues administered on behalf of Government	20,000	40,000	40,000	40,000	40,000
Total own-sourced income administered on behalf of Government	20,000	40,000	40,000	40,000	40,000

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	18	18	18	18	18
Receivables	12,577	12,577	12,577	12,577	12,577
Total financial assets	12,595	12,595	12,595	12,595	12,595
Total assets administered on behalf of Government	12,595	12,595	12,595	12,595	12,595

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	20,000	40,000	40,000	40,000	40,000
Total cash received	20,000	40,000	40,000	40,000	40,000
Cash used					
Other	20,000	40,000	40,000	40,000	40,000
Total cash used	20,000	40,000	40,000	40,000	40,000
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	18	18	18	18	18
Cash at end of reporting period	18	18	18	18	18

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 programme 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 programme; and
- employee, supplier and depreciation expenses incurred in providing agency programme.

Administered items are those items incurred in providing programmes 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 programmes.

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 programme, 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 diversification of the investor base by tapping into additional sources of investor demand. The development of this market has also, at times, been used to facilitate development of the Treasury Bond market.

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

The AOFM manages the Government's holdings of highly rated residential mortgage-backed securities acquired between 2008-09 and 2012-13 in accordance with the Treasurer's directions. No assets have been added to the portfolio since April 2013.

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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	25,563	⁴	-		25,563	-
Departmental appropriation ³	-		12,134	¹	12,134	11,887
Receipts from other sources (s31)	-		828	²	828	828
Total departmental	25,563		12,962		38,525	12,715
Administered expenses						
Outcome 1	-		10	¹	10	10
Total ordinary annual services	A 25,563		12,972		38,535	12,725
Other services						
Departmental non-operating						
Equity injections	-		-		-	-
Total other services	B -		-		-	-
Total available annual appropriations (A+B)	25,563		12,972		38,535	12,725
Special appropriations expenses						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		14,707,384		14,707,384	13,452,773
<i>Financial Agreement Act 1994</i>	-		20		20	20
<i>Loans Securities Act 1919</i>	-		720		720	862
Subtotal	-		14,708,124		14,708,124	13,453,655
Special appropriations capital						
<i>Commonwealth Inscribed Stock Act 1911</i>	-		101,393,024		101,393,024	47,786,586
<i>Financial Management and Accountability Act 1997</i>	-		228,698,704		228,698,704	624,873,763
Subtotal	-		330,091,728		330,091,728	672,660,349
Total special appropriations	C -		344,799,852		344,799,852	686,114,004

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2014-15 as at Budget May 2014 (continued)

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Total appropriations excluding special accounts	25,563		344,812,824		344,838,387	686,126,729
Special accounts						
Opening balance ⁵	742		-		742	-
Total special account	D 742		-		742	-
Total net resourcing for the AOFM (A+B+C+D)	26,305		344,812,824		344,839,129	686,126,729

1. Appropriation Bill (No. 1) 2014-15.
2. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.
3. Includes \$0.7 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).
4. Estimated adjusted balance carried forward from previous year.
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 2014-15 Budget measures

	2013-14	2014-15	2015-16	2016-17	2017-18
Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures					
Efficiency Dividend - temporary increase in the rate ¹					
Departmental expenses	1.1	(124)	(279)	(436)	(436)
Efficiency Dividend - a further temporary increase of 0.25 per cent					
Departmental expenses	1.1	(29)	(58)	(87)	(87)
Public Service efficiencies ²					
Departmental expenses	1.1	(3)	(35)	(49)	(49)
Reforms to APS management and efficient procurement of agency software ¹					
Departmental expenses	1.1	(3)	(34)	(48)	(48)
South Australian Government housing stimulus assistance ¹					
Administered expenses	1.1	-	-	-	-
Total expense measures		(6)	(406)	(620)	(620)
Capital measures					
Efficiency Dividend - a further temporary increase of 0.25 per cent					
Departmental capital	1.1	(2)	(4)	(6)	(6)
Total capital measures		(2)	(4)	(6)	(6)
Revenue measures					
South Australian Government housing stimulus assistance ¹					
Administered revenue	1.1	(16,700)	(15,400)	(14,600)	(14,600)
Total revenue measures		(16,700)	(15,400)	(14,600)	(14,600)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 on the Australian community arising from policy or regulatory actions by the Government. Australian Government programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to government outcomes over the budget and forward years.

The outcome of AOFM's activities is described below, specifying the strategy, programme objective, programme deliverables and programme 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 intermediaries.

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

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 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 (as provided for under the *Financial Management and Accountability Act 1997*) 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Office of Financial Management		
Departmental expenses		
Departmental appropriation	10,807	12,230
Expenses not requiring appropriation in budget year	803	803
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	10	10
Expenses not requiring appropriation in budget year	188,571	-
Special appropriations		
<i>Commonwealth Inscribed Stock Act 1911</i>	13,452,771	14,707,384
<i>Financial Agreement Act 1994</i>	20	20
<i>Loans Securities Act 1919</i>	864	722
Total expenses for Outcome 1	13,653,846	14,721,169
	2013-14	2014-15
Average staffing level (number)	42	43

Contributions to Outcome 1

Programme 1.1: Australian Office of Financial Management

Programme objective

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

Programme 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: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	11,610	13,033	12,902	12,848	12,970
Annual administered expenses:					
Administered items	188,581	10	10	10	10
Special Appropriations:					
<i>Commonwealth Inscribed</i>					
<i>Stock Act 1911</i>	13,452,771	14,707,384	16,133,697	17,155,943	17,875,948
<i>Financial Agreement Act 1994</i>	20	20	20	20	20
<i>Loans Securities Act 1919</i>	864	722	724	588	-
Total programme expenses	13,653,846	14,721,169	16,147,353	17,169,409	17,888,948

Programme deliverables

The AOFM has the following key deliverables:

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

Programme key performance indicators

The AOFM has the following key performance indicators:

- debt issuance;
 - efficiency of issuance (through coverage and pricing ratios); and
 - meeting the planned debt issuance programme;

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- 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 take up of Commonwealth Government Securities by intermediaries and investors;
 - liaise with the Commonwealth Government Securities investor community to improve investor understanding of the Commonwealth Government Securities market and AOFM understanding of investor issues through face-to-face meetings and conference presentations; and
- 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 2014-15 2013-14	Receipts 2014-15 2013-14	Payments 2014-15 2013-14	Adjustments 2014-15 2013-14	Closing balance 2014-15 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust	1	742	-	-	-	742
Account		742	-	-	-	742
Total special accounts						
2014-15 Budget estimate		742	-	-	-	742
Total special accounts						
2013-14 estimated actual		742	-	-	-	742

Until 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 received free of charge.

Administered

The AOFM receives administered appropriations for expenses and for capital expenditure arising from managing a portfolio of debt and assets. This is reflected in the agency resource statement (Table 1.1). 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. Significant capital expenditure on specialist debt management systems is forecast to occur in 2013-14 and 2014-15.

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	7,275	7,854	8,090	8,332	8,562
Supplier	3,835	4,679	4,312	4,016	3,908
Depreciation and amortisation	500	500	500	500	500
Total expenses	11,610	13,033	12,902	12,848	12,970
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	10,479	11,902	11,771	11,717	11,839
Appropriation revenue	11,479	11,402	11,271	11,217	11,339
Surplus (deficit) attributable to the Australian Government	1,000	(500)	(500)	(500)	(500)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	1,500	-	-	-	-
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	1,000	(500)	(500)	(500)	(500)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	100	100	100	100	100
Trade and other receivables ¹	25,605	24,410	23,958	24,008	24,063
Total financial assets	25,705	24,510	24,058	24,108	24,163
Non-financial assets					
Infrastructure, plant and equipment	616	648	1,440	1,734	2,038
Intangibles	1,191	2,633	2,567	2,501	2,435
Other	84	84	84	84	84
Total non-financial assets	1,891	3,365	4,091	4,319	4,557
Total assets	27,596	27,875	28,149	28,427	28,720
LIABILITIES					
Provisions					
Employees	2,077	2,124	2,172	2,222	2,277
Other	137	137	137	137	137
Total provisions	2,214	2,261	2,309	2,359	2,414
Payables					
Suppliers	237	237	237	237	237
Total payables	237	237	237	237	237
Total liabilities	2,451	2,498	2,546	2,596	2,651
Net assets	25,145	25,377	25,603	25,831	26,069
EQUITY					
Contributed equity	1,892	2,624	3,350	4,078	4,816
Retained surpluses	23,253	22,753	22,253	21,753	21,253
Total equity	25,145	25,377	25,603	25,831	26,069
Current assets	1,484	242	242	242	242
Non-current assets	26,112	27,633	27,907	28,185	28,478
Current liabilities	860	874	889	904	920
Non-current liabilities	1,591	1,624	1,657	1,692	1,731

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	828	828	828	828	828
Appropriations	11,091	12,597	11,723	11,167	11,284
Total cash received	11,919	13,425	12,551	11,995	12,112
Cash used					
Employees	7,229	7,807	8,042	8,282	8,507
Suppliers	3,532	4,376	4,009	3,713	3,605
Total cash used	10,761	12,183	12,051	11,995	12,112
Net cash from or (used by) operating activities	1,158	1,242	500	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	1,566	1,974	1,226	728	738
Total cash used	1,566	1,974	1,226	728	738
Net cash from or (used by) investing activities	(1,566)	(1,974)	(1,226)	(728)	(738)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	408	732	726	728	738
Total cash received	408	732	726	728	738
Net cash from or (used by) financing activities	408	732	726	728	738
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 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	23,253	-	-	1,892	25,145
Adjusted opening balance	23,253	-	-	1,892	25,145
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)	-	-	-	732	732
Total transactions with owners	-	-	-	732	732
Estimated closing balance as at 30 June 2015	22,753	-	-	2,624	25,377

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 DCB	408	732	726	728	738
Total new capital appropriations	408	732	726	728	738
Provided for:					
Purchase of non-financial assets	408	732	726	728	738
Total Items	408	732	726	728	738
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	1,566	1,974	1,226	728	738
Funded by prior year equity injections	-	-	-	-	-
TOTAL	1,566	1,974	1,226	728	738
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,566	1,974	1,226	728	738
Total cash used to acquire assets	1,566	1,974	1,226	728	738

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 2014				
Gross book value	-	1,827	4,680	6,507
Accumulated depreciation/amortisation and impairment	-	1,211	3,489	4,700
Opening net book balance	-	616	1,191	1,807
Capital Asset Additions/Disposals				
By purchase - appropriation ordinary annual services	-	232	1,742	1,974
Disposals - gross value	-	-	-	-
Total asset additions/disposals	-	232	1,742	1,974
Other movements				
Depreciation/amortisation expense	-	200	300	500
Disposals - accumulated depreciation/amortisation	-	-	-	-
Total other movements	-	200	300	500
As at 30 June 2015				
Gross book value	-	2,059	6,422	8,481
Accumulated depreciation/amortisation and impairment	-	1,411	3,789	5,200
Closing net book balance	-	648	2,633	3,281

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	20	20	20	20	20
Interest costs	13,429,145	14,707,116	16,133,431	17,155,541	17,874,958
Other	24,500	1,000	1,000	1,000	1,000
Total expenses before re-measurements	13,453,665	14,708,136	16,134,451	17,156,561	17,875,978
LESS:					
OWN-SOURCE INCOME					
Non-taxation revenue					
Interest	1,060,751	812,992	673,132	524,316	287,914
Total revenues before re-measurements	1,060,751	812,992	673,132	524,316	287,914
GAIN (LOSSES) BEFORE RE-MEASUREMENTS					
Net loss on repurchase of debt	(188,571)	-	-	-	-
Net gain on sale of financial assets	9,255	-	-	-	-
Total gains (losses)	(179,316)	-	-	-	-
Operating result before re-measurements	(12,572,230)	(13,895,144)	(15,461,319)	(16,632,245)	(17,588,064)
Re-measurements					
Net market valuation gains (losses)	2,414,245	363,957	151,906	26,936	(54,261)
Total re-measurements	2,414,245	363,957	151,906	26,936	(54,261)
Net result	(10,157,985)	(13,531,187)	(15,309,413)	(16,605,309)	(17,642,325)

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	622	622	622	622	622
Receivables	2,106,572	2,033,379	1,958,353	1,881,297	1,801,908
Investments (s39 FMA Act)	33,571,839	29,352,604	23,061,940	28,184,954	21,384,331
Total assets administered on behalf of government	35,679,033	31,386,605	25,020,915	30,066,873	23,186,861
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government					
Securities	346,651,502	387,774,241	421,425,506	460,520,337	475,213,491
Other	307	307	307	307	307
Total liabilities administered on behalf of government	346,651,809	387,774,548	421,425,813	460,520,644	475,213,798
Net assets/(liabilities)	(310,972,776)	(356,387,943)	(396,404,898)	(430,453,771)	(452,026,937)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,031,958	799,060	663,521	502,595	278,458
Total cash received	1,031,958	799,060	663,521	502,595	278,458
Cash used					
Interest and other costs paid	15,073,138	15,653,956	17,199,326	18,376,695	19,275,958
Grants	20	20	20	20	20
Total cash used	15,073,158	15,653,976	17,199,346	18,376,715	19,275,978
Net cash from or (used by) operating activities	(14,041,200)	(14,854,916)	(16,535,825)	(17,874,120)	(18,997,520)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	88,674	90,681	92,229	93,947	95,937
Total cash received	88,674	90,681	92,229	93,947	95,937
Net cash from or (used by) investing activities	88,674	90,681	92,229	93,947	95,937
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	112,524,666	143,833,193	169,499,747	183,132,135	226,864,275
Investment redemptions	620,598,237	232,906,749	199,351,189	144,122,952	52,916,863
Total cash received	733,122,903	376,739,942	368,850,936	327,255,087	279,781,138
Cash used					
Repayments of borrowings	47,786,586	101,393,024	134,626,503	142,786,916	210,821,434
Investments made	624,873,763	228,698,704	193,073,294	149,244,433	46,127,279
Total cash used	672,660,349	330,091,728	327,699,797	292,031,349	256,948,713
Net cash from or (used by) financing activities	60,462,554	46,648,214	41,151,139	35,223,738	22,832,425
Net increase or (decrease) in cash held	46,510,028	31,883,979	24,707,543	17,443,565	3,930,842
Cash at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for: appropriations	688,586,051	346,426,270	345,579,573	311,032,477	276,836,877
Cash to Official Public Account for: receipts	(735,096,079)	(378,310,249)	(370,287,116)	(328,476,042)	(280,767,719)
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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Special appropriations	672,660,349	330,091,728	327,699,797	292,031,349	256,948,713
Total new capital appropriations	672,660,349	330,091,728	327,699,797	292,031,349	256,948,713
Provided for:					
Repayments of borrowings and purchase of investments	672,660,349	330,091,728	327,699,797	292,031,349	256,948,713
Total Items	672,660,349	330,091,728	327,699,797	292,031,349	256,948,713

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.

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 revenue includes 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 in the year it is appropriated.

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
Interest revenue					
Interest on housing agreements	127,748	123,582	119,273	114,865	110,336
Interest from investments	933,003	689,410	553,859	409,451	177,578
Total interest revenue	1,060,751	812,992	673,132	524,316	287,914

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
Commonwealth Government Securities (at fair value)					
Treasury Bonds	309,258,795	345,275,797	372,850,928	407,266,803	417,681,055
Treasury Indexed Bonds	31,377,994	35,984,642	38,564,821	43,251,291	47,530,193
Treasury Notes	5,993,820	6,493,305	9,989,700	9,988,400	9,988,400
Other	20,893	20,497	20,057	13,843	13,843
Total Commonwealth Government Securities (at fair value)	346,651,502	387,774,241	421,425,506	460,520,337	475,213,491

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 2014-15, 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 completing the remaining elements of its prudential policy agenda, including global reform initiatives endorsed by the G20 and overseen by the Financial Stability Board;
- continue to enhance the efficiency and effectiveness of APRA's supervisory tools, systems and infrastructure 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 2013-14 have been conducted against a backdrop of a continued firming in sentiment in global financial markets, reflecting further improvements in the condition of major banking systems and the ongoing recovery in major economies. Nonetheless, fragilities in the euro area remain and the initial steps taken to normalise US monetary policy have sparked concerns about impacts on emerging markets. Geopolitical tensions in Ukraine have also weighed on market sentiment. The Australian financial system remained in a relatively strong position, supported by the continued (albeit slower) momentum of the Australian economy and signs of a renewed appetite for housing debt by Australian households. APRA has maintained its heightened level of supervisory intensity throughout this period and implemented key elements of its prudential policy agenda.

APRA's activities will continue at a high tempo in 2014-15. Its supervisory oversight will focus on how regulated institutions respond to emerging risks as the Australian economy adapts to the ending of the minerals investment boom. APRA will pay particular attention to housing lending standards in the current context of aggressive competition and strong price pressures in some housing markets. On the policy front, APRA will focus on finalising a new prudential framework for conglomerate groups and a simplified framework for securitisation, and on monitoring the impact of the various prudential reforms APRA has introduced since the global financial crisis began.

In the 2014-15 Budget, the Government announced the cessation of the Private Health Insurance Administration Council (PHIAC) as part of its measures to reduce duplication and increase efficiency in how public funds are used to deliver services to the community. The prudential regulation of health funds functions of PHIAC will be merged into APRA. The winding up of the Council will be implemented through 2014 15. Further information can be found in the Budget measure *Smaller Government – additional reductions in the number of Australian Government bodies* in Budget Paper No. 2,

Budget Measures 2014-15 and the press release of 13 May 2014 issued by the Minister for Finance.

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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services					
Departmental appropriation					
Departmental appropriation	-	953	¹	953	2,235
Receipts from other sources (s31)	-	5,471	²	5,471	5,234
Total ordinary annual services	A	6,424		6,424	7,469
Other services					
Departmental non-operating					
Equity injections	-	108	³	108	4,270
Total other services	B	108		108	4,270
Total available annual appropriations (A+B)		6,532		6,532	11,739
Special appropriations					
<i>Financial Management and Accountability Act 1997</i>	-	-		-	-
Total special appropriations	C	-		-	-
Total appropriations excluding special accounts (A+B+C)		6,532		6,532	11,739
Special accounts					
Opening balance ⁴	60,139	-		60,139	-
Appropriation receipts	-	6,532		6,532	11,739
Non-appropriation receipts to special accounts	-	116,020		116,020	109,670
Total special accounts	D	122,552		182,691	121,409
Total resourcing (A+B+C+D)		129,084		189,223	133,148
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	6,532		6,532	11,739
Total net resourcing for APRA	60,139	122,552		182,691	121,409

1. Appropriation Bill (No. 1) 2014-15.

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

3. Appropriation Bill (No. 2) 2014-15.

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

1.3 BUDGET MEASURES

Budget measures relating to APRA are summarised below.

Table 1.2: Australian Prudential Regulation Authority 2014-15 Budget measures

		2013-14	2014-15	2015-16	2016-17	2017-18
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Efficiency Dividend - temporary increase in the rate ¹	1.1	-	(1,198)	(2,783)	(4,342)	(4,342)
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(300)	(615)	(918)	(950)
Reforms to APS management and efficient procurement of agency software ¹	1.1	(142)	(142)	(142)	-	-
Total expense measures		(142)	(1,640)	(3,540)	(5,260)	(5,292)
Revenue measures						
MoneySmart teaching and online MoneySmart programme ¹	1.1	-	-	-	-	-
Restoring integrity in the Australian tax system ²	1.1	-	(3,000)	(348)	(131)	(131)
Total revenue measures		-	(3,000)	(348)	(131)	(131)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in the *Mid-Year Economic and Fiscal Outlook 2013-14* and has not previously appeared in a portfolio statement.

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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Prudential Regulation Authority		
Departmental expenses		
Special accounts	107,904	115,912
Ordinary Annual Services (Appropriation Bill No. 1)	2,235	953
Revenues from Independent Sources (section 31)	5,235	5,471
Other Services (Appropriation Bill No. 2)	4,270	108
Total expenses for Outcome 1	119,644	122,444
	2013-14	2014-15
Average staffing level (number)	600	590

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

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	119,644	122,444	125,252	124,563	128,637
Total expenses	119,644	122,444	125,252	124,563	128,637

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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

APRA has not moved any administered funds between years.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2014-15 2013-14	Receipts non- appropriated 2014-15 2013-14	Receipts appropriated 2014-15 2013-14	Payments 2014-15 2013-14	Closing balance 2014-15 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Prudential Regulation Authority Special Account ¹	1	57,897	116,020	6,532	120,289	60,160
Financial Claims Scheme Special Account	1	242	-	-	-	242
Lloyd's Deposit Trust Special Account	1	2,000	-	-	-	2,000
Total special accounts						
2014-15 Budget estimate		60,139	116,020	6,532	120,289	62,402
Total special accounts 2013-14 estimate actual		56,366	109,670	11,740	117,637	60,139

1. The opening balance of APRA's special account supports existing liabilities and enforcement activities.

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 an increase, in available appropriation revenue, year on year. The appropriation revenue for 2013-14 was reduced as a consequence of an over-collection in the prior year that was subsequently returned to industry.

Employee expenses of \$90.8 million support an average staffing level (ASL) of 590 in 2014-15. The estimated staffing will enable APRA to supervise regulated institutions and their response to emerging risks, focus on housing lending standards in the current context, finalise a new prudential framework for conglomerate groups and a simplified framework for securitisation, and monitor the impact of prudential reforms introduced by APRA since the global financial crisis began.

Supplier costs in 2014-15 take into account savings on premises leasing costs, travel and other 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.

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 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 the 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	88,867	90,786	93,823	94,843	95,840
Supplier	23,775	23,097	22,038	21,046	24,123
Depreciation and amortisation	7,002	8,561	9,391	8,674	8,674
Total expenses	119,644	122,444	125,252	124,563	128,637
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	4,067	3,980	3,980	3,980	3,980
Other revenue	1,168	1,491	1,504	1,518	1,518
Total revenue	5,235	5,471	5,484	5,498	5,498
Total own-source income	5,235	5,471	5,484	5,498	5,498
Net cost of (contribution by) services	114,409	116,973	119,768	119,065	123,139
Appropriation revenue	111,907	116,973	119,768	119,065	123,139
Surplus (deficit) attributable to the Australian Government	(2,503)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash	1,360	1,360	1,360	1,360	1,360
Receivables	60,325	62,588	67,855	75,597	79,271
Total financial assets	61,685	63,948	69,215	76,957	80,631
Non-financial assets					
Infrastructure, plant and equipment	5,330	5,330	5,330	5,330	5,330
Intangibles	15,949	17,423	13,289	9,615	5,941
Other	2,102	2,102	2,102	2,102	2,102
Total non-financial assets	23,381	24,855	20,721	17,047	13,373
Total assets	85,066	88,803	89,936	94,004	94,004
LIABILITIES					
Provisions					
Employees	36,467	39,959	40,954	44,884	44,884
Other	4,157	4,294	4,432	4,570	4,570
Total provisions	40,624	44,253	45,386	49,454	49,454
Payables					
Suppliers	4,012	4,012	4,012	4,012	4,012
Total payables	4,012	4,012	4,012	4,012	4,012
Total liabilities	44,636	48,265	49,398	53,466	53,466
Net assets	40,430	40,538	40,538	40,538	40,538
EQUITY					
Contributed equity	16,549	16,657	16,657	16,657	16,657
Reserves	12,530	12,530	12,530	12,530	12,530
Retained surpluses or accumulated deficits	11,351	11,351	11,351	11,351	11,351
Total equity	40,430	40,538	40,538	40,538	40,538
Current assets	63,787	66,050	71,317	79,059	82,733
Non-current assets	21,279	22,753	18,619	14,945	11,271
Current liabilities	34,480	37,202	38,052	41,103	41,103
Non-current liabilities	10,156	11,063	11,347	12,364	12,364

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	4,067	3,980	3,980	3,980	3,980
Appropriations	111,907	116,973	119,768	119,065	123,139
Other	1,168	1,491	1,504	1,518	1,518
Total cash received	117,141	122,444	125,252	124,563	128,637
Cash used					
Employees	88,867	90,786	93,823	94,843	95,840
Suppliers	25,859	21,731	26,172	24,720	27,797
Total cash used	114,726	112,517	119,995	119,563	123,637
Net cash from or (used by) operating activities	2,415	9,927	5,257	5,000	5,000
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment/intangibles	6,685	10,035	5,257	5,000	5,000
Total cash used	6,685	10,035	5,257	5,000	5,000
Net cash from or (used by) investing activities	(6,685)	(10,035)	(5,257)	(5,000)	(5,000)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,270	108	-	-	-
Total cash received	4,270	108	-	-	-
Net cash from or (used by) financing activities	4,270	108	-	-	-
Net increase (or decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	1,360	1,360	1,360	1,360	1,360
Cash at the end of the reporting period	1,360	1,360	1,360	1,360	1,360

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	11,351	6,530	6,000	16,549	40,430
Adjusted opening balance	11,351	6,530	6,000	16,549	40,430
Comprehensive income					
Surplus (deficit) for the period	-	-	-	-	-
Total comprehensive income recognised directly in equity	-	-	-	-	-
Transactions with owners					
Equity Injection	-	-	-	108	108
Total Transactions with owners	-	-	-	108	108
Estimated closing balance as at 30 June 2015	11,351	6,530	6,000	16,657	40,538

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Total equity injections	4,270	108	-	-	-
Total new capital appropriations	4,270	108	-	-	-
Provided for:					
Purchase of non-financial assets	4,270	108	-	-	-
Total Items	4,270	108	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	4,270	108	-	-	-
Funded internally from departmental resources	2,415	9,927	5,257	5,000	5,000
TOTAL	6,685	10,035	5,257	5,000	5,000
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	6,685	10,035	5,257	5,000	5,000
Total cash used to acquire assets	6,685	10,035	5,257	5,000	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 2014				
Gross book value	-	12,004	40,361	52,365
Accumulated depreciation/amortisation and impairment	-	6,674	24,412	31,086
Opening net book balance	-	5,330	15,949	21,279
Capital asset additions				
By purchase - other	-	1,665	8,370	10,035
Total additions	-	1,665	8,370	10,035
Other movements				
Depreciation/amortisation expense	-	1,665	6,896	8,561
Total other movements	-	1,665	6,896	8,561
As at 30 June 2015				
Gross book value	-	13,669	48,731	62,400
Accumulated depreciation/amortisation and impairment	-	8,339	31,308	39,647
Closing net book balance	-	5,330	17,423	22,753

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'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>	257,240	229,159	220,593	189,985	192,648
<i>Superannuation (Financial Assisting Funding) Levy Act 1993</i>	-	-	-	-	-
Total non-taxation revenue	257,240	229,159	220,593	189,985	192,648
Total own-source revenues administered on behalf of Government	257,240	229,159	220,593	189,985	192,648
Total own-sourced income administered on behalf of Government	257,240	229,159	220,593	189,985	192,648
Net Cost of (contribution by) services	(257,240)	(229,159)	(220,593)	(189,985)	(192,648)
Surplus (Deficit)	257,240	229,159	220,593	189,985	192,648

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash - Financial Claims Scheme special account	242	242	-	-	-
Receivables	250	250	250	250	250
Total financial assets	492	492	250	250	250
Total assets administered on behalf of government	492	492	250	250	250

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash or equivalents received					
Transfer from Official Public Account	-	-	-	-	-
Administered revenue	257,765	229,159	220,593	189,985	192,648
Total cash or equivalents received	257,765	229,159	220,593	189,985	192,648
Cash or equivalents used					
Cash to Official Public Account	257,765	229,159	220,593	189,985	192,648
Administered expenses	-	-	-	-	-
Total cash or equivalents used	257,765	229,159	220,593	189,985	192,648
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 2.1 million companies, 1.9 million 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 programmes, 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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in ⁺ 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	89,334 ⁵	-		89,334	-
Departmental appropriation ³	-	340,689 ¹		340,689	382,103
Receipts from other sources (s31)	-	2,044 ⁴		2,044	2,023
Total departmental	89,334	342,733		432,067	384,126
Administered expenses					
Outcome 1 - Assetless					
Administration fund	-	3,571 ¹		3,571	3,551
Ordinary annual services	-	4,320 ¹		4,320	2,778
Total administered	-	7,891		7,891	6,329
Total ordinary annual services	A 89,334	350,624		439,958	390,455
Other services					
Departmental non-operating					
Equity injections	-	5,950 ²		5,950	11,791
Total other services	B -	5,950		5,950	11,791
Total available annual appropriations (A+B)	89,334	356,574		445,908	402,246
Special appropriations					
Banking Act 1959	-	95,248		95,248	274,419
Life Insurance Act 1995	-	7,701		7,701	15,898
Total special appropriations	C -	102,949		102,949	290,317
Total appropriations excluding special accounts (A+B+C)	89,334	459,523		548,857	692,563

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2014-15 as at Budget May 2014 (continued)

	Estimate of prior year amounts available in + 2014-15 \$'000	Proposed at Budget = 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Special accounts				
Opening balance ⁶	33,794	-	33,794	-
Appropriation receipts	-	27,000	27,000	30,000
Non-appropriation receipts to special accounts	-	1,000	1,000	1,000
Total special account	D 33,794	28,000	61,794	31,000
Total resourcing (A+B+C+D)	123,128	487,523	610,651	723,563
Less appropriations drawn from annual appropriations above and credited to special accounts	-	27,000	27,000	30,000
Total net resourcing for ASIC	123,128	460,523	583,651	693,563

1. Appropriation Bill (No. 1) 2014-15.

2. Appropriation Bill (No. 2) 2014-15.

3. Includes \$15.2 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

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

5. Estimated adjusted balance carried forward from previous year.

6. Estimated opening balance for special accounts. 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 2014-15 Budget measures

	2013-14 Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Australian Securities and Investments Commission - savings	1.1	3,012	(26,022)	(32,503)	(32,120)	(32,442)
Efficiency Dividend - temporary increase in the rate ¹	1.1	-	(3,676)	(8,449)	(13,076)	(13,076)
Efficiency Dividend - a further temporary increase of 0.25 per cent						
Departmental expenses	1.1	-	(894)	(1,744)	(2,579)	(2,604)
Administered expenses	1.1	-	(15)	(31)	(32)	(33)
MoneySmart teaching and online MoneySmart programme ¹	1.1	-	-	-	-	-
Public Service efficiencies ²	1.1	(100)	(494)	(1,063)	(1,467)	(1,467)
Reforms to APS management and efficient procurement of agency software ¹	1.1	(99)	(494)	(1,062)	(1,467)	(1,467)

Table 1.2: Australian Securities and Investments Commission 2014-15 Budget measures (continued)

		2013-14	2014-15	2015-16	2016-17	2017-18
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures (continued)						
Repeal of the Carbon tax - abolishing other measures ³	1.1	-	(726)	-	-	-
Farm Management Deposits - exempting deposits from the unclaimed monies scheme						
Administered expenses	1.2	-	*	*	*	*
Bank accounts - further reform of arrangements relating to transfer of unclaimed monies ¹						
Administered expenses	1.2	(4,300)	(4,700)	(5,100)	(5,100)	(5,100)
Total expense measures		(1,487)	(37,021)	(49,952)	(55,841)	(56,189)
Related capital						
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(39)	(99)	(187)	(189)
Total related capital		-	(39)	(99)	(187)	(189)
Related revenue						
Farm Management Deposits - exempting deposits from the unclaimed monies scheme						
Administered revenue	1.2	-	*	*	*	*
Bank accounts - further reform of arrangements relating to transfer of unclaimed monies ¹						
Administered revenue	1.2	(7,400)	(8,100)	(8,800)	(8,800)	(8,800)
Total related revenue		(7,400)	(8,100)	(8,800)	(8,800)	(8,800)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

3. This measure was included in the *Mid-Year Economic and Fiscal Outlook 2013-14* and has not previously appeared in a portfolio statement.

* The nature of this measure is such that a reliable estimate cannot be provided.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

ASIC's outcome is described below together with its related programmes specifying the strategy, programme objective, programme deliverables and programme 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

	2013-14 Estimated actual expenses \$'000	2014-15 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		
Programme 1.1: Australian Securities and Investments Commission		
Departmental expenses		
Departmental appropriation	366,279	321,252
Expenses not requiring appropriation in the budget year	51,611	44,596
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,551	5,828
Expenses not requiring appropriation in the budget year	43,011	43,495
Total for Programme 1.1	466,452	415,171
Programme 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	24,821	24,937
Ordinary annual services (Appropriation Bill No. 1)	2,179	2,063
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	121,844	44,336
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	4,727	5,743
Total for special appropriations	153,571	77,079
Total for Programme 1.2	153,571	77,079
Outcome 1 totals by appropriation type		
Departmental expenses		
Departmental appropriation	366,279	321,252
Expenses not requiring appropriation in the budget year	51,611	44,596
Administered expenses		
Companies unclaimed monies - section 28 of the FMA ACT	24,821	24,937
Ordinary annual services (Appropriation Bill No. 1)	2,179	2,063
Special appropriations	126,571	50,079
Ordinary annual services (Appropriation Bill No. 1)	5,551	5,828
Expenses not requiring appropriation in budget year	43,011	43,495
Total expenses for Outcome 1	620,023	492,250
	2013-14	2014-15
Average staffing level (number)	1,782	1,573

Contributions to Outcome 1

Programme 1.1: Australian Securities and Investments Commission

Programme objective

Programme 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 programme 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.

Programme expenses

ASIC's estimates are reducing from 2013-14 levels due to the termination of measures and other savings initiatives.

Table 2.2: Programme 1.1 expenses

	2013-14 Revised budget \$'000	2014-15 Budget estimate \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	366,279	321,252	306,041	303,403	306,287
Expenses not requiring appropriation	51,611	44,596	39,071	32,107	26,176
Annual administered expenses					
Ordinary annual services	5,551	5,828	6,113	4,197	4,281
Expenses not requiring appropriation	43,011	43,495	43,985	44,480	44,981
Total programme expenses	466,452	415,171	395,210	384,187	381,725

Programme deliverables

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

Programme 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;
- supervise those in the financial services sector for instances of misconduct;

- 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.

Programme key performance indicators

ASIC measures its 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 financial consumers can make informed decisions;
- product issuers, credit providers and advisers meet required standards;
- fair and efficient processes are in place for resolution of disputes; and
- misconduct is dealt with and deterred.

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.

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

Programme objective

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

Programme expenses

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

Table 2.3: Programme 1.2 expenses

	2013-14 Revised budget \$'000	2014-15 Budget estimate \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual administered expenses:					
Special appropriations	126,571	50,079	56,063	62,234	68,866
Ordinary annual services	2,179	2,063	1,770	1,650	1,760
Section 28 of the FMA Act	24,821	24,937	25,230	25,230	25,240
Total program expenses	153,571	77,079	83,063	89,114	95,866

Programme deliverables

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

Programme 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 2014-15 2013-14 \$'000	Receipts			Closing balance 2014-15 2013-14 \$'000
			non- appropriated 2014-15 2013-14 \$'000	Receipts appropriated 2014-15 2013-14 \$'000	Payments 2014-15 2013-14 \$'000	
ASIC Deregistered Companies						
Trust Moneys Special Account(D)	1	1,436	1,000	-	1,000	1,436
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account(D)	1	11	-	-	-	11
ASIC Security Deposits Special Account(D)	1	456	-	-	-	456
Enforcement Special Account(D)	1	33,794	-	27,000	27,000	33,794
Total special accounts 2014-15 Budget estimate		35,697	1,000	27,000	28,000	35,697
Total special accounts 2013-14 estimate actual		35,697	1,000	30,000	31,000	35,697

(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 2014-15	822	-	-	822	-	822	1.1
<i>Departmental 2013-14</i>	<i>732</i>	-	-	<i>732</i>	-	<i>732</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 2014-15 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

Total expenses (excluding depreciation) are estimated to be \$321.3 million for 2014-15. The expenditure will be used to fund activities that contribute towards achieving the outcome and programme 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 2014-15 is \$101.5 million.

The 2014-15 equity position reflects the cumulative effect of capital injections of \$21.2 million received during 2014-15.

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 2014-15 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 2014-15 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	240,384	212,720	208,384	210,240	210,740
Supplier	125,395	108,032	97,157	92,663	95,047
Finance costs	500	500	500	500	500
Depreciation and amortisation	51,611	44,596	39,071	32,107	26,176
Total expenses	417,890	365,848	345,112	335,510	332,463
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	1,188	1,204	1,282	3,487	3,487
Other revenue	835	840	865	865	865
Total revenue	2,023	2,044	2,147	4,352	4,352
Gains					
Other	172	172	172	172	180
Total gains	172	172	172	172	180
Total own-source income	2,195	2,216	2,319	4,524	4,532
Net cost of (contribution by) services	415,695	363,632	342,793	330,986	327,931
Appropriation revenue	366,374	322,462	307,148	302,305	305,181
Surplus (deficit) attributable to the Australian Government	(49,321)	(41,170)	(35,645)	(28,681)	(22,750)
Note: Impact of net cash appropriation arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(49,321)	(41,170)	(35,645)	(28,681)	(22,750)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(49,321)	(41,170)	(35,645)	(28,681)	(22,750)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,216	2,216	2,216	2,216	2,216
Trade and other receivables	95,294	92,631	95,605	94,440	91,698
Total financial assets	97,510	94,847	97,821	96,656	93,914
Non-financial assets					
Land and buildings	57,076	51,944	43,574	40,577	47,552
Infrastructure, plant and equipment	19,444	18,474	18,296	19,455	21,754
Intangibles	106,013	92,298	80,734	74,373	61,605
Other	8,970	9,069	9,170	9,170	9,170
Total non-financial assets	191,503	171,785	151,774	143,575	140,081
Total assets	289,013	266,632	249,595	240,231	233,995
LIABILITIES					
Provisions					
Employees	81,674	81,916	84,595	84,595	84,595
Other	9,648	9,898	9,728	9,875	7,986
Total provisions	91,322	91,814	94,323	94,470	92,581
Payables					
Suppliers	41,031	42,570	43,184	42,236	40,210
Other	35,104	30,697	26,553	22,410	18,268
Total payables	76,135	73,267	69,737	64,646	58,478
Total liabilities	167,457	165,081	164,060	159,116	151,059
Net assets	121,556	101,551	85,535	81,115	82,936
EQUITY					
Contributed equity	262,681	283,846	303,475	327,736	352,307
Reserves	9,213	9,213	9,213	9,213	9,213
Retained surpluses or accumulated deficits	(150,338)	(191,508)	(227,153)	(255,834)	(278,584)
Total equity	121,556	101,551	85,535	81,115	82,936
Current assets	106,480	103,916	106,991	105,826	103,084
Non-current assets	182,533	162,716	142,604	134,405	130,911
Current liabilities	92,809	90,183	89,332	84,241	78,073
Non-current liabilities	74,648	74,898	74,728	74,875	72,986

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,188	1,204	1,282	3,487	3,487
Appropriations	373,201	325,125	304,174	303,470	307,923
GST received	17,139	13,941	12,501	12,188	13,972
Other	835	840	865	865	865
Total cash received	392,363	341,110	318,822	320,010	326,247
Cash used					
Employees	240,202	212,478	205,705	210,240	210,740
Suppliers	117,356	110,827	100,617	97,582	101,035
GST Paid	17,138	13,941	12,500	12,188	13,972
Cash used other	32	250	670	353	2,389
Total cash used	374,728	337,496	319,492	320,363	328,136
Net cash from or (used by) operating activities	17,635	3,614	(670)	(353)	(1,889)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	47,013	24,779	18,959	23,908	22,682
Total cash used	47,013	24,779	18,959	23,908	22,682
Net cash from or (used by) investing activities	(47,013)	(24,779)	(18,959)	(23,908)	(22,682)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	30,532	21,165	19,629	24,261	24,571
Total cash received	30,532	21,165	19,629	24,261	24,571
Net cash from or (used by) financing activities	30,532	21,165	19,629	24,261	24,571
Net increase or (decrease) in cash held	1,154	-	-	-	-
Cash at the beginning of the reporting period	1,062	2,216	2,216	2,216	2,216
Cash at the end of the reporting period	2,216	2,216	2,216	2,216	2,216

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(150,338)	9,213	-	262,681	121,556
Adjusted opening balance	(150,338)	9,213	-	262,681	121,556
Comprehensive income					
Surplus (deficit) for the period	(41,170)	-	-	-	(41,170)
Total comprehensive income recognised directly in equity	(41,170)	-	-	-	(41,170)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	5,950	5,950
Appropriation (departmental capital budget)	-	-	-	15,215	15,215
Total transactions with owners	-	-	-	21,165	21,165
Estimated closing balance as at 30 June 2015	(191,508)	9,213	-	283,846	101,551

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	18,741	15,215	19,188	24,261	24,571
Equity injections - Bill 2	11,791	5,950	441	-	-
Total new capital appropriations	30,532	21,165	19,629	24,261	24,571
Provided for:					
Purchase of non-financial assets	30,476	20,915	18,959	23,908	22,682
Total items	30,476	20,915	18,959	23,908	22,682
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	11,291	9,814	441	-	-
Funded by capital appropriation - DCB	18,685	14,965	18,518	23,908	22,682
Funded internally from departmental resources	17,037	-	-	-	-
TOTAL	47,013	24,779	18,959	23,908	22,682
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	47,013	24,779	18,959	23,908	22,682
Total cash used to acquire assets	47,013	24,779	18,959	23,908	22,682

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 2014				
Gross book value	108,840	60,579	258,783	428,202
Accumulated depreciation/amortisation and impairment	51,764	41,135	152,770	245,669
Opening net book balance	57,076	19,444	106,013	182,533
Capital asset additions				
By purchase - appropriation ordinary annual services	4,138	3,960	16,681	24,779
Total asset additions	4,138	3,960	16,681	24,779
Other movements				
Depreciation/amortisation expense	9,270	4,930	30,396	44,596
Total other movements	9,270	4,930	30,396	44,596
As at 30 June 2015				
Gross book value	112,978	64,539	275,464	452,981
Accumulated depreciation/amortisation and impairment	61,034	46,065	183,166	290,265
Closing net book balance	51,944	18,474	92,298	162,716

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	3,551	3,571	3,591	3,616	3,689
Write down and impairment of assets	43,011	43,495	43,985	44,480	44,981
Interest expense	5,018	4,637	3,522	3,314	3,437
Supply of goods and services expense	2,000	2,257	2,522	581	592
Other	148,553	72,442	79,541	85,800	92,429
Total expenses administered on behalf of government	202,133	126,402	133,161	137,791	145,128
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Other sources of non-taxation revenues	859,935	887,043	916,878	940,063	967,336
Total non-taxation revenue	859,935	887,043	916,878	940,063	967,336
Total own-source revenues administered on behalf of Government on behalf of government	859,935	887,043	916,878	940,063	967,336
Total own-sourced income administered on behalf of Government	859,935	887,043	916,878	940,063	967,336
Net Cost of (contribution by) services	(657,802)	(760,641)	(783,717)	(802,272)	(822,208)
Surplus (Deficit)	657,802	760,641	783,717	802,272	822,208

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	2,753	2,753	2,753	2,753	2,753
Receivables	103,303	99,132	97,469	95,937	98,752
Total assets administered on behalf of government	106,056	101,885	100,222	98,690	101,505
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	750	750	750	750	750
Other payables	343,344	269,329	254,455	257,675	259,455
Total liabilities administered on behalf of government	344,094	270,079	255,205	258,425	260,205
Net assets/(liabilities)	(238,038)	(168,194)	(154,983)	(159,735)	(158,700)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	323	325	328	331	331
Other	821,499	847,719	874,557	897,115	919,540
Total cash received	821,822	848,044	874,885	897,446	919,871
Cash used					
Grants	3,551	3,571	3,591	3,616	3,689
Other	332,776	153,351	100,459	86,475	94,678
Net GST paid	323	325	328	331	331
Total cash used	336,650	157,247	104,378	90,422	98,698
Net cash from or (used by) operating activities	485,172	690,797	770,507	807,024	821,173
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	342,252	161,923	111,050	97,091	105,366
Total cash received	342,252	161,923	111,050	97,091	105,366
Cash used					
Cash to Official Public Account	828,231	852,720	881,557	904,115	926,539
Total cash used	828,231	852,720	881,557	904,115	926,539
Net cash from or (used by) financing activities	(485,979)	(690,797)	(770,507)	(807,024)	(821,173)
Net increase or (decrease) in cash held	(807)	-	-	-	-
Cash at beginning of reporting period	3,560	2,753	2,753	2,753	2,753
Cash at end of reporting period	2,753	2,753	2,753	2,753	2,753

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 programmes 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 are 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 effectively manage and shape the tax, excise and superannuation systems that support and fund services for Australians, including ensuring the community has confidence in the administration of these 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. While the ATO will continue with its major responsibilities, the way it conducts its business will change significantly with a focus on new products and services, a drive for productivity improvements and a commitment to improve its services. The ATO's vision is to be a leading taxation and superannuation administration, known for its contemporary service, expertise and integrity. In seeking to achieve this vision, the ATO has four main goals:

- easy for people to participate;
- contemporary and tailored service;
- purposeful and respectful relationships; and
- professional and productive organisation.

The journey towards achievement of these goals is guided by the following strategies:

- build a culture that embodies values and transforms the client experience;
- simplify interactions, maximise automation and reduce costs;
- connect with the community and other agencies in meaningful ways;
- influence policy and law design for more certain outcomes;
- use data in a smarter way to improve decisions, services and compliance; and
- reshape the workforce to optimise capability and performance.

The goals and strategies are supported by the ATO's values of being impartial, committed to service, accountable, respectful and ethical.

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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	550,250 ¹	-	550,250	-
Departmental appropriation ²	-	3,342,775 ³	3,342,775	3,434,597
Receipts from other sources (s31)	-	73,572 ⁴	73,572	75,049
Total departmental	550,250	3,416,347	3,966,597	3,509,646
Administered expenses				
Outcome 1	-	284 ³	284	6,697
Total administered expenses	-	284	284	6,697
Total ordinary annual services	A 550,250	3,416,631	3,966,881	3,516,343
Other services				
Departmental non-operating				
Equity injections	-	25,943 ⁵	25,943	38,962
Total other services	B -	25,943	25,943	38,962
Total available annual appropriations (A+B)	550,250	3,442,574	3,992,824	3,555,305
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	132,000	132,000	82,000
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil</i>	-	50,000	50,000	47,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	468,000	468,000	429,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)⁶</i>	-	9,552,650	9,552,650	9,165,400
Total special appropriations	C -	10,202,650	10,202,650	9,723,400
Total appropriations excluding special accounts	550,250	13,645,224	14,195,474	13,278,705

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2014-15 as at Budget May 2014 (continued)

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Special accounts				
Opening balance ⁷	92,774	-	92,774	-
Appropriation receipts	-	55,339	55,339	89,161
Non-appropriation receipts to special accounts	-	1,779,010	1,779,010	463,452
Total special account	D 92,774	1,834,349	1,927,123	552,613
Total resourcing (A+B+C+D)	643,024	15,479,573	16,122,597	13,831,318
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	55,339	55,339	89,161
Total net resourcing for the ATO	643,024	15,424,234	16,067,258	13,742,157

1. Estimated adjusted balance carried forward from previous year.
2. Includes \$115.8 million in 2014-15 (\$105.9 million in 2013-14) for the departmental capital budget (also refer to Table 3.2.5).
3. Appropriation Bill (No. 1) 2014-15.
4. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.
5. Appropriation Bill (No. 2) 2014-15.
6. These figures relate to administered expenses including fuel tax credits, research and development tax incentives and, interest on overpayment and early payment of tax. Estimated tax refund items for 2013-14 are \$96.2 billion (including \$145 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$99.3 billion for 2014-15 (including \$160 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 2014-15 Budget measures
Part 1: Measures announced since the 2013-14 MYEFO**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Australian Taxation Office - savings						
Departmental expenses	1.1	-	-	(16,800)	(42,000)	(84,000)
Efficiency Dividend - a further temporary increase of 0.25 per cent						
Departmental expenses	1.1	-	(8,266)	(16,055)	(23,178)	(22,790)
Higher Education Superannuation Programme - resumption of payments to universities in NSW						
Departmental expenses	1.1	-	-	-	-	-
Migration Programme - allocation of places for 2014-15						
Departmental expenses	1.1	-	-	-	-	-
Remove Grandfathering of Student Start-Up Scholarship Recipients						
Departmental expenses	1.1	-	221	147	157	159
Restoring integrity in the Australian tax system - further decisions						
Departmental expenses	1.1	(1,348)	(7,884)	(10,894)	(5,173)	10,441
Social Security Agreement with India						
Departmental expenses	1.1	-	-	-	-	-
Trade Support Loans - establishment						
Departmental expenses	1.1	1,212	2,196	713	604	537
Korea-Australia Free Trade Agreement						
Administered expenses	1.6	-	-	300	300	300
Taxation treatment of biodiesel - modification						
Administered expenses	1.7	-	-	(52,000)	(54,000)	(56,000)
Administered expenses	1.9	-	-	-	1,000	5,000

Table 1.2: Australian Taxation Office 2014-15 Budget measures (continued)
Part 1: Measures announced since the 2013-14 MYEFO (continued)

	2013-14	2014-15	2015-16	2016-17	2017-18
Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures (continued)					
Exploration Development Incentive - introduction					
Administered expenses	1.8	-	25,000	35,000	40,000
Reintroduction of fuel excise indexation					
Administered expenses	1.10	-	100,700	350,000	550,000
National Rental Affordability Scheme - discontinue incentive allocations					
Administered expenses	1.11	-	-	(28,800)	(78,500)
Product Stewardship for Oil Scheme - modification to the levy					
Administered expenses	1.12	-	2,000	2,000	2,000
Research and Development Tax Incentive - reducing the rates of the refundable and non-refundable tax offsets					
Administered expenses	1.13	-	(70,000)	(70,000)	(70,000)
Abolish the Seafarer Tax Offset					
Administered expenses	1.14	-	-	(4,000)	(4,000)
First Home Saver Accounts scheme - cessation					
Departmental expenses	1.1	-	-	(18,100)	(18,100)
Administered expenses	1.17	(1,000)	(18,000)	(18,000)	(19,000)
		(136)	(13,733)	(60,989)	(87,690)
		(1,000)	39,700	214,500	367,800
Total expense measures		(1,136)	25,967	153,511	280,110
Related capital					
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(284)	(564)	(851)
Social Security Agreement with India	1.1	-	793	-	-
Trade Support Loans - establishment	1.1	387	2,804	-	-
Total related capital		387	3,313	(564)	(851)

Prepared on a Government Finance Statistics (fiscal) basis.

Table 1.2: Australian Taxation Office 2014-15 Budget measures (continued)
Part 2: Measures not previously reported in a portfolio statement

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
<i>Budget Measures 2013-14</i>						
Public Service efficiencies						
Departmental expenses	1.1	(1,219)	(4,732)	(10,398)	(14,512)	(13,770)
<i>Economic Statement 2013</i>						
Addressing the level of unpaid tax and superannuation in the community						
Departmental expenses	1.1	15,565	19,845	29,781	34,080	34,837
Administered expenses	1.21	-	15,000	15,000	15,000	15,000
Efficiency Dividend - temporary increase in the rate						
Departmental expenses	1.1	-	(34,997)	(77,290)	(120,784)	(120,784)
Personal income tax - deferring the cap on work-related self-education expenses						
Departmental expenses	1.1	-	(700)	(1,200)	-	-
Reforms to the APS management and efficient procurement of agency software						
Departmental expenses	1.1	(4,974)	(8,629)	(14,100)	(13,769)	(13,769)
Superannuation - reform of arrangements relating to transfer of lost member accounts to the ATO						
Departmental expenses	1.1	-	27	3,195	2,325	3,048
Administered expenses	1.22	-	-	9,629	7,257	-
Carbon pricing mechanism - replacing fixed price with an emissions trading scheme from 1 July 2014						
Administered expenses	1.9	-	350,000	-	-	-
<i>Mid-Year Economic and Fiscal Outlook 2013-14</i>						
Reducing superannuation compliance costs for small business						
Departmental expenses	1.1	1,182	6,099	6,210	6,186	6,246
Repeal of the Minerals Resource Rent Tax - abolishing related tax and superannuation measures						
Departmental expenses	1.1	-	(15,204)	(27,111)	(25,780)	(25,780)
Administered expenses	1.18	(960,600)	(922,700)	(908,400)	(896,400)	-
- forgone revenue from repeal						
Departmental expenses	1.1	(21,740)	(19,123)	(19,842)	(21,259)	(21,259)

Table 1.2: Australian Taxation Office 2014-15 Budget measures (continued)
Part 2: Measures not previously reported in a portfolio statement (continued)

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures (continued)						
Restoring integrity in the Australian tax system						
Departmental expenses	1.1	(9,078)	(10,596)	(16,153)	(17,050)	(17,050)
Simplified indexation of the private health insurance Government contribution						
Departmental expenses	1.1	856	882	684	456	400
Superannuation advertising savings						
Administered expenses	1.1	(1,007)	(500)	(500)	-	-
Repeal of the Carbon Tax						
- abolishing land initiatives and unnecessary bureaucracies						
Administered expenses	1.8	-	(20,000)	-	-	-
- abolishing other measures						
Departmental expenses	1.1	-	(2,300)	-	-	-
- forgone revenue from repeal of the Carbon Tax						
Administered expenses	1.9	-	100,000	250,000	350,000	500,000
2013-14 Humanitarian Programme						
Administered expenses	1.18	-	-	-	-	-
Repeal the tax bonus for working Australians						
Administered expenses	1.22	-	-	-	-	-
Departmental expenses		(19,408)	(69,428)	(126,224)	(170,107)	(167,881)
Administered expenses		(961,607)	(478,200)	(634,271)	(524,143)	515,000
Total expense measures		(981,015)	(547,628)	(760,495)	(694,250)	347,119
Related capital						
<i>Economic Statement 2013</i>						
Personal income tax - deferring the cap on work-related self-education expenses						
	1.1	-	(300)	-	-	-
<i>Mid-Year Economic and Fiscal Outlook 2013-14</i>						
Repeal of the Minerals Resource Rent Tax - abolishing related tax and superannuation measures						
	1.1	-	-	(1,500)	-	-
Restoring integrity in the Australian tax system						
	1.1	(1,069)	(2,660)	-	-	-
Simplified indexation of the private health insurance Government contribution						
	1.1	100	-	-	-	-
Total related capital		(969)	(2,960)	(1,500)	-	-

Prepared on a Government Finance Statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAMME STRUCTURE

The ATO has made changes to its programme structure for 2014-15.

- The Conservation Tillage Refundable Tax Offset, the Seafarer Tax Offset and Targeted assistance through the taxation system (previously part of Programme 1.21) are now separate Programmes 1.8, 1.14 and 1.22 respectively.
- The Exploration Development Incentive (Programme 1.12) has been established as a new programme.
- The component structure for Programme 1.1 has also been removed.

The revised programme 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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The ATO's outcome is described below specifying the strategy, programmes, objectives, deliverables and key performance indicators used to assess and monitor the performance of the 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 its outcome by:

- providing contemporary service and fostering willing participation;
- sharing data intelligence and expertise across government and internationally;
- collecting revenue and delivering benefits to the community;
- managing non-compliance; and
- securing retirement income.

The ATO will continue to work with the Department of the Treasury to advise the government of operational implications of policy initiatives, as well as changes to legislation that could improve the regulatory framework or reduce the cost of compliance for business or the community.

The ATO will maintain robust and effective relationships across government and international jurisdictions and will encourage stakeholders to communicate their views to the ATO, in order to improve outcomes and minimise compliance costs.

The ATO provides support to the Tax Practitioners Board, the Australian Business Register and the Australian Charities and Not-for-profits Commission. It also manages

and contributes to a number of whole-of-government initiatives that deliver a range of services.

The ATO's corporate plan outlines its strategic direction, service commitments and a set of performance measures, which includes all programme deliverables and key performance indicators listed in this Portfolio Budget Statement. The ATO's annual report assesses the achievements of the agency against this plan.

Outcome 1 Budgeted expenses and resources

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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,690	284
Departmental expenses		
Departmental appropriation	3,218,202	3,115,373
Expenses not requiring appropriation in budget year	160,606	163,301
Total for Programme 1.1	3,384,498	3,278,958
Programme 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	18,206	15,243
Total for Programme 1.2	18,206	15,243
Programme 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	143,836	143,362
Total for Programme 1.3	143,836	143,362
Programme 1.4: Australian Valuation Office		
Departmental expenses		
Special accounts	43,542	-
Total for Programme 1.4	43,542	-
Programme 1.5: Australian Charities and Not-for-profits Commission		
Departmental expenses		
Special accounts	15,161	15,039
Total for Programme 1.5	15,161	15,039
Programme 1.6: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	284,000	264,000
Total for Programme 1.6	284,000	264,000
Programme 1.7: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	82,000	132,000
Total for Programme 1.7	82,000	132,000

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

	2013-14 Estimated actual expenses \$'000	2014-15 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		
Programme 1.8: Conversation Tillage Refundable Tax Offset		
Administered expenses		
Special appropriations	20,000	-
Total for Programme 1.8	20,000	-
Programme 1.9: Exploration Development Incentive		
Administered expenses		
Special appropriations	-	25,000
Total for Programme 1.9	-	25,000
Programme 1.10: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	5,822,900	6,270,200
Total for Programme 1.10	5,822,900	6,270,200
Programme 1.11: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	128,500	177,650
Total for Programme 1.11	128,500	177,650
Programme 1.12: Product Stewardship for Oil		
Administered expenses		
Special appropriations	47,000	50,000
Total for Programme 1.12	47,000	50,000
Programme 1.13: Research and Development Tax Incentive		
Administered expenses		
Special appropriations	2,246,000	1,940,000
Total for Programme 1.13	2,246,000	1,940,000
Programme 1.14: Seafarer Tax Offset		
Administered expenses		
Special appropriations	4,000	4,000
Total for Programme 1.14	4,000	4,000
Programme 1.15: Baby Bonus Tax Offsets		
Administered expenses		
Special appropriations	700	-
Total for Programme 1.15	700	-
Programme 1.16: Education Tax Refund		
Administered expenses		
Special appropriations	-	-
Total for Programme 1.16	-	-
Programme 1.17: First Home Saver Accounts		
Administered expenses		
Special appropriations	18,000	-
Total for Programme 1.17	18,000	-

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

	2013-14 Estimated actual expenses \$'000	2014-15 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		
Programme 1.18: Low Income Earner Superannuation Contribution		
Administered expenses		
Special appropriations	-	-
Total for Programme 1.18	-	-
Programme 1.19: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	191,000	200,000
Total for Programme 1.19	191,000	200,000
Programme 1.20: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	161,000	167,000
Total for Programme 1.20	161,000	167,000
Programme 1.21: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	429,000	468,000
Total for Programme 1.21	429,000	468,000
Programme 1.22 Targeted Assistance Through the Taxation system		
Administered expenses		
Special appropriations	39,300	4,800
Total for Programme 1.22	39,300	4,800
Programme 1.23: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	250,000	500,000
Total for Programme 1.23	250,000	500,000
Programme 1.24: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in budget year	7,163,728	7,131,996
Total for Programme 1.24	7,163,728	7,131,996
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,690	284
Special appropriations	9,723,400	10,202,650
Expenses not requiring appropriation in budget year	7,163,728	7,131,996
Departmental expenses		
Departmental appropriation	3,380,244	3,273,978
Special accounts	58,703	15,039
Expenses not requiring appropriation in budget year	160,606	163,301
Total expenses for Outcome 1	20,492,371	20,787,248
	2013-14	2014-15
Average staffing level (number)	21,397	19,068

Contributions to Outcome 1

Programme 1.1: Australian Taxation Office

Programme 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.

Programme expenses

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

Table 2.2: Programme 1.1 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Programme 1.1: Australian Taxation					
Annual departmental expenses					
Departmental items	3,378,808	3,278,674	3,140,890	2,997,300	2,913,043
Annual administered expenses					
Administered item	5,690	284	31	31	-
Total programme expenses	3,384,498	3,278,958	3,140,921	2,997,331	2,913,043

Programme deliverables

The ATO has the following programme deliverables:

- number of significant matters that have been consulted on;
- number of customer service interactions delivered through the multi-channel environment;
- number of registrations processed;
- number of taxpayers who meet their lodgement obligations;
- number of returns, statements and forms processed;
- number of interpretive guidance products, objections and rulings provided;
- number of payments processed;

Australian Taxation Office Budget Statements

- value of net tax collected;
- number of refunds issued;
- value of refunds paid;
- number of compliance audits, reviews and other checks undertaken;
- value of compliance liabilities raised and collected as a result of compliance audits, reviews and other checks;
- value of debt collected;
- number of disputed cases resolved;
- number of lost and ATO-held superannuation accounts;
- value of lost and ATO-held superannuation accounts; and
- number of international information exchanges.

Programme key performance indicators

The ATO has the following programme key performance indicators:

- community and key stakeholder engagement and satisfaction with ATO performance;
- client satisfaction with independence of review and the service provided;
- proportion of draft legislation which is assured before introduction to Parliament;
- earlier resolution of disputed cases;
- proportion of individual tax file number registrations compared to the Australian Bureau of Statistics estimated resident population;
- proportion of company tax file number registrations compared to the Australian Securities and Investments Commission registered population;
- proportion of taxpayers who lodge their income tax returns on time;
- proportion of taxpayers who lodge their activity statements on time;
- time-cost index for business and superannuation funds to prepare and complete key tax forms;

- adjusted average cost to individual taxpayers of managing their tax affairs;
- proportion of liabilities paid on time by value for each of the major tax revenue types;
- net cost to collect \$100;
- ratio of collectable debt to net tax collections;
- adjusted gross operating surplus compared to company profit and tax payable;
- goods and services tax (GST) gap as a proportion of GST revenue;
- growth in salary and wages reported on income tax returns compared to growth in salary and wages estimated by the Australian Bureau of Statistics;
- adjusted employer superannuation contributions as a proportion of adjusted salary and wages; and
- proportion of self-managed superannuation funds contraventions compared to the number of fund lodgements.

Programme 1.2: Tax Practitioners Board

Programme objective

The Tax Practitioners Board (TPB) has the general administration of the *Tax Agent Services Act 2009* (TASA) and is responsible for the regulation of tax practitioners. These practitioners include tax agents, business activity statement (BAS) agents and, from 1 July 2014, tax (financial) advisers.

The objective of the TPB is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct.

The TPB's purpose is to regulate tax practitioners in a fair, consistent and practical way under the TASA to protect consumers, thereby strengthening the integrity of the tax practitioner profession.

Programme expenses

The reduction in expenses from 2013-14 to 2014-15 reflects the removal of temporary supplementation from Programme 1.1. There are no significant changes to estimates across the forward years.

Table 2.3: Programme 1.2 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	18,206	15,243	15,093	15,001	14,895
Total programme expenses	18,206	15,243	15,093	15,001	14,895

Programme deliverables

The TPB has the following programme deliverables:

- maintain a public register of registered and deregistered tax practitioners;
- maintain an effective complaints handling and review process;
- administer a system for the registration of tax practitioners;
- actions taken to deter non-compliant or illegal behaviour; and
- number and types of sanctions applied.

Programme key performance indicators

The TPB has the following programme key performance indicators:

- improvement in the number of registration and renewal applications processed without requiring further applicant interaction;
- proportion of complaints resolved within service standard;
- significant majority of registered tax practitioners have maintained appropriate professional indemnity insurance cover;
- tax practitioners' and other stakeholders' satisfaction with communication and consultation by the TPB; and
- regular publication of guidance to registered tax practitioners on their rights and obligations.

Programme 1.3: Australian Business Register

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

The ABR programme encompasses:

- the ABR: a comprehensive national business dataset;
- AUSkey: a secure authentication system giving business easy-to-use access to online government services; and
- Standard Business Reporting (SBR): SBR defines a common language for business information and standards for electronic information sharing. It is used in business record-keeping software to support running the business and reduce the burden of reporting to government.

Programme objective

The ABR programme contributes to improving the wellbeing of the Australian people through enhanced business productivity by:

- reducing the administrative cost to business of complying with government regulation;
- influencing government policy development and implementation, through advocating the use of services, technologies and processes to minimise the administrative impact on business; and
- encouraging the adoption of new practices by businesses to reduce operating costs.

Programme expenses

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

Table 2.4: Programme 1.3 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	143,836	143,362	142,257	141,672	141,374
Total programme expenses	143,836	143,362	142,257	141,672	141,374

Programme deliverables

The ABR has the following programme deliverables to reduce business costs leading to improved business productivity and competitiveness by:

- increased use by business and government of a complete and single source of business information for planning and service delivery;
- broader adoption and use of consistent information exchange standards by business and government; and
- facilitating more streamlined online interactions between business and government including a single business entry point.

Programme key performance indicators

The ABR has the following programme key performance indicators:

- increased use of the national business dataset by government agencies and the community;
- improvement in the quality of national business dataset;
- increase in the adoption and use of AUSkey by business;
- increase in the number of businesses using SBR-enabled software;
- increased use of the SBR common language and standards; and
- reduction in administrative costs to business.

Programme 1.4: Australian Valuation Office

On 24 January 2014, it was announced that the Australian Valuation Office (AVO) would cease trading on 30 June 2014. A small number of AVO staff will be retained in the 2014-15 financial year to close the AVO's corporate operations. This includes records management, closing AVO's financial records, formally transferring legal and administrative responsibilities and notifying the Government of the closure of the AVO. It is expected that these activities will be completed by the end of September 2014.

Programme expenses

Programme expenses reflect the residual wind up costs to support the cessation of AVO operations.

Table 2.5: Programme 1.4 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special account expenses					
Valuation Services Special Account	43,542	-	-	-	-
Total programme expenses	43,542	-	-	-	-

Programme 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 Commission Act 2012* (the ACNC Act) and accompanying legislation and regulations. These include the distinct function to determine and register charities, health promotion institutions, and public benevolent institutions 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.

Programme objective

The ACNC provides independent determination and registration of charities, health promotion institutions, and public benevolent institutions 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 cooperation 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.

Programme expenses

On 19 March 2014, the Government introduced the Australian Charities and Not-for-profits Commission (Repeal) (No. 1) Bill 2014. However, the ACNC will continue to operate in its current form whilst the current ACNC Act remains in effect and the programme expenses reflect this.

Table 2.6: Programme 1.5 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special account expenses					
ACNC Special Account	15,161	15,039	14,845	14,752	14,858
Total programme expenses	15,161	15,039	14,845	14,752	14,858

Programme deliverables

The ACNC has the following programme deliverables:

- number of charitable status determinations made within agreed timeframes;
- number of visits to website, and charity register;
- number of investigations into non-compliance with the ACNC Act and actions taken; and
- ACNC deregulation target met.

Programme key performance indicators

The ACNC has the following programme key performance indicators:

- proportion of determinations delivered within agreed timeframes;
- proportion of complaints and concerns of non-compliance with the ACNC Act addressed within agreed timeframes;
- proportion of advice, education and guidance delivered within agreed timeframes; and
- percentage of charities' annual information statements submitted compared to the number of registered charities.

Programme 1.6: Australian Screen Production Incentive

Programme objective

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

The Ministry for the Arts, along with Screen Australia and the ATO, have co-administration responsibilities for the programme. Screen Australia has responsibility for the Producer Offset while the Ministry for the Arts has responsibility for the Location and PDV Offset.

Programme expenses

The estimates show variations across the forward years. This reflects the fluctuation in the number of films that are expected to be certified across these years. Also refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.7: Programme 1.6 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	284,000	264,000	219,300	245,300	219,300
Total programme expenses	284,000	264,000	219,300	245,300	219,300

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicators:

- number of tax offsets issued compared to the number of tax offset entitlements; and
- value of tax offsets issued compared to the value of tax offset entitlements.

Programme 1.7: Cleaner Fuels Grant Scheme

Programme objective

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

Programme expenses

The estimates show growth in 2013-14 and 2014-15. There are no estimates from 2015-16 and the forward years. This reflects the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.8: Programme 1.7 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner fuel grants</i>	82,000	132,000	-	-	-
Total programme expenses	82,000	132,000	-	-	-

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.8: Conservation Tillage Refundable Tax Offset

Programme objective

The Conservation Tillage Refundable Tax Offset is part of the Carbon Farming Futures Programme, which was 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 they participate in soil carbon sequestration research.

The Government announced in the *Mid-Year Economic and Fiscal Outlook 2013-14* that it will abolish the Conservation Tillage Refundable Tax Offset starting from 1 July 2014.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2014.

Table 2.9: Programme 1.8 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	20,000	-	-	-	-
Total programme expenses	20,000	-	-	-	-

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of the value of notice data relating to tillage certificates (collected by the Department of Agriculture) that the ATO is able to match with tax return data.

Programme 1.9: Exploration Development Incentive

Programme objective

The Exploration Development Incentive will allow small mineral exploration companies with no taxable income to provide exploration credits, paid as a refundable tax offset, to their Australian resident shareholders for greenfield mineral exploration.

Programme expenses

The estimates reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.10: Programme 1.9 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	25,000	35,000	40,000	-
Total programme expenses	-	25,000	35,000	40,000	-

Programme deliverables

The ATO has the following programme deliverables:

- number of applications made by mining exploration companies; and
- value of exploration credits sought before ATO applies cap.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- modulation factor provided by the ATO in sufficient time to allow allocation of capped exploration credits to shareholders.

Programme 1.10: Fuel Tax Credits Scheme

Programme objective

The objective of the Fuel Tax Credits Scheme is to remove or reduce the incidence of fuel tax levied on taxable fuels by providing a credit for fuel used for:

- business activities in machinery, plant and equipment and heavy vehicles; and
- 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.

Programme expenses

The estimates reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.11: Programme 1.10 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,822,900	6,270,200	6,821,800	7,211,300	7,615,300
Total programme expenses	5,822,900	6,270,200	6,821,800	7,211,300	7,615,300

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.11: National Rental Affordability Scheme

Programme objective

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

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

The tax offset is claimed through the tax system.

Programme expenses

The estimates show moderate growth across the forward years. The estimates also reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.12: Programme 1.11 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	128,500	177,650	202,232	243,929	251,247
Total programme expenses	128,500	177,650	202,232	243,929	251,247

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicator:

- ratio of claims made through the ATO compared to the Department of Social Services.

Programme 1.12: Product Stewardship for Oil Programme

Programme objective

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

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

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

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

Programme expenses

The estimates show moderate growth across the forward years. The estimates also reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.13: Programme 1.12 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship (oil) benefits	47,000	50,000	53,000	55,000	58,000
Total programme expenses	47,000	50,000	53,000	55,000	58,000

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.13: Research and Development Tax Incentive

Programme 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 has the primary policy responsibility for the programme with the aim of increasing both the number of companies investing in innovation and the value of innovation investment over time.

The ATO has an important supporting role in processing claims through the tax system for the R&D offset.

Programme expenses

The estimate for 2013-14 has been revised upward to incorporate previous years' under-estimation. Forward year estimates show moderate growth. The estimates also reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information

Table 2.14: Programme 1.13 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,246,000	1,940,000	2,000,000	2,062,000	2,126,000
Total programme expenses	2,246,000	1,940,000	2,000,000	2,062,000	2,126,000

Programme deliverables

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

- number of claims processed for 40 per cent non-refundable research and development tax offset claimants;
- number of claims processed for 45 per cent refundable research and development tax offset claimants;
- value of claims processed for 40 per cent non-refundable research and development tax offset claimants; and
- value of claims processed for 45 per cent refundable research and development tax offset claimants.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of offsets processed within service standard timeframes.

Programme 1.14: Seafarer Tax Offset

Programme objective

The Seafarer Tax Office commenced from 1 July 2012 and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible seafarers. The Government announced that this programme will be abolished from 2015-16.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2015. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.15: Programme 1.14 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	4,000	4,000	-	-	-
Total programme expenses	4,000	4,000	-	-	-

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicator:

- relevant taxpayers are aware of how to claim the offset.

Programme 1.15: Baby Bonus

Programme objective

The objective of the Baby Bonus (first child) tax offset was to provide access to a benefit, 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.

Programme expenses

This programme ceased on 30 June 2009. 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. The corresponding expenses have also been recognised in 2013-14.

Table 2.16: Programme 1.15 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	700	-	-	-	-
Total programme expenses	700	-	-	-	-

Programme deliverables

The Baby Bonus Programme ceased on 30 June 2009 but claimants may lodge claims until 30 June 2014. There will be no deliverables for the Baby Bonus Programme in 2014-15.

Programme key performance indicators

The Baby Bonus Programme ceased on 30 June 2009 but claimants may lodge claims until 30 June 2014. There will be no key performance indicators for Baby Bonus Programme in 2014-15.

Programme 1.16: Education Tax Refund

Programme objective

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

Programme expenses

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 2.17: Programme 1.16 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total programme expenses	-	-	-	-	-

Programme deliverables

The Education Tax Refund finished on 30 June 2012. There will be no deliverables for the Education Tax Refund Programme in 2014-15.

Programme key performance indicators

The Education Tax Refund finished on 30 June 2012. There will be no key performance indicators for the Education Tax Refund Programme in 2014-15.

Programme 1.17: First Home Saver Accounts

Programme objective

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

Administration of the First Home Saver Accounts Programme is split between the ATO, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission.

The ATO contributes to helping eligible individuals access the benefits of the programme and understand and comply with their obligations.

Programme expenses

There are no estimates from 2014-15 and the forward years to reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

Table 2.18: Programme 1.17 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	18,000	-	-	-	-
Total programme expenses	18,000	-	-	-	-

Programme 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:

- number of government contributions paid;
- value of government contributions paid; and
- value of account balances.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of government contributions paid to eligible account holders within 60 days.

Programme 1.18: Low Income Superannuation Contribution

Programme objective

The Low Income Super Contribution aimed to address some of the inequity in the superannuation system, where low income earners with a marginal rate of tax less than 15 per cent, pay a higher rate of tax on superannuation contributions than if they had received the money as salary and wages. The programme started from the 2012-13 income year.

The Government announced in the *Mid-Year Economic and Fiscal Outlook 2013-14* that it will abolish the low income superannuation contribution, for contributions made from 1 July 2013.

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

Programme expenses

The estimates reflect the Government's announced intention to close the programme with effect from 1 July 2013.

Table 2.19: Programme 1.18 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total programme expenses	-	-	-	-	-

Programme 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 entitlements determined; and
- value of entitlements determined.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of original contributions paid to superannuation funds within 60 days.

Programme 1.19: Private Health Insurance Rebate

Programme objective

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

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

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.20: Programme 1.19 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	191,000	200,000	210,000	221,000	233,000
Total programme expenses	191,000	200,000	210,000	221,000	233,000

Programme deliverables

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

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

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of private health insurance rebates claimed through the tax system, and liability imposed on, lodging eligible individuals.

Programme 1.20: Superannuation Co-contribution Scheme

Programme objective

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

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

Programme expenses

The estimates show minor growth across the forward years.

Table 2.21: Programme 1.20 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	161,000	167,000	169,000	172,000	171,000
Total programme expenses	161,000	167,000	169,000	172,000	171,000

Programme 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 entitlements determined; and
- value of entitlements determined.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of original co-contributions paid to superannuation funds within 60 days.

Programme 1.21: Superannuation Guarantee Scheme

Programme objective

Under the *Superannuation Guarantee (Administration) Act 1992*, most employers must pay superannuation contributions into a complying superannuation fund or retirement savings account.

Non-compliance with the *Superannuation Guarantee (Administration) Act 1992* by employers means that eligible employees will not receive their entitlements to, and benefits of, superannuation in their retirement. The ATO administers the programme by supporting employers to comply with their superannuation guarantee obligations and identifying and dealing with those who do not.

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.22 Programme 1.21 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Superannuation Guarantee (Administration) Act 1992</i>	429,000	468,000	481,000	494,000	501,000
Total programme expenses	429,000	468,000	481,000	494,000	501,000

Programme 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 as a result of ATO compliance activities and voluntary disclosures;
- number of employers whose records are checked;
- value of superannuation guarantee charge:
 - raised (including penalties and interest); and
 - collected;

- value of superannuation guarantee entitlements distributed to individuals or superannuation funds; and
- value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of employers for whom superannuation guarantee liabilities were raised by the ATO.

Programme 1.22: Targeted assistance through the taxation system

Programme objective

Tax Bonus

The Tax Bonus provides for targeted bonus payments to assist households and support economic growth. The Tax Bonus for Working Australians Repeal Bill 2013 was introduced in March 2014, as the objective of making Tax Bonus payments to eligible Australians has been met.

Interest on Unclaimed Superannuation Monies

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

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

Programme expenses

The estimates reflect the impact of various implementation dates of unclaimed monies.

Table 2.23: Programme 1.22 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
- Tax Bonus	-	-	-	-	-
- Interest on unclaimed money	39,300	4,800	26,900	23,200	5,900
Total programme expenses	39,300	4,800	26,900	23,200	5,900

Programme deliverables

The ATO is responsible for the calculation and payment of interest on all unclaimed superannuation accounts when the accounts are transferred from the ATO. Successful delivery is demonstrated by the:

- number of interest payments processed; and
- value of interest payments processed.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of unclaimed superannuation accounts where interest is paid to the account owner compared to total accounts transferred.

Programme 1.23: Interest on Overpayments and Early Payments of Tax

Programme objective

The objective of the programme is to apply credit interest to taxpayers' accounts where they are entitled under the law.

The application of credit interest is non-discretionary where an entitlement exists under the *Taxation (Interest on Overpayments and Early Payments) Act 1983*. Administered interest regimes include:

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

Programme expenses

Estimates for 2013-14 are lower, mainly due to a small number of large cases that have been settled and paid during the year, with no significant changes to estimates across the forward years.

Table 2.24: Programme 1.23 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	250,000	500,000	500,000	500,000	500,000
Total programme expenses	250,000	500,000	500,000	500,000	500,000

Programme deliverables

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

- number of clients entitled to credit interest due to processing performance; and
- value of credit interest applied to client accounts due to processing performance.

Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of credit interest paid due to processing performance compared to all credit interest paid.

Programme 1.24: Bad and Doubtful Debts and Remissions

Programme objective

Bad and doubtful debts

The primary objective of the programme is to help ensure that the value of tax receivables reported is a true and fair estimate of what can be collected on behalf of the Australian Government.

The ATO may not be able to collect all tax liabilities due. The ATO estimates the amount it does not expect to recover and, in accordance with accepted accounting practice, creates a bad and doubtful debts provision for this amount. This provision is one of the amounts offset against gross total taxation receivables to determine net total taxation receivables, which is a true and fair estimate of what can be collected on behalf of the Australian Government.

Remissions

The primary objective of the programme is to ensure that taxpayers are relieved of the requirement to pay interest charges or penalties where appropriate based on their individual circumstances in accordance with ATO policy and legislation.

The provision for bad and doubtful debts and remissions are expenses to the Australian Government.

Programme expenses

The estimates show moderate growth across the forward years, which is consistent with the growth in tax receivables.

Table 2.25: Programme 1.24 expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Administered item					
<i>Expenses not requiring appropriation</i> in Budget year	7,163,728	7,131,996	7,600,110	8,055,000	8,639,000
Total programme expenses	7,163,728	7,131,996	7,600,110	8,055,000	8,639,000

Programme deliverables

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

- value of provision for bad and doubtful debts; and
- value of remissions.

Programme key performance indicators

The ATO has the following programme key performance indicators:

- provision for bad and doubtful debts as a proportion of total tax receivables;
- penalty remissions as a proportion of penalty imposed; and
- interest remissions as a proportion of interest imposed.

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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses, and movements in administered funds, special accounts and government Indigenous expenditure.

3.1 Explanatory tables

3.1.1 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 3.1.1: Estimates of special account cash flows and balances

		Opening balance 2014-15 2013-14	Receipts 2014-15 2013-14	Payments 2014-15 2013-14	Adjustments 2014-15 2013-14	Closing balance 2014-15 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Charities and Not-for-profits Commission Special Account(D)	1	2,683 2,637	15,039 15,161	14,827 15,115	- -	2,895 2,683
Excise Security Deposits Account(A)	1	686 586	- 100	- -	- -	686 686
Services for Other Entities and Trust Moneys Special Account(A)	1	2,246 2,246	10,000 10,000	10,000 10,000	- -	2,246 2,246
Superannuation Holding Accounts Special Account(A)	1	78,770 63,770	32,900 74,000	8,400 59,000	- -	103,270 78,770
Superannuation Clearing House Special Account(A) ¹	1	7,557 4,801	1,766,908 423,790	1,762,076 421,034	- -	12,389 7,557
Valuation Services Special Account(D)	1	832 12,008	9,502 29,562	10,334 40,738	- -	- 832
Total special accounts 2014-15 Budget estimate		92,774	1,834,349	1,805,637	-	121,486
Total special accounts 2013-14 estimate actual		86,048	552,613	545,887	-	92,774

1. The Superannuation Clearing House Special Account was transferred from the Department of Human Services from 1 April 2014.

(A) = Administered.

(D) = Departmental.

3.1.2 Australian Government Indigenous expenditure

Table 3.1.2: 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 2014-15	9,932	-	-	9,932	-	9,932	1.1
<i>Total outcome 2013-14</i>	<i>4,998</i>	-	-	<i>4,998</i>	-	<i>4,998</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 2014-15 after income tax equivalents expense from the 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.

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	2,237,318	2,152,033	2,055,911	1,958,201	1,897,475
Supplier	1,194,890	1,142,234	1,105,621	1,065,009	1,045,723
Depreciation and amortisation	167,345	158,051	151,553	145,515	140,972
Income tax	-	-	-	-	-
Total expenses	3,599,553	3,452,318	3,313,085	3,168,725	3,084,170
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	96,363	70,649	71,375	74,141	70,929
Other revenue	2,278	2,000	2,000	2,000	2,000
Total revenue	98,641	72,649	73,375	76,141	72,929
Gains					
Other	3,050	3,250	3,250	3,250	3,250
Total gains	3,050	3,250	3,250	3,250	3,250
Total own-source income	101,691	75,899	76,625	79,391	76,179
Net cost of (contribution by) services	3,497,862	3,376,419	3,236,460	3,089,334	3,007,991
Appropriation revenue	3,330,905	3,218,368	3,084,907	2,943,819	2,867,019
Surplus (deficit) attributable to the Australian Government	(166,957)	(158,051)	(151,553)	(145,515)	(140,972)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(166,957)	(158,051)	(151,553)	(145,515)	(140,972)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(166,957)	(158,051)	(151,553)	(145,515)	(140,972)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	20,689	28,856	28,856	28,856	28,856
Trade and other receivables	582,292	563,881	472,040	473,559	467,739
Total financial assets	602,981	592,737	500,896	502,415	496,595
Non-financial assets					
Land and buildings	200,998	220,037	221,066	209,346	188,533
Infrastructure, plant and equipment	60,899	52,380	45,147	38,914	39,397
Intangibles	497,205	476,082	449,238	436,478	433,696
Other	36,173	35,974	35,510	34,825	34,488
Total non-financial assets	795,275	784,473	750,961	719,563	696,114
Total assets	1,398,256	1,377,210	1,251,857	1,221,978	1,192,709
LIABILITIES					
Interest bearing liabilities					
Leases	124,017	112,956	100,964	89,072	77,390
Total interest bearing liabilities	124,017	112,956	100,964	89,072	77,390
Provisions					
Employees	926,477	934,690	857,445	874,698	882,452
Total provisions	926,477	934,690	857,445	874,698	882,452
Payables					
Suppliers	236,325	234,454	231,420	226,943	224,739
Dividends	-	-	-	-	-
Other	10,827	10,813	10,779	10,729	10,704
Total payables	247,152	245,267	242,199	237,672	235,443
Total liabilities	1,297,646	1,292,913	1,200,608	1,201,442	1,195,285
Net assets	100,610	84,297	51,249	20,536	(2,576)
EQUITY					
Contributed equity	973,575	1,115,313	1,233,818	1,348,620	1,466,480
Reserves	101,553	101,553	101,553	101,553	101,553
Retained surpluses or accumulated deficits	(974,518)	(1,132,569)	(1,284,122)	(1,429,637)	(1,570,609)
Total equity	100,610	84,297	51,249	20,536	(2,576)
Current assets	573,078	564,452	513,076	500,830	488,834
Non-current assets	825,178	812,758	738,781	721,148	703,875
Current liabilities	583,783	581,654	540,128	540,503	537,733
Non-current liabilities	713,863	711,259	660,480	660,939	657,552

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	104,611	73,572	74,825	77,262	74,580
Appropriations	3,271,102	3,198,741	3,160,290	2,946,278	2,893,364
Interest	-	-	-	-	-
Other	330,947	335,264	346,219	360,629	377,405
Total cash received	3,706,660	3,607,577	3,581,334	3,384,169	3,345,349
Cash used					
Employees	2,153,372	2,122,394	2,125,998	1,934,442	1,893,560
Suppliers	1,283,089	1,239,833	1,213,018	1,192,596	1,178,939
Income taxes paid	-	-	-	-	-
Other	225,016	230,641	242,318	257,131	272,850
Total cash used	3,661,477	3,592,868	3,581,334	3,384,169	3,345,349
Net cash from or (used by) operating activities	45,183	14,709	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	200,563	147,448	118,505	114,802	117,860
Total cash used	200,563	147,448	118,505	114,802	117,860
Net cash from or (used by) investing activities	(200,563)	(147,448)	(118,505)	(114,802)	(117,860)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	144,885	141,738	118,505	114,802	117,860
Total cash received	144,885	141,738	118,505	114,802	117,860
Cash used					
Dividends paid	400	-	-	-	-
Total cash used	400	-	-	-	-
Net cash from or (used by) financing activities	144,485	141,738	118,505	114,802	117,860
Net increase or (decrease) in cash held	(10,895)	8,999	-	-	-
Cash at the beginning of the reporting period	31,584	19,857	28,856	28,856	28,856
Cash at the end of the reporting period	20,689	28,856	28,856	28,856	28,856

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(974,518)	101,553	-	973,575	100,610
Adjusted opening balance	(974,518)	101,553	-	973,575	100,610
Transactions with owners					
<i>Operating result after extraordinary items</i>	(158,051)	-	-	-	(158,051)
<i>Distribution to owners</i>					
Returns on capital dividends	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	25,943	25,943
Injection for departmental capital budget	-	-	-	115,795	115,795
Total transactions with owners	(158,051)	-	-	141,738	(16,313)
Estimated closing balance as at 30 June 2015	(1,132,569)	101,553	-	1,115,313	84,297

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	105,923	115,795	109,962	110,431	115,906
Equity injections - Bill 2	38,962	25,943	8,543	4,371	1,954
Total new capital appropriations	144,885	141,738	118,505	114,802	117,860
Provided for:					
Purchase of non-financial assets	143,814	141,351	118,505	114,802	117,860
Other Items	1,071	387	-	-	-
Total Items	144,885	141,738	118,505	114,802	117,860
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	66,194	27,682	8,543	4,371	1,954
Funded by capital appropriation - DCB	105,923	115,795	109,962	110,431	115,906
Funded internally from departmental resources	28,446	3,971	-	-	-
TOTAL	200,563	147,448	118,505	114,802	117,860
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	200,563	147,448	118,505	114,802	117,860
Total cash used to acquire assets	200,563	147,448	118,505	114,802	117,860

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 2014				
Gross book value	253,219	78,158	1,126,511	1,457,888
Accumulated depreciation/amortisation and impairment	52,221	17,259	629,306	698,786
Opening net book balance	200,998	60,899	497,205	759,102
Capital asset additions				
By purchase - appropriation equity	-	-	27,682	27,682
Own source revenue	3,971	-	-	3,971
By purchase - appropriation ordinary annual services	61,531	2,541	51,723	115,795
Total additions	65,502	2,541	79,405	147,448
Other movements				
Depreciation/amortisation expense	46,463	11,060	100,528	158,051
Total other movements	46,463	11,060	100,528	158,051
As at 30 June 2015				
Gross book value	318,721	80,699	1,205,916	1,605,336
Accumulated depreciation/amortisation and impairment	98,684	28,319	729,834	856,837
Closing net book balance	220,037	52,380	476,082	748,499

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	8,634,400	8,862,850	9,331,332	9,857,529	10,269,847
Personal benefits	370,700	367,000	379,000	393,000	404,000
Suppliers	5,690	284	31	31	-
Write down and impairment of assets	7,163,728	7,131,996	7,600,110	8,055,000	8,639,000
Finance costs	250,000	500,000	500,000	500,000	500,000
Other	468,300	472,800	507,900	517,200	506,900
Total expenses administered on behalf of government	16,892,818	17,334,930	18,318,373	19,322,760	20,319,747
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	250,169,000	271,218,000	293,504,000	314,486,000	335,551,000
Indirect tax	80,690,000	84,590,000	88,900,000	93,790,000	98,830,000
Other taxes, fees and fines	840,000	883,560	915,919	944,955	957,000
Total taxation revenue	331,699,000	356,691,560	383,319,919	409,220,955	435,338,000
Non-taxation revenue					
Fees and fines	-	-	6,500	-	-
Other revenue	320,000	233,000	501,000	456,000	245,000
Total non-taxation revenue	320,000	233,000	507,500	456,000	245,000
Total own-source revenues administered on behalf of Government	332,019,000	356,924,560	383,827,419	409,676,955	435,583,000
Net Cost of (contribution by) services	(315,126,182)	(339,589,630)	(365,509,046)	(390,354,195)	(415,263,253)
Surplus (Deficit)	315,126,182	339,589,630	365,509,046	390,354,195	415,263,253

Also refer note in section 3.2.4 on recognition of taxation revenue and Items recognised as reductions to taxation revenue.

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	393,600	393,600	393,600	393,600	393,600
Receivables	19,988,860	22,282,864	24,820,754	27,330,754	29,927,754
Accrued revenues	11,042,000	11,842,000	12,592,000	13,217,000	13,862,000
Total financial assets	31,424,460	34,518,464	37,806,354	40,941,354	44,183,354
Total assets administered on behalf of government	31,424,460	34,518,464	37,806,354	40,941,354	44,183,354
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	2,741,595	2,741,595	2,741,595	2,741,595	2,741,595
Other provisions	966,605	994,605	1,314,605	1,539,805	1,510,205
Total provisions	3,708,200	3,736,200	4,056,200	4,281,400	4,251,800
Payables					
Subsidies	3,343,258	3,361,119	3,560,501	3,681,998	3,755,116
Personal benefits payable	528,566	397,866	407,366	422,366	435,366
Other payables	987,080	1,011,580	1,051,080	1,058,580	1,038,780
Total payables	4,858,904	4,770,565	5,018,947	5,162,944	5,229,262
Total liabilities administered on behalf of government	8,567,104	8,506,765	9,075,147	9,444,344	9,481,062
Net assets/(liabilities)	22,857,356	26,011,699	28,731,207	31,497,010	34,702,292

Also refer note in section 3.2.4 on Recognition of taxation revenue and Items recognised as reductions to taxation revenue.

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	321,870,000	345,870,000	371,920,000	397,440,000	422,820,000
Other	833,000	800,460	1,303,119	1,177,955	742,000
Total cash received	322,703,000	346,670,460	373,223,119	398,617,955	423,562,000
Cash used					
Borrowing costs	520,000	500,000	500,000	500,000	500,000
Subsidies paid	8,073,611	8,844,989	9,131,950	9,736,032	10,196,729
Personal benefits	1,264,500	497,700	369,500	378,000	391,000
Payments to suppliers	5,690	284	31	31	-
Other	435,100	392,200	432,100	415,500	416,300
Total cash used	10,298,901	10,235,173	10,433,581	11,029,563	11,504,029
Net cash from or (used by) operating activities	312,404,099	336,435,287	362,789,538	387,588,392	412,057,971
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	10,298,901	10,235,173	10,433,581	11,029,563	11,504,029
Total cash received	10,298,901	10,235,173	10,433,581	11,029,563	11,504,029
Cash used					
Cash to Official Public Account	322,703,000	346,670,460	373,223,119	398,617,955	423,562,000
Total cash used	322,703,000	346,670,460	373,223,119	398,617,955	423,562,000
Net cash from or (used by) financing activities	(312,404,099)	(336,435,287)	(362,789,538)	(387,588,392)	(412,057,971)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	393,600	393,600	393,600	393,600	393,600
Cash at end of reporting period	393,600	393,600	393,600	393,600	393,600

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 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 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 former Treasurer and the former 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 commenced funding investments on 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.

The CEFC achieves 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.

The Government has announced its intention to abolish the CEFC. Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth is currently before Parliament.

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 2014-15 as at Budget May 2014

	Estimate of prior + year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Opening balance/Reserves at bank	401,707	-	401,707	14,133
REVENUE FROM GOVERNMENT				
Ordinary annual services	-	-	-	8,000
Total revenue from Government	-	-	-	8,000
FUNDS FROM OTHER SOURCES				
Interest	-	38,166	38,166	36,554
Payment from the CEFC special account	-	-	-	1,131,600
Total funds from other sources	-	38,166	38,166	1,168,154
Total net resourcing for CEFC	401,707	38,166	439,873	1,190,287

1.3 BUDGET MEASURES

Budget measures relating to the CEFC are summarised below.

Table 1.2: Clean Energy Finance Corporation 2014-15 Budget measures

		2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Repeal of the Carbon Tax - abolishing other measures ¹	1.1	(177,150)	(320,539)	(322,423)	(323,946)	(54,668)
Total expense measures		(177,150)	(320,539)	(322,423)	(323,946)	(54,668)
Related capital						
Repeal of the Carbon Tax - abolishing other measures ¹	1.1	(125)	(250)	(250)	(250)	(250)
Total related capital		(125)	(250)	(250)	(250)	(250)
Related revenue						
Repeal of the Carbon Tax - abolishing other measures ¹	1.1	112	(43,863)	(131,267)	(263,854)	(201,692)
Total related revenue		112	(43,863)	(131,267)	(263,854)	(201,692)

1. This measure was included in the *Mid-Year Economic and Fiscal Outlook 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to government outcomes over the budget and forward years.

The CEFC's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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 is guided by an operating framework based on three principles that direct where and how the CEFC will invest.

Principle One — Clean Energy Focus

The CEFC focuses its investments in clean energy, namely on renewable energy, low-emissions and energy efficiency technologies in Australia, as well as manufacturing businesses that produce the required inputs.

The CEFC seeks diversity of technology and sector exposure. All sectors of the economy can contribute to emissions reduction and projects are drawn widely. The CEFC's portfolio is expected to evolve over time, noting the CEFC Act requirement that, on or after 1 July 2018, at least half of the funds invested must be invested in renewable energy.

In accordance with the requirements of the CEFC Act, the CEFC Board has published its investment policies and 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 applies commercial rigour when making investment decisions and delivers a return on its investments above the CEFC's portfolio benchmark return. It focuses on projects and technologies at the later stages of development. The CEFC invests responsibly and manages risk appropriately to ensure that its investment portfolio performs in line with the portfolio benchmark return as set out in the Investment Mandate. The current portfolio benchmark requires the CEFC to target a portfolio above the five-year Australian Government bond rate after recovering all operating costs.

The CEFC undertakes rigorous due diligence and financial modelling analysis along with assessments of other key investment risks, including credit risk, to determine appropriate investment structures, financial covenants and the required legal undertakings for an intended investment, all designed to enhance and protect the CEFC's position.

Principle Three — Addressing Financial Barriers

The ways in which the CEFC addresses financial barriers include by:

- attracting finance to the Australian market to improve the flow and diversification of funds for investment into the sector;
- assisting project proponents as an arranger, helping to develop the business case and introduce the proponents to other financiers to seek transaction close;
- building knowledge and capacity within the finance sector by participating in transactions to de-risk the investment, familiarising financiers with new asset types or through reducing their size of exposure;
- working with the finance sector to develop and deliver new financial products to the market, tailored to the needs, attributes and emerging delivery models for new technologies, which in turn enables small- and mid-sized businesses to access finance for energy productivity enhancing capital investment;
- building knowledge and capacity within industry through demonstration and case studies to promote successful models and opportunities in energy productivity and clean energy investment; and
- providing loans at commercial and concessional rates. Where it is necessary and justified in the CEFC's assessment, it may choose to deploy concessional finance to assist in overcoming financial impediments and facilitate realisation of an otherwise bankable project;

- Such concessionality is made available on an individual transaction basis through availability, tenor or cost of finance or by absorbing additional risk. The CEFC sets terms on a case-by-case basis, lending 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). This might happen where necessary under the project or where the CEFC is lending to public sector organisations like universities and local councils.

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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Clean Energy Finance Corporation		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	8,000	-
Revenues from other independent sources	10,159	-
Expenses not requiring appropriation	13,646	3,709
Total expenses for Outcome 1	31,805	3,709
	2013-14	2014-15
Average staffing level (number)	48	-

Contributions to Outcome 1

Programme 1.1: Clean Energy Finance Corporation

Programme objective

The objectives of the CEFC are:

- to invest, directly and indirectly, in clean energy technologies, which can be any one or more of the following:
 - 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;

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- 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;
- 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 act as a catalyst to increase investment in the clean energy sector by working with industry, banks and other financiers, and project proponents; and
- to do anything incidental or conducive to the performance of the above functions.

Programme expenses

The Government has announced its intention to abolish the CEFC. Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth is currently before Parliament.

Given the uncertainty regarding the timing of the passage of legislation, it is assumed that the CEFC is to be abolished from 1 July 2014. Accordingly, estimates been prepared on the assumption that there are no new investments entered into by the CEFC post 30 June 2014, that all operational expenses cease effective 30 June 2014 and that revenue from those contracts executed prior to 30 June 2014 continues through the life of those investments.

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses:					
Ordinary annual services	8,000	-	-	-	-
Expenses not requiring appropriation	23,805	3,709	5,387	5,147	5,082
Total programme expenses	31,805	3,709	5,387	5,147	5,082

Programme deliverables

The CEFC co-finances and invests, directly and indirectly, in clean energy projects and technologies which:

- meet the CEFC's Australian clean energy sector criteria;
- 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.

Programme key performance indicators

The CEFC's Investment Mandate specifies 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 may 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 out in the Investment Mandate;
- 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.

A number of sectors have benefited from CEFC financing, including agribusiness, property, manufacturing, utilities and local government. This is building momentum in the market by demonstration effect, helping clean energy technologies move down the cost curve and encouraging increased investment flows from the private sector and development of new clean energy technologies.

The total investment portfolio to date stands at over \$700 million. The CEFC has catalysed investments without providing significant levels of concessionality. The total value of concessions forecast to be provided by the CEFC through the end of 2013-14 is \$17.4 million. In all concessional loans, the CEFC's lending rate exceeds the five-year Australian Government bond rate.

With matched private sector funds, the CEFC has been able to catalyse over \$1.8 billion in non-CEFC private capital investment in projects with over \$2.5 billion in total value.

The CEFC is on track to reach its 2013-14 target of investing more than \$800 million in its first full financial year of operation.

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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 does not administer any special accounts. 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 and the basis of the Government's intention to abolish the CEFC.

Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth is currently before Parliament.

Given the uncertainty regarding the timing of the passage of legislation, it is assumed that the CEFC is to be abolished from 1 July 2014. Accordingly:

- no new investments are forecast to be entered into by the CEFC post 30 June 2014;
- revenue from those contracts planned to be executed prior to 30 June 2014 is forecast to continue through the life of the investments (including revenue associated with the unwind of previously recorded concessionality charges);
- no additional concessionality charges are forecast to be incurred (consistent with the assumption of no new investments being entered into by the CEFC post 30 June 2014);
- all departmental funding from the Department of the Treasury for start-up operational expenses ceases in 2013-14;
- all operational expenses (employee benefits and supplier costs) are anticipated to cease effective 30 June 2014;
- an allowance for impairment has been provided in each period of the forward estimates in relation to the existing investment portfolio; and
- all outstanding liabilities to suppliers and employees are assumed to be settled at 30 June 2014.

The budgeted financial statements do not include an allowance for the following expenditure items:

- termination costs for facility operating leases;
- wind-up costs such as redundancy payments for staff, consultant or contractor termination costs, and service contract termination costs;
- legal and administrative costs associated with the abolition and orderly transition of the investment portfolio from CEFC to the Department of the Treasury;
- write-down of prepayments which would have no value post abolition; or
- costs to the Department of the Treasury for administering the existing investments for which revenue is being forecast.

The estimated actual surplus for 2013-14 and the budget and forward estimates for 2014-15 through 2017-18 contain a number of significant non-cash charges including a concessional loan charge in 2013-14, and a provision for loan impairment and the non-cash revenue from the unwind of the concessional loan charges in each of the forward estimate periods. After eliminating the impact of these non-cash charges and

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revenue, the CEFC is forecasting operating surpluses of \$28 million in 2013-14, \$35 million in 2014-15, \$41.3 million in 2015-16, \$46.2 million in 2016-17 and \$45.7 million in 2017-18.

The estimated actual budgeted departmental balance sheet for 2013-14 includes the impact of the Low Carbon Australia Limited net assets being transferred to the CEFC during the period.

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	13,098	-	-	-	-
Suppliers	5,037	-	-	-	-
Depreciation and amortisation	345	313	134	-	-
Write-down and impairment of assets	1,799	3,396	5,253	5,147	5,082
Borrowing costs	11,526	-	-	-	-
Total expenses	31,805	3,709	5,387	5,147	5,082
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest and dividends	39,785	37,125	43,842	48,635	47,848
Total own-source revenue	39,785	37,125	43,842	48,635	47,848
Total own-source income	39,785	37,125	43,842	48,635	47,848
Net cost of (contribution by) services	7,980	33,416	38,455	43,488	42,766
Revenue from Government	8,000	-	-	-	-
Surplus (Deficit) attributable to the Australian Government	15,980	33,416	38,455	43,488	42,766
ADD NON-CASH CHARGES					
Concessional loan charge	11,502	-	-	-	-
Provision for loan impairment	1,799	3,396	5,253	5,147	5,082
Total non-cash charges	13,301	3,396	5,253	5,147	5,082
LESS NON-CASH REVENUE					
Unwind of concessional loan charge	(1,233)	(1,850)	(2,448)	(2,429)	(2,129)
Total non-cash revenue	(1,233)	(1,850)	(2,448)	(2,429)	(2,129)
Surplus (deficit) attributable to the Australian Government after eliminating non-cash adjustments	28,048	34,962	41,260	46,206	45,719

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	401,707	-	-	-	-
Advances and loans	864,961	821,885	796,909	746,448	598,251
Interest Receivable	4,184	3,924	5,158	6,207	7,072
Investments	300	565	565	565	565
Total financial assets	1,271,152	826,374	802,632	753,220	605,888
Non-financial assets					
Infrastructure, plant and equipment	431	134	-	-	-
Intangibles	16	-	-	-	-
Prepayments and other assets	687	-	-	-	-
Total non-financial assets	1,134	134	-	-	-
Total assets	1,272,286	826,508	802,632	753,220	605,888
LIABILITIES					
Provisions					
Employees	3,883	-	-	-	-
Concessional loan liability	23,358	21,508	19,060	16,631	14,502
Other	960	-	-	-	-
Total provisions	28,201	21,508	19,060	16,631	14,502
Payables					
Deferred revenue	4,509	7,140	5,876	4,573	3,301
Total payables	4,509	7,140	5,876	4,573	3,301
Total liabilities	32,710	28,648	24,936	21,204	17,803
Net assets	1,239,576	797,860	777,696	732,016	588,085
EQUITY					
Contributed equity	1,217,439	742,307	683,688	594,520	407,823
Retained surpluses	22,137	55,553	94,008	137,496	180,262
Total equity	1,239,576	797,860	777,696	732,016	588,085
Current assets	406,578	3,924	5,158	6,207	7,072
Non-current assets	865,708	822,584	797,474	747,013	598,816
Current liabilities	9,352	7,140	5,876	4,573	3,301
Non-current liabilities	23,358	21,508	19,060	16,631	14,502

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	36,554	38,166	38,896	43,854	43,582
Grants	8,000	-	-	-	-
Total cash received	44,554	38,166	38,896	43,854	43,582
Cash used					
Employees	10,308	3,883	-	-	-
Suppliers	5,113	960	-	-	-
Total cash used	15,421	4,843	-	-	-
Net cash from or (used by) operating activities	29,133	33,323	38,896	43,854	43,582
INVESTING ACTIVITIES					
Cash received					
Loan advances	999	71,235	23,703	46,314	143,115
Total cash received	999	71,235	23,703	46,314	143,115
Cash used					
Purchase of property, plant and equipment and intangibles	154	-	-	-	-
Loan advances	821,111	31,555	3,980	1,000	-
Purchase of investments	-	-	-	-	-
Total cash used	821,265	31,555	3,980	1,000	-
Net cash from or (used by) investing activities	(820,266)	39,680	19,723	45,314	143,115
FINANCING ACTIVITIES					
Cash received					
Contributed equity	1,178,707	-	-	-	-
Total cash received	1,178,707	-	-	-	-
Cash used					
Return of equity	-	474,710	58,619	89,168	186,697
Total cash used	-	474,710	58,619	89,168	186,697
Net cash from or (used by) financing activities	1,178,707	(474,710)	(58,619)	(89,168)	(186,697)
Net increase or (decrease) in cash held	387,574	(401,707)	-	-	-
Cash at the beginning of the reporting period	14,133	401,707	-	-	-
Cash at the end of the reporting period	401,707	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	22,137	-	-	1,217,439	1,239,576
Adjusted opening balance	22,137	-	-	1,217,439	1,239,576
Comprehensive income					
Surplus (deficit) for the period	33,416	-	-	-	33,416
Total comprehensive income recognised directly in equity	33,416	-	-	-	33,416
Transactions with owners					
<i>Contributions by owners</i>					
Distribution of equity	-	-	-	(475,132)	(475,132)
Total transactions with owners	-	-	-	(475,132)	(475,132)
Estimated closing balance as at 30 June 2015	55,553	-	-	742,307	797,860

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'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 internally from departmental resources	154	-	-	-	-
TOTAL	154	-	-	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	154	-	-	-	-
Total cash used to acquire assets	154	-	-	-	-

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 2014				
Gross book value	-	1,413	164	1,577
Accumulated depreciation/amortisation and impairment	-	982	148	1,130
Opening net book balance	-	431	16	447
Capital Asset Additions/Disposals				
By purchase - appropriation ordinary annual services	-	-	-	-
Disposals - gross value	-	-	-	-
Total asset additions/disposals	-	-	-	-
Other movements				
Depreciation/amortisation expense	-	297	16	313
Disposals - accumulated depreciation/amortisation	-	-	-	-
Total other movements	-	297	16	313
As at 30 June 2015				
Gross book value	-	1,413	164	1,577
Accumulated depreciation/amortisation and impairment	-	1,279	164	1,443
Closing net book balance	-	134	-	134

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 2014), Australian Accounting Standards issued by the Australian Accounting Standards Board and the Department of Finance 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 that may be at a discount to the prevailing market equivalent rates or terms. For each investment, the CEFC attempts 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 may be 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 any such loans and it is a matter of judgment as to the market equivalent rate used 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 CEFC is in the business of lending and earning a margin it takes credit risk and it is appropriate to provision for expected credit losses. As the CEFC's portfolio is mainly senior secured debt and secured project finance facilities, and there have been no specific impairments identified to date, a statistical probability of default must be used to determine the level of appropriate provisioning. The forecast impairment change is a provision determined as reasonable and appropriate when looking at the risks within the CEFC's current loans and in particular the current environment faced by the borrowers.

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 a meeting of the Council on Federal Financial Relations.

From time to time, the Commission is also asked to report on the finances of Australia's external territories, local government matters and the financing of services for Indigenous people. Terms of reference for those inquiries are developed by relevant Australian Government 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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimated 2014-15 \$'000		Actual available appropriation 2013-14 \$'000
Ordinary annual services							
Departmental appropriation							
Prior year departmental appropriation	2,200	³	-		2,200		-
Departmental appropriation ²	-		6,399	¹	6,399		6,461
Total net resourcing for the Commission	2,200		6,399		8,599		6,461

1. Appropriation Bill (No. 1) 2014-15.

2. Includes \$0.1 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

3. Estimated adjusted balance carried forward from previous year.

1.3 BUDGET MEASURES

Budget measures relating to the Commission are summarised below.

Table 1.2: Commonwealth Grants Commission 2014-15 Budget measures

		2013-14	2014-15	2015-16	2016-17	2017-18
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Efficiency Dividend -						
temporary increase in the rate ¹	1.1	-	(66)	(147)	(229)	(229)
Efficiency Dividend - a further						
temporary increase of						
0.25 per cent	1.1	-	(16)	(32)	(48)	(48)
Public Service efficiencies ²	1.1	(2)	(9)	(20)	(27)	(27)
Reforms to APS management and						
efficient procurement of agency						
software ¹	1.1	(2)	(8)	(19)	(27)	(27)
Total expense measures		(4)	(99)	(218)	(331)	(331)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The Commission's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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 2014.

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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Commonwealth Grants Commission		
Departmental expenses		
Departmental appropriation	6,398	6,336
Expenses not requiring appropriation in the budget year	107	108
Total expenses for Outcome 1	6,505	6,444
	2013-14	2014-15
Average staffing level (number)	40	40

Contributions to Outcome 1

Programme 1.1: Commonwealth Grants Commission

Programme objective

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

Programme expenses

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

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	6,505	6,444	6,370	6,296	6,343
Total departmental expenses	6,505	6,444	6,370	6,296	6,343

Programme 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 Council on Federal Financial Relations.

Programme 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	5,200	5,300	5,400	5,500	5,500
Supplier	1,226	1,064	889	731	780
Depreciation and amortisation	79	80	81	65	63
Total expenses	6,505	6,444	6,370	6,296	6,343
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	6,477	6,416	6,342	6,268	6,315
Appropriation revenue	6,398	6,336	6,261	6,203	6,252
Surplus (deficit) attributable to the Australian Government	(79)	(80)	(81)	(65)	(63)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(79)	(80)	(81)	(65)	(63)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(79)	(80)	(81)	(65)	(63)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	107	107	107	107	107
Trade and other receivables	2,214	2,214	2,214	2,214	2,214
Total financial assets	2,321	2,321	2,321	2,321	2,321
Non-financial assets					
Infrastructure, plant and equipment	355	338	321	319	319
Other	53	53	53	53	53
Total non-financial assets	408	391	374	372	372
Total assets	2,729	2,712	2,695	2,693	2,693
LIABILITIES					
Provisions					
Employees	1,476	1,476	1,476	1,476	1,476
Other	216	216	216	216	216
Total provisions	1,692	1,692	1,692	1,692	1,692
Payables					
Suppliers	160	160	160	160	160
Total payables	160	160	160	160	160
Total liabilities	1,852	1,852	1,852	1,852	1,852
Net assets	877	860	843	841	841
EQUITY					
Contributed equity	642	705	769	832	895
Reserves	343	343	343	343	343
Retained surpluses or accumulated deficits	(108)	(188)	(269)	(334)	(397)
Total equity	877	860	843	841	841
Current assets	2,374	2,374	2,374	2,374	2,374
Non-current assets	355	338	321	319	319
Current liabilities	1,181	1,181	1,181	1,181	1,181
Non-current liabilities	671	671	671	671	671

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	-	-	-	-
Appropriations	12,579	6,336	6,261	6,203	6,252
Total cash received	12,579	6,336	6,261	6,203	6,252
Cash used					
Employees	5,200	5,300	5,400	5,500	5,500
Suppliers	7,379	1,036	861	703	752
Total cash used	12,579	6,336	6,261	6,203	6,252
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	63	63	64	63	63
Total cash used	63	63	64	63	63
Net cash from or (used by) investing activities	(63)	(63)	(64)	(63)	(63)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	63	63	64	63	63
Total cash received	63	63	64	63	63
Net cash from or (used by) financing activities	63	63	64	63	63
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	107	107	107	107	107
Cash at the end of the reporting period	107	107	107	107	107

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(108)	343	-	642	877
Adjusted opening balance	(108)	343	-	642	877
Comprehensive income					
Surplus (deficit) for the period	(80)	-	-	-	(80)
Total comprehensive income recognised directly in equity	(80)	-	-	-	(80)
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 2015	(188)	343	-	705	860

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	63	63	64	63	63
Total new capital appropriations	63	63	64	63	63
Provided for:					
Purchase of non-financial assets	63	63	64	63	63
Total Items	63	63	64	63	63
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	63	63	64	63	63
TOTAL	63	63	64	63	63
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	63	63	64	63	63
Total cash used to acquire assets	63	63	64	63	63

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 2014					
Gross book value	-	834	-	-	834
Accumulated depreciation/amortisation and impairment	-	479	-	-	479
Opening net book balance	-	355	-	-	355
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	-	80	-	-	80
Total other movements	-	80	-	-	80
As at 30 June 2015					
Gross book value	-	897	-	-	897
Accumulated depreciation/amortisation and impairment	-	559	-	-	559
Closing net book balance	-	338	-	-	338

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 a full-time executive located in Sydney. The conduct of each CAMAC reference involves the formation of a subcommittee, which develops draft recommendations for consideration by the full membership of CAMAC in settling the final report to the Government.

In 2014-15, CAMAC will only settle its report to the Government on the annual general meeting and shareholder engagement.

In the 2014-15 Budget, the Government announced the cessation of the Corporations and Markets Advisory Committee as part of its measures to reduce duplication and increase efficiency in how public funds are used to deliver services to the community. The winding up of the Committee will be implemented through 2014-15. Further information can be found in the Budget measure *Smaller Government – additional reductions in the number of Australian Government bodies* in Budget Paper No. 2, *Budget Measures 2014-15* and the press release of 13 May 2014 issued by the Minister for Finance.

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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	856 ²	-		856	-
Departmental appropriation	-	977 ¹		977	1,029
Total net resourcing for CAMAC	856	977		1,833	1,029

1. Appropriation Bill (No. 1) 2014-15.

2. Estimated adjusted balance carried forward from previous year.

1.3 Budget measures

Budget measures relating to CAMAC are summarised below.

Table 1.2: Corporations and Markets Advisory Committee 2014-15 Budget measures

	2013-14 Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures					
Efficiency Dividend - temporary increase in rate ¹	1.1	-	(10)	(22)	(35)
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(3)	(5)	(7)
Public Service efficiencies ²	1.1	(1)	(2)	(3)	(4)
Reforms to APS management and efficient procurement of agency software ¹	1.1	-	(1)	(3)	(4)
Total expense measures		(1)	(16)	(33)	(50)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

CAMAC's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Corporations and Markets Advisory Committee		
Departmental expenses		
Departmental appropriation	1,001	993
Expenses not requiring appropriation in the budget year	56	14
Total expenses for Outcome 1	1,057	1,007
	2013-14	2014-15
Average staffing level (number)	3	3

Contributions to Outcome 1

Programme 1.1: Corporations and Markets Advisory Committee

Programme 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.

Programme expenses

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

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	1,057	1,007	998	990	996
Total departmental expenses	1,057	1,007	998	990	996

Programme deliverables

CAMAC's deliverables are the discussion papers and reports that it publishes on matters as they arise.

Programme 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 2014-15 and 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	682	712	710	725	732
Supplier	318	281	274	251	254
Depreciation and amortisation	56	14	14	14	10
Finance costs	1	-	-	-	-
Total expenses	1,057	1,007	998	990	996
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	1,041	991	982	974	980
Appropriation revenue	985	977	968	960	970
Surplus (deficit) attributable to the Australian Government	(56)	(14)	(14)	(14)	(10)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(56)	(14)	(14)	(14)	(10)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(56)	(14)	(14)	(14)	(10)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	70	70	70	70	70
Trade and other receivables	802	818	818	818	818
Other	10	9	9	9	9
Total financial assets	882	897	897	897	897
Non-financial assets					
Land and buildings	12	12	12	12	12
Infrastructure, plant and equipment	27	30	33	35	41
Total non-financial assets	39	42	45	47	53
Total assets	921	939	942	944	950
LIABILITIES					
Provisions					
Employees	410	420	420	420	420
Total provisions	410	420	420	420	420
Payables					
Suppliers	10	32	42	42	42
Other	-	-	-	-	-
Total payables	10	32	42	42	42
Total liabilities	420	452	462	462	462
Net assets	501	487	480	482	488
EQUITY					
Contributed equity	99	99	106	122	138
Reserves	23	23	23	23	23
Retained surpluses or accumulated deficits	379	365	351	337	327
Total equity	501	487	480	482	488
Current assets	882	897	897	897	897
Non-current assets	39	42	45	47	53
Current liabilities	96	118	124	122	120
Non-current liabilities	324	334	338	340	342

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	39	41	39	39	39
Appropriations	1,039	979	976	960	970
Total cash received	1,078	1,020	1,015	999	1,009
Cash used					
Employees	682	712	710	725	732
Suppliers	345	269	267	236	238
Other	39	39	39	39	39
Total cash used	1,066	1,020	1,016	1,000	1,009
Net cash from or (used by) operating activities	12	-	(1)	(1)	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	56	-	6	15	15
Total cash used	56	-	6	15	15
Net cash from or (used by) investing activities	(56)	-	(6)	(15)	(15)
FINANCING ACTIVITIES					
Cash received					
Capital Injections	44	-	7	16	16
Total cash received	44	-	7	16	16
Net cash from or (used by) financing activities	44	-	7	16	16
Net increase or (decrease) in cash held	-	-	-	-	1
Cash at the beginning of the reporting period	70	70	70	70	70
Cash at the end of the reporting period	70	70	70	70	71

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Asset		Contributed		Total equity \$'000
	Retained surpluses \$'000	revaluation reserve \$'000	Other reserves \$'000	equity/ capital \$'000	
Opening balance as at 1 July 2014					
Balance carried forward from previous period	379	23	-	99	501
Adjusted opening balance	379	23	-	99	501
Comprehensive income					
Surplus (deficit) for the period	(14)	-	-	-	(14)
Total comprehensive income recognised directly in equity	(14)	-	-	-	(14)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	-	-
Total transaction with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2015	365	23	-	99	487

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	44	-	7	16	7
Total new capital appropriations	44	-	7	16	7
Provided for:					
Purchase of non-financial assets	44	-	7	16	7
Total Items	44	-	7	16	7
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	44	-	7	16	7
TOTAL	44	-	7	16	7
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	44	-	7	16	7
Total cash used to acquire assets	44	-	7	16	7

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 2014					
Gross book value	58	54	-	-	112
Accumulated depreciation/amortisation and impairment	29	27	-	-	56
Opening net book balance	29	27	-	-	56
Capital asset additions					
By purchase - appropriation ordinary annual services	-	-	-	-	-
Total asset additions	-	-	-	-	-
Other movements					
Depreciation/amortisation expense	14	-	-	-	14
Total other movements	14	-	-	-	14
As at 30 June 2015					
Gross book value	58	54	-	-	112
Accumulated depreciation/amortisation and impairment	43	27	-	-	70
Closing net book balance	15	27	-	-	42

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 2014-15 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;
- reporting publicly on review outcomes, observations and improvement recommendations; and
- implementing a taxpayer complaints handling function.

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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services						
Departmental appropriation						
Prior year departmental appropriation	3,062	³	-		3,062	-
Departmental appropriation ²	-		3,359	¹	3,359	2,655
Total net resourcing for the IGT	3,062		3,359		6,421	2,655

1. Appropriation Bill (No. 1) 2014-15.

2. Includes \$0.03 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

3. Estimated adjusted balance carried forward from previous year.

1.3 BUDGET MEASURES

Budget measures relating to the IGT are summarised below.

Table 1.2: Inspector-General of Taxation 2014-15 Budget measures

Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures					
Efficiency Dividend - temporary increase in the rate ¹	1.1	-	(27)	(61)	(94)
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(7)	(13)	(20)
Inspector-General of Taxation - transfer of tax complaints handling	1.1	-	731	652	649
Public Service efficiencies ²	1.1	(1)	(4)	(8)	(11)
Reforms to APS management and efficient procurement of agency software ¹	1.1	-	(3)	(8)	(11)
Total expense measures		(1)	690	562	513

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The IGT's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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;
- selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews; and
- implement a taxpayer complaints handling function.

The major projects and activities expected to commence or be completed during 2014-15 include the IGT's new work programme of reviews and the implementation of a taxpayer complaints handling function.

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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Inspector-General of Taxation		
Departmental expenses		
Departmental appropriation	2,625	3,329
Expenses not requiring appropriation in the budget year	30	30
Total expenses for Outcome 1	2,655	3,359
	2013-14	2014-15
Average staffing level (number)	9	14

Contributions to Outcome 1

Programme 1.1: Inspector-General of Taxation

Programme 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 programme and ministerial direction as appropriate;
- provide independent advice to the Government and the ATO on tax administration and make recommendations on improvements;
- consideration of the ATO's implementation of IGT recommendations; and
- implement a taxpayer complaints handling function.

Programme expenses

The estimates for 2014-15 and the forward years has increased from 2013-14 levels due to the transfer of the taxation complaints case handling function from the Office of the Commonwealth Ombudsman to the IGT.

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	2,655	3,359	3,254	3,229	3,268
Total programme expenses	2,655	3,359	3,254	3,229	3,268

Programme deliverables

The IGT has the following deliverables:

- a programme of reviews based on community input and consultation with other relevant agencies, and prioritised in line with principles of good tax administration;
- completed review reports incorporating independent advice to the Government on systemic issues and improvements to tax administration; and
- implementing a taxpayer complaints handling function.

Programme key performance indicators

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners and their representative bodies; and
- recommendations for improvements in tax administration agreed and implemented by the ATO or adopted by 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 2014-15 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	1,792	2,436	2,471	2,546	2,569
Supplier	833	893	754	654	669
Depreciation and amortisation	30	30	29	29	30
Total expenses	2,655	3,359	3,254	3,229	3,268
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net cost of (contribution by) services	2,655	3,359	3,254	3,229	3,268
Appropriation revenue	2,625	3,329	3,225	3,200	3,238
Surplus (deficit) attributable to the Australian Government	(30)	(30)	(29)	(29)	(30)

Note: Impact of Net Cash Appropriation Arrangements

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss)					
less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(30)	(30)	(29)	(29)	(30)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(30)	(30)	(29)	(29)	(30)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	98	98	98	98	98
Trade and other receivables	3,071	3,071	3,071	3,071	3,071
Total financial assets	3,169	3,169	3,169	3,169	3,169
Non-financial assets					
Infrastructure, plant and equipment	188	188	188	188	188
Other	24	24	24	24	24
Total non-financial assets	212	212	212	212	212
Total assets	3,381	3,381	3,381	3,381	3,381
LIABILITIES					
Provisions					
Employees	303	303	303	303	303
Other	87	87	87	87	87
Total provisions	390	390	390	390	390
Payables					
Suppliers	66	66	66	66	66
Total payables	66	66	66	66	66
Total liabilities	456	456	456	456	456
Net assets	2,925	2,925	2,925	2,925	2,925
EQUITY					
Reserves	518	518	518	518	518
Contributed equity	60	90	119	148	178
Retained surpluses or accumulated deficits	2,347	2,317	2,288	2,259	2,229
Total equity	2,925	2,925	2,925	2,925	2,925
Current assets	3,193	3,193	3,193	3,193	3,193
Non-current assets	188	188	188	188	188
Current liabilities	196	196	196	196	196
Non-current liabilities	260	260	260	260	260

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,625	3,329	3,225	3,200	3,238
Other	-	-	-	-	-
Total cash received	2,625	3,329	3,225	3,200	3,238
Cash used					
Employees	1,792	2,436	2,471	2,546	2,569
Suppliers	833	893	754	654	669
Total cash used	2,625	3,329	3,225	3,200	3,238
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	30	30	29	29	30
Total cash used	30	30	29	29	30
Net cash from or (used by) investing activities	(30)	(30)	(29)	(29)	(30)
FINANCING ACTIVITIES					
Cash received					
Capital injections	30	30	29	29	30
Total cash received	30	30	29	29	30
Net cash from or (used by) financing activities	30	30	29	29	30
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	98	98	98	98	98
Cash at the end of the reporting period	98	98	98	98	98

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	2,347	442	76	60	2,925
Adjusted opening balance	2,347	442	76	60	2,925
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 2015	2,317	442	76	90	2,925

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	30	30	29	29	30
Total new capital appropriations	30	30	29	29	30
Provided for:					
Purchase of non-financial assets	30	30	29	29	30
Total Items	30	30	29	29	30
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by departmental resources	-	-	-	-	-
Funded by capital appropriation - DCB	30	30	29	29	30
TOTAL	30	30	29	29	30
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	30	30	29	29	30
Total cash used to acquire assets	30	30	29	29	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 2014				
Gross book value	-	267	-	267
Accumulated depreciation/amortisation and impairment	-	233	-	233
Opening net book balance	-	34	-	34
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 2015				
Gross book value	-	297	-	297
Accumulated depreciation/amortisation and impairment	-	263	-	263
Closing net book balance	-	34	-	34

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.

In recent years access applications under Part IIIA and the NGL have been sporadic, and the NCC's workload has consequently been highly variable. To maintain the sustainability and efficiency of its operations, the NCC will replace its secretariat staff with an arrangement whereby the ACCC will provide the NCC with the secretariat services it requires. These new arrangements will come into effect on 1 July 2014.

The NCC remains as an independent entity with its current responsibilities and membership but rather than directly engaging staff (and other resources) to provide secretariat services, it will draw on ACCC resources as required. A number of NCC staff will transfer to the ACCC as part of this arrangement. The new arrangements will maintain the NCC's independence and its ability to respond to access issues and provide high quality and timely recommendations.

National Competition Council Budget Statements

The NCC will ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In particular it will 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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	1,299	¹	-		1,299	-
Departmental appropriation ²	-		1,945	³	1,945	2,775
Total net resourcing for the NCC	1,299		1,945		3,244	2,775

1. Estimated adjusted balance carried forward from previous year.

2. Includes \$0.03 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

3. Appropriation Bill (No. 1) 2014-15.

Third party payments from and on behalf of other agencies

	2013-14 \$'000	2014-15 \$'000
Payments made on behalf of the NCC	2,775	1,945

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.

Table 1.2: National Competition Council 2014-15 Budget measures

		2013-14	2014-15	2015-16	2016-17	2017-18
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Efficiency Dividend - temporary increase in the rate ¹	1.1	-	(28)	(64)	(98)	(98)
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(7)	(14)	(21)	(21)
Smaller Government - National Competition Council Secretariat - transfer	1.1	-	(808)	(946)	(929)	(964)
Public Service efficiencies ²	1.1	(1)	(4)	(9)	(12)	(12)
Reforms to APS management and efficient procurement of agency software ¹	1.1	(1)	(3)	(8)	(11)	(11)
Total expense measures		(2)	(850)	(1,041)	(1,071)	(1,106)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The NCC's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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.

The NCC will revise its approach to obtaining secretariat services to increase the efficiency and sustainability of its operations. The NCC will continue to review its processes and the structure of its recommendation reports and decisions. It will also ensure 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Program 1.1: National Competition Council		
Departmental expenses		
Departmental appropriation	2,743	1,913
Expenses not requiring appropriation in the budget year	50	59
Total expenses for Outcome 1	2,793	1,972
	2013-14	2014-15
Average staffing level (number)	12	4

Contributions to Outcome 1

Programme 1.1: National Competition Council

Programme 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.

Programme expenses

The NCC's programme expenses in 2014-15 are lower than in 2013-14, representing savings arising from the NCC obtaining its secretariat services from the ACCC.

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

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,793	1,972	1,812	1,815	1,764
Total program expenses	2,793	1,972	1,812	1,815	1,764

Programme 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.

Programme 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;
- 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 2014-15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 operating result for 2014-15 and the forward years. 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 2014-15 is estimated to be \$1.945 million.

Operating expenses

Total expenses in 2014-15 are estimated to be \$1.945 million.

National Competition Council Budget Statements

Budgeted departmental balance sheet

In 2014-15 the NCC's equity position will be positive \$2.168 million.

Assets

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

Liabilities

The NCC's liabilities are mainly supplier payables.

Administered income

The NCC is estimated to receive own source income of \$8,000 in 2014-15 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	1,482	193	189	182	182
Supplier	1,285	1,744	1,580	1,583	1,574
Depreciation and amortisation	26	35	43	50	8
Total expenses	2,793	1,972	1,812	1,815	1,764
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	2,769	1,948	1,788	1,791	1,740
Appropriation revenue	2,743	1,913	1,745	1,741	1,732
Surplus (deficit) attributable to the Australian Government	(26)	(35)	(43)	(50)	(8)

Note: Impact of Net Cash Appropriation Arrangements

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(26)	(35)	(43)	(50)	(8)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(26)	(35)	(43)	(50)	(8)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	51	51	51	51	51
Trade and other receivables	2,510	2,141	2,141	2,141	2,141
Total financial assets	2,561	2,192	2,192	2,192	2,192
Non-financial assets					
Land and buildings	29	6	8	2	25
Infrastructure, plant and equipment	8	17	10	3	4
Intangibles	-	11	5	-	-
Other	10	10	10	10	10
Total non-financial assets	47	44	33	15	39
Total assets	2,608	2,236	2,225	2,207	2,231
LIABILITIES					
Provisions					
Employees	369	-	-	-	-
Other	10	10	10	10	10
Total provisions	379	10	10	10	10
Payables					
Suppliers	21	21	21	21	21
Other	37	37	37	37	37
Total payables	58	58	58	58	58
Total liabilities	437	68	68	68	68
Net assets	2,171	2,168	2,157	2,139	2,163
EQUITY					
Contributed equity	(3,279)	(3,247)	(3,215)	(3,183)	(3,151)
Reserves	232	232	232	232	232
Retained surpluses or accumulated deficits	5,218	5,183	5,140	5,090	5,082
Total equity	2,171	2,168	2,157	2,139	2,163
Current assets	2,571	2,202	2,202	2,202	2,202
Non-current assets	37	34	23	5	29
Current liabilities	58	58	58	58	58
Non-current liabilities	379	10	10	10	10

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	-	-	-	-
Appropriations	6,168	1,920	1,756	1,759	1,750
Total cash received	6,168	1,920	1,756	1,759	1,750
Cash used					
Employees	1,482	200	200	200	200
Suppliers	1,261	1,720	1,556	1,559	1,550
Total cash used	2,743	1,920	1,756	1,759	1,750
Net cash from or (used by) operating activities	3,425	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	32	32	32	32	32
Total cash used	32	32	32	32	32
Net cash from or (used by) investing activities	(32)	(32)	(32)	(32)	(32)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	(3,393)	32	32	32	32
Total cash received	(3,393)	32	32	32	32
Net cash from or (used by) financing activities	(3,393)	32	32	32	32
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	51	51	51	51	51
Cash at the end of the reporting period	51	51	51	51	51

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	5,218	232	-	(3,279)	2,171
Adjusted opening balance	5,218	232	-	(3,279)	2,171
Comprehensive income					
Surplus (deficit) for the period	(35)	-	-	-	(35)
Total comprehensive income recognised directly in equity	(35)	-	-	-	(35)
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 2015	5,183	232	-	(3,247)	2,168

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	32	32	32	32	32
Total new capital appropriations	32	32	32	32	32
Provided for:					
Purchase of non-financial assets	32	32	32	32	32
Total Items	32	32	32	32	32
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	32	32	32	32	32
TOTAL	32	32	32	32	32
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	32	32	32	32	32
Total cash used to acquire assets	32	32	32	32	32

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 2014				
Gross book value	66	13	7	86
Accumulated depreciation/amortisation and impairment	(37)	(5)	(7)	(49)
Opening net book balance	29	8	-	37
Capital asset additions				
By purchase - appropriation ordinary annual services	-	15	17	32
Total asset additions	-	15	17	32
Other movements				
Depreciation/amortisation expense	(23)	(6)	(6)	(35)
Total other movements	(23)	(6)	(6)	(35)
As at 30 June 2015				
Gross book value	66	28	24	118
Accumulated depreciation/amortisation and impairment	(60)	(11)	(13)	(84)
Closing net book balance	6	17	11	34

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	8	8	8	8	-
Total non-taxation revenue	8	8	8	8	-
Total own-source revenues administered on behalf of Government	8	8	8	8	-
Total own-sourced income administered on behalf of Government	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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	8	8	8	8	-
Total cash received	8	8	8	8	-
Net cash from or (used by) operating activities	8	8	8	8	-
Net increase or (decrease) in cash held	8	8	8	8	-
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Transfers to other entities (Finance - whole-of-government)	8	8	8	8	-
	8	8	8	8	-
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

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OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: 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 2014-15 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 programme, 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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	538 ⁴	-	538	-
Departmental appropriation ³	-	2,226 ¹	2,226	2,243
Receipts from other sources (s31)	-	35 ²	35	33
Total ordinary annual services	A 538	2,261	2,799	2,276
Other services				
Departmental non-operating				
Equity injections	588 ⁴	-	588	-
Total other services	B 588	-	588	-
Total net resourcing for AUASB (A+B)	1,126	2,261	3,387	2,276

1. Appropriation Bill (No. 1) 2014-15.

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

3. Includes \$0.04 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

4. Estimated adjusted balance carried forward from previous year.

1.3 Budget measures

Budget measures relating to the AUASB are summarised below.

Table 1.2: Office of the Auditing and Assurance Standards Board 2014-15 Budget measures

	2013-14	2014-15	2015-16	2016-17	2017-18
Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures					
Efficiency Dividend -					
temporary increase in rate ¹	1.1	-	(22)	(51)	(79)
Efficiency Dividend - a further					
temporary increase of					
0.25 per cent	1.1	-	(6)	(11)	(17)
Public Service efficiencies ²	1.1	(1)	(3)	(7)	(10)
Reforms to APS management and					
efficient procurement of agency					
software ¹	1.1	-	(3)	(6)	(9)
Total expense measures		(1)	(34)	(75)	(115)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The AUASB's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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, the auditor's responsibility relating to other information accompanying the financial report, auditing financial report disclosures, and the 'innovation needs and future opportunities' project.

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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Auditing and Assurance Standards Board		
Departmental expenses		
Departmental appropriation	2,240	2,224
Expenses not requiring appropriation in the budget year	114	113
Total expenses for Outcome 1	2,354	2,337
	2013-14	2014-15
Average staffing level (number)	7	7

Contributions to Outcome 1

Programme 1.1: Auditing and Assurance Standards Board

Programme 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 informal and formal feedback to the IAASB;
- monitoring the revision of IAASB International Standards on Auditing and considering the implications for the following equivalent AUASB standards:
 - auditor reporting;
 - the auditor’s responsibility relating to other information accompanying the financial report;
 - auditing financial report disclosures; and
 - the ‘innovation needs and future opportunities’ project;

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- developing articles that will highlight key principles in auditing standards; and
- presenting at various public forums, conferences and information sessions.

Formulate and maintain other auditing and assurance standards, ensuring quality and complete coverage of relevant auditing and assurance topics including:

- standards on review engagements;
- assurance engagements other than on historical financial statements;
- assurance on controls;
- assurance on compliance engagements; and
- assurance on 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:

- 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 auditing Australian Financial Services Licence audit reports;
- auditing self-managed superannuation funds;
- using the work of actuaries; and
- assurance on combined reporting frameworks, including audits of 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; 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.

Programme expenses

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

Table 2.2 Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	2,354	2,337	2,323	2,266	2,269
Total departmental expenses	2,354	2,337	2,323	2,266	2,269

Programme 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 as required; and
- contribute to the development of international auditing and assurance standards.

Programme key performance indicators

The AUASB has the following key performance indicators:

- issued auditing standards are high quality, developed and/or revised as required on a timely basis, are consistent with those developed by the IAASB and are based on the corresponding versions of International Standards on Auditing;

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- issued assurance standards and standards on review engagements are high quality and developed and/or revised as required on a timely basis;
- relevant guidance is issued to auditors, assurance practitioners and other users, as required on an appropriate and timely basis;
- emerging auditing and assurance issues are identified and addressed on a timely basis;
- responses are made to all significant IAASB exposure drafts; and
- appropriate input is provided to the IAASB.

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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 2014-15 and the forward years 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	1,584	1,536	1,508	1,474	1,489
Supplier expenses	677	709	716	725	734
Depreciation and amortisation	90	89	96	64	43
Finance costs	3	3	3	3	3
Total expenses	2,354	2,337	2,323	2,266	2,269
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	33	35	36	37	39
Total revenue	33	35	36	37	39
Gains					
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	57	59	60	61	63
Net cost of (contribution by) services	2,297	2,278	2,263	2,205	2,206
Appropriation revenue	2,207	2,189	2,167	2,141	2,163
Surplus (deficit) attributable to the Australian Government	(90)	(89)	(96)	(64)	(43)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(90)	(89)	(96)	(64)	(43)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(90)	(89)	(96)	(64)	(43)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	200	200	200	200	200
Trade and other receivables	945	926	899	903	947
Total financial assets	1,145	1,126	1,099	1,103	1,147
Non-financial assets					
Infrastructure, plant and equipment	172	112	54	43	41
Intangibles	19	27	25	12	8
Other	4	4	4	4	4
Total non-financial assets	195	143	83	59	53
Total assets	1,340	1,269	1,182	1,162	1,200
LIABILITIES					
Provisions					
Employees	160	199	239	280	323
Other	140	142	143	140	140
Total provisions	300	341	382	420	463
Payables					
Suppliers	36	36	36	36	36
Other	161	101	32	1	1
Total payables	197	137	68	37	37
Total liabilities	497	478	450	457	500
Net assets	843	791	732	705	700
EQUITY					
Contributed equity	163	200	237	274	312
Asset Revaluation Reserve	39	39	39	39	39
Retained surpluses or accumulated deficits	641	552	456	392	349
Total equity	843	791	732	705	700
Current assets	1,147	1,129	1,101	1,107	1,151
Non-current assets	191	139	80	54	49
Current liabilities	341	380	418	454	495
Non-current liabilities	154	97	31	2	5

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	2,207	2,189	2,167	2,141	2,163
Other	355	55	62	37	39
Total cash received	2,562	2,244	2,229	2,178	2,202
Cash used					
Employees	1,572	1,498	1,468	1,433	1,446
Suppliers	980	746	761	733	711
Other	-	-	-	12	45
Total cash used	2,552	2,244	2,229	2,178	2,202
Net cash from (used by) operating activities	10	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	38	37	37	37	38
Total cash used	38	37	37	37	38
Net cash from (used by) investing activities	(38)	(37)	(37)	(37)	(38)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	38	37	37	37	38
Total cash received	38	37	37	37	38
Net cash from (used by) financing activities	38	37	37	37	38
Net increase (decrease) in cash held	10	-	-	-	-
Cash at the beginning of the reporting period	190	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 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	731	39	-	127	897
Adjusted opening balance	731	39	-	127	897
Comprehensive income					
Surplus (deficit) for the period	(90)	-	-	-	(90)
Total comprehensive income recognised directly in equity	(90)	-	-	-	(90)
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 2015	641	39	-	163	843

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	36	37	37	37	38
Total new capital appropriations	36	37	37	37	38
Provided for:					
Purchase of non-financial assets	36	37	37	37	38
Total Items	36	37	37	37	38
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	38	37	37	37	38
TOTAL	38	37	37	37	38
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	38	37	37	37	38
Total cash used to acquire assets	38	37	37	37	38

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2014					
Gross book value	-	615	72	-	687
Accumulated depreciation/amortisation and impairment	-	443	53	-	496
Opening net book balance	-	172	19	-	191
Capital asset additions					
By purchase - appropriation ordinary annual services	-	19	18	-	37
Total additions	-	19	18	-	37
Other movements					
Depreciation/amortisation expense	-	79	10	-	89
Total other movements	-	79	10	-	89
As at 30 June 2015					
Gross book value	-	634	90	-	724
Accumulated depreciation/amortisation and impairment	-	522	63	-	585
Closing net book balance	-	112	27	-	139

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 2014-15 include:

- issue Australian consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers to encourage Australian constituents to be involved in the process and provide the AASB with information for making its own comments to the IASB;
- ensure that changes to International Financial Reporting Standards (IFRS) are processed expeditiously and are communicated to Australian constituents;
- work closely with the New Zealand Accounting 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 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;
- facilitate Australian constituents' participation in the IASB's post-implementation review of the IFRS on business combinations; 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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 + \$'000	Proposed at Budget 2014-15 = \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	875 ⁴	-	875	-
Departmental appropriation ³	-	3,781 ¹	3,781	3,813
Receipts from other sources (s31)	-	850 ²	850	918
Total ordinary annual services	A 875	4,631	5,506	4,731
Departmental non-operating				
Equity injections	3,304 ⁴	-	3,304	-
Total other services	B 3,304	-	3,304	-
Total net resourcing for AASB (A+B)	4,179	4,631	8,810	4,731

1. Appropriation Bill (No. 1) 2014-15.

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

3. Includes \$0.08 million in 2014-15 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 2014-15 Budget measures

	2013-14	2014-15	2015-16	2016-17	2017-18
Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures					
Efficiency Dividend -					
temporary increase in rate ¹	1.1	(39)	(87)	(135)	(135)
Efficiency Dividend - a further					
temporary increase of					
0.25 per cent	1.1	(9)	(19)	(28)	(28)
Public Service efficiencies ²	1.1	(5)	(12)	(16)	(16)
Reforms to APS management and					
efficient procurement of agency					
software ¹	1.1	(5)	(11)	(16)	(16)
Total expense measures		(58)	(129)	(195)	(195)
Related capital					
Efficiency Dividend - a further					
temporary increase of					
0.25 per cent	1.1	-	-	(1)	(1)
Total related capital		-	-	(1)	(1)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The AASB's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation	4,649	4,551
Expenses not requiring appropriation in the budget year	212	219
Total expenses for Outcome 1	4,861	4,770
	2013-14	2014-15
Average staffing level (number)	23	22

Contributions to Outcome 1

Programme 1.1: Australian Accounting Standards Board

Programme 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 programmes.

Programme expenses

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

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,861	4,770	4,714	4,575	4,595
Total departmental expenses	4,861	4,770	4,714	4,575	4,595

Programme 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.

Programme 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;

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- 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 a reasonable time;
- responses are made to all significant IASB and IPSASB exposure drafts;
- host and/or participate in meetings of the IASB's Accounting Standards Advisory Forum, the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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 2014-15 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	3,784	3,596	3,519	3,452	3,490
Supplier	895	985	990	998	1,004
Depreciation and amortisation	178	185	200	120	96
Finance costs	4	4	5	5	5
Total expenses	4,861	4,770	4,714	4,575	4,595
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	418	350	318	298	306
Other revenue	500	500	500	500	500
Total revenue	918	850	818	798	806
Gains					
Other gains	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	952	884	852	832	840
Net cost of (contribution by) services	3,909	3,886	3,862	3,743	3,755
Appropriation revenue	3,731	3,701	3,662	3,623	3,659
Surplus (deficit) attributable to the Australian Government	(178)	(185)	(200)	(120)	(96)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(178)	(185)	(200)	(120)	(96)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(178)	(185)	(200)	(120)	(96)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	402	402	402	402	402
Trade and other receivables	3,841	3,404	3,329	3,368	3,434
Total financial assets	4,243	3,806	3,731	3,770	3,836
Non-financial assets					
Infrastructure, plant and equipment	417	283	175	143	132
Inventories	2	2	2	2	2
Intangibles	23	52	39	31	27
Other	21	21	21	21	21
Total non-financial assets	463	358	237	197	182
Total assets	4,706	4,164	3,968	3,967	4,018
LIABILITIES					
Provisions					
Employees	793	450	509	572	638
Other	201	219	212	202	201
Total provisions	994	669	721	774	839
Payables					
Suppliers	73	73	73	73	73
Other	264	152	24	10	11
Total payables	337	225	97	83	84
Total liabilities	1,331	894	818	857	923
Net assets	3,375	3,270	3,150	3,110	3,095
EQUITY					
Contributed equity	363	443	523	603	684
Asset Revaluation Reserve	62	62	62	62	62
Retained surpluses or accumulated deficits	2,950	2,765	2,565	2,445	2,349
Total equity	3,375	3,270	3,150	3,110	3,095
Current assets	4,256	3,816	3,744	3,783	3,849
Non-current assets	440	335	215	176	160
Current liabilities	1,036	648	639	622	617
Non-current liabilities	285	234	170	226	297

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	418	350	318	298	306
Appropriations	3,731	3,701	3,662	3,623	3,659
Other	986	952	563	500	500
Total cash received	5,135	5,003	4,543	4,421	4,465
Cash used					
Employees	3,514	3,939	3,458	3,390	3,424
Suppliers	1,608	1,064	1,085	975	971
Other	-	-	-	56	70
Total cash used	5,122	5,003	4,543	4,421	4,465
Net cash from (used by) operating activities	13	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	134	80	80	80	81
Total cash used	134	80	80	80	81
Net cash from (used by) investing activities	(134)	(80)	(80)	(80)	(81)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	134	80	80	80	81
Total cash received	134	80	80	80	81
Net cash from (used by) financing activities	134	80	80	80	81
Net increase (decrease) in cash held	13	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	389	402	402	402	402
Cash and cash equivalents at the end of the reporting period	402	402	402	402	402

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	3,128	62	-	281	3,471
Adjusted opening balance	3,128	62	-	281	3,471
Comprehensive income					
Surplus (deficit) for the period	(178)	-	-	-	(178)
Total comprehensive income recognised directly in equity	(178)	-	-	-	(178)
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 2015	2,950	62	-	363	3,375

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	82	80	80	80	81
Total new capital appropriations	82	80	80	80	81
Provided for:					
Purchase of non-financial assets	82	80	80	80	81
Total Items	82	80	80	80	81
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	134	80	80	80	81
TOTAL	134	80	80	80	81
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	134	80	80	80	81
Total cash used to acquire assets	134	80	80	80	81

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 2014					
Gross book value	-	1,275	135	-	1,410
Accumulated depreciation/amortisation and impairment	-	857	113	-	970
Opening net book balance	-	418	22	-	440
Capital asset additions					
By purchase - appropriation ordinary annual services	-	36	44	-	80
Total asset additions	-	36	44	-	80
Other movements					
Depreciation/amortisation expense	-	171	14	-	185
Total other movements	-	171	14	-	185
As at 30 June 2015					
Gross book value	-	1,311	179	-	1,490
Accumulated depreciation/amortisation and impairment	-	1,028	127	-	1,155
Closing net book balance	-	283	52	-	335

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 programmes. 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 2014-15 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 programme. Commissioned projects currently underway and carrying over into 2014-15 include: inquiries into *Access to Justice Arrangements*, *Natural Disaster Funding* and *Childcare and Early Childhood Learning*; and case studies into *Costs of Doing Business: Dairy Product Manufacturing*, and *Costs of Doing Business: Retail Trade Industry*.

The Commission is providing cross-jurisdictional reporting to the Council of Australian Governments (COAG) on performance of government services; indicators

of Indigenous disadvantage; and expenditure on services to Indigenous Australians. The Commission is also 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 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 programme 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 a research paper on *An Ageing Australia: Preparing for the Future*, and staff working papers on *Productivity in Manufacturing: Measurement and Interpretation* and *Environmental Policy Analysis: A Guide to Non-Market Valuation*. 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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services						
Departmental						
Prior year departmental appropriation	23,001	⁴	-		23,001	-
Departmental appropriation ³	-		34,118	¹	34,118	36,595
Receipts from other sources (s31)	-		825	²	825	740
Total net resourcing for the Productivity Commission	23,001		34,943		57,944	37,335

1. Appropriation Bill (No. 1) 2014-15.

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

3. Includes \$0.9 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

4. Estimated adjusted balance carried forward from previous year.

1.3 BUDGET MEASURES

Budget measures relating to the Commission are summarised below.

Table 1.2: Productivity Commission 2014-15 Budget measures

	Program	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Efficiency Dividend - temporary increase in the rate ¹	1.1	-	(392)	(774)	(1,205)	(1,205)
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(84)	(166)	(248)	(247)
Public Service efficiencies ²	1.1	(11)	(52)	(114)	(141)	(141)
Reforms to APS management and efficient procurement of agency software ¹	1.1	(32)	(73)	(136)	(140)	(140)
Repeal of the Carbon Tax - abolishing land initiatives and unnecessary bureaucracies ³	1.1	(3,595)	(4,621)	-	-	-
Total expense measures		(3,638)	(5,222)	(1,190)	(1,734)	(1,733)
Related capital						
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(2)	(4)	(7)	(7)
Total related capital		-	(2)	(4)	(7)	(7)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

3. This measure was included in the *Mid-Year Economic and Fiscal Outlook 2013-14* and has not previously appeared in a portfolio statement.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The Commission's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Program 1: Productivity Commission		
Departmental expenses		
Departmental appropriation	37,056	34,088
Expenses not requiring appropriation in the budget year	1,110	1,090
Total expenses for Outcome 1	38,166	35,178
	2013-14	2014-15
Average staffing level (number)	185	170

Contributions to Outcome 1

Programme 1.1: Productivity Commission

Programme 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.

Programme expenses

The decline in funding across the forward estimates is largely a consequence of measures outlined in Table 1.2.

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	38,166	35,178	34,156	33,373	33,129
Total departmental expenses	38,166	35,178	34,156	33,373	33,129

Programme deliverables

The Commission will deliver:

- public inquiry reports (for example, the inquiry report on *Childcare and Early Childhood Learning*), and reports concerning other commissioned work (such as the case study into *Costs of Doing Business: Dairy Product Manufacturing*);
- 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 programme 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.

Programme 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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	Bill	Special	Total			
	No. 1 \$'000	No. 2 \$'000	approp \$'000	approp \$'000			
Productivity Commission Outcome 1							
Departmental 2014-15	964	-	-	964	-	964	1.1
<i>Departmental 2013-14</i>	<i>1,193</i>	-	-	<i>1,193</i>	-	<i>1,193</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 2014-15 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	29,927	27,148	25,902	25,538	25,534
Supplier	7,152	6,963	7,186	6,766	6,546
Depreciation and amortisation	1,070	1,050	1,050	1,050	1,030
Finance costs	17	17	18	19	19
Total expenses	38,166	35,178	34,156	33,373	33,129
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	740	825	648	130	10
Total revenue	740	825	648	130	10
Gains					
Other	40	40	40	40	40
Total gains	40	40	40	40	40
Total own-source income	780	865	688	170	50
Net cost of (contribution by) services	37,386	34,313	33,468	33,203	33,079
Appropriation revenue	36,316	33,263	32,418	32,153	32,049
Surplus (deficit) attributable to the Australian Government	(1,070)	(1,050)	(1,050)	(1,050)	(1,030)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(1,070)	(1,050)	(1,050)	(1,050)	(1,030)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(1,070)	(1,050)	(1,050)	(1,050)	(1,030)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	468	468	468	468	468
Trade and other receivables	23,175	23,478	23,551	21,073	21,363
Total financial assets	23,643	23,946	24,019	21,541	21,831
Non-financial assets					
Land and buildings	4,142	3,324	2,506	4,533	3,733
Infrastructure, plant and equipment	592	666	859	710	775
Intangibles	154	128	103	78	53
Other	498	498	498	498	498
Total non-financial assets	5,386	4,616	3,966	5,819	5,059
Total assets	29,029	28,562	27,985	27,360	26,890
LIABILITIES					
Provisions					
Employees	13,374	13,374	13,374	13,374	13,374
Other	497	514	532	551	570
Total provisions	13,871	13,888	13,906	13,925	13,944
Payables					
Suppliers	379	379	379	379	379
Other	2,612	2,323	1,929	1,490	1,177
Total payables	2,991	2,702	2,308	1,869	1,556
Total liabilities	16,862	16,590	16,214	15,794	15,500
Net assets	12,167	11,972	11,771	11,566	11,390
EQUITY					
Contributed equity	2,714	3,569	4,418	5,263	6,117
Reserves	2,771	2,771	2,771	2,771	2,771
Retained surpluses or accumulated deficits	6,682	5,632	4,582	3,532	2,502
Total equity	12,167	11,972	11,771	11,566	11,390
Current assets	24,141	24,444	24,517	22,039	22,329
Non-current assets	4,888	4,118	3,468	5,321	4,561
Current liabilities	13,018	13,123	13,188	13,022	13,072
Non-current liabilities	3,844	3,467	3,026	2,772	2,428

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	740	825	648	130	10
Appropriations	36,418	32,960	32,345	34,631	31,759
Total cash received	37,158	33,785	32,993	34,761	31,769
Cash used					
Employees	29,927	27,148	25,902	25,538	25,534
Suppliers	7,384	7,212	7,540	7,165	6,819
Total cash used	37,311	34,360	33,442	32,703	32,353
Net cash from or (used by) operating activities	(153)	(575)	(449)	2,058	(584)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	126	280	400	2,903	270
Total cash used	126	280	400	2,903	270
Net cash from or (used by) investing activities	(126)	(280)	(400)	(2,903)	(270)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	279	855	849	845	854
Total cash received	279	855	849	845	854
Net cash from (used by) financing activities	279	855	849	845	854
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	468	468	468	468	468
Cash at the end of the reporting period	468	468	468	468	468

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	6,682	2,771	-	2,714	12,167
Adjusted opening balance	6,682	2,771	-	2,714	12,167
Comprehensive income					
Surplus (deficit) for the period	(1,050)	-	-	-	(1,050)
Total comprehensive income recognised directly in equity	(1,050)	-	-	-	(1,050)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation - DCB	-	-	-	855	855
Total transactions with owners	-	-	-	855	855
Estimated closing balance as at 30 June 2015	5,632	2,771	-	3,569	11,972

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	279	855	849	845	854
Total new capital appropriations	279	855	849	845	854
Provided for:					
Purchase of non-financial assets	126	280	400	845	270
Other	153	575	449	-	584
Total Items	279	855	849	845	854
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	126	280	400	2,697	270
Funded internally from departmental resources	-	-	-	206	-
TOTAL	126	280	400	2,903	270
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	126	280	400	2,903	270
Total cash used to acquire assets	126	280	400	2,903	270

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 2014				
Gross book value	4,960	803	738	6,501
Accumulated depreciation/amortisation and impairment	818	211	584	1,613
Opening net book balance	4,142	592	154	4,888
Capital asset additions				
By purchase - appropriation ordinary annual services	-	260	20	280
Total asset additions	-	260	20	280
Other movements				
Depreciation/amortisation expense	818	186	46	1,050
Total other movements	818	186	46	1,050
As at 30 June 2015				
Gross book value	4,960	1,063	758	6,781
Accumulated depreciation/amortisation and impairment	1,636	397	630	2,663
Closing net book balance	3,324	666	128	4,118

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 2014-15, 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 programmes.

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 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Other services				
Special accounts				
Opening balance	42,893 ¹	-	42,893	-
Non-appropriation receipts to special accounts	-	144,146	144,146	181,953
Total special account	42,893	144,146	187,039	181,953
Total net resourcing for the Mint	42,893	144,146	187,039	181,953

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 2014-15.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The Mint's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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 programme 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	54,026	44,432
Departmental expenses		
Special accounts	96,413	79,658
Total expenses for Outcome 1	150,439	124,090
	2013-14	2014-15
Average staffing level (number)	241	228

Contributions to Outcome 1

Programme 1.1: Royal Australian Mint

Programme 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.

Programme 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 Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Administered items					
Special account					
Royal Australian Mint Special Account	54,026	44,432	43,903	43,624	42,876
Departmental items					
Special account					
Royal Australian Mint Special Account	96,413	79,658	78,815	80,958	82,627
Total program expenses	150,439	124,090	122,718	124,582	125,503

Programme 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 programme to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

Programme 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 programmes 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 2014-15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 2014-15 2013-14	Receipts 2014-15 2013-14	Payments 2014-15 2013-14	Adjustments 2014-15 2013-14	Closing balance 2014-15 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account ¹	1	-	-	-	-	-
		41,615	-	41,615	-	-
Royal Australian Mint Special Account	1	42,893	144,146	147,744	-	39,295
		-	229,148	186,255	-	42,893
Total special accounts						
2014-15 Budget estimate		42,893	144,146	147,744	-	39,295
Total special accounts						
2013-14 estimate actual		41,615	229,148	227,870	-	42,893

1. This special account was abolished during 2013-14.

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 2014-15 compared to 2013-14 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	23,257	20,588	21,103	21,629	21,629
Supplier	64,498	51,686	53,066	54,404	55,778
Depreciation and amortisation	4,004	4,363	4,625	4,903	5,199
Finance costs	17	15	15	16	15
Other	4,637	3,006	6	6	6
Total expenses	96,413	79,658	78,815	80,958	82,627
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	94,521	78,133	82,906	87,009	88,437
Interest	350	840	840	840	840
Other revenue	4,733	3,160	160	160	160
Total own-source income	99,604	82,133	83,906	88,009	89,437
Surplus (deficit) attributable to the Australian Government	3,191	2,475	5,091	7,051	6,810

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	8,893	5,295	5,440	5,578	5,414
Trade and other receivables	39,273	41,798	46,852	55,126	63,626
Tax assets	1,081	1,081	1,081	1,081	1,081
Total financial assets	49,247	48,174	53,373	61,785	70,121
Non-financial assets					
Infrastructure, plant and equipment	45,330	44,817	42,800	40,219	37,609
Heritage and cultural	19,454	19,454	19,454	19,454	19,454
Inventories	48,312	44,272	45,379	46,514	47,677
Intangibles	1,055	1,635	1,602	1,855	1,791
Other	317	497	497	497	497
Total non-financial assets	114,468	110,675	109,732	108,539	107,028
Total assets	163,715	158,849	163,105	170,324	177,149
LIABILITIES					
Provisions					
Employees	7,381	5,991	6,141	6,294	6,294
Total provisions	7,381	5,991	6,141	6,294	6,294
Payables					
Suppliers	6,818	3,852	3,852	3,852	3,867
Tax liabilities	1,217	1,217	1,217	1,217	1,217
Other	12,070	9,085	8,100	8,115	8,115
Total payables	20,105	14,154	13,169	13,184	13,199
Interest bearing liabilities					
Leases	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Total liabilities	27,486	20,145	19,310	19,478	19,493
Net assets	136,229	138,704	143,795	150,846	157,656
EQUITY					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,804	21,804	21,804	21,804	21,804
Retained surpluses or accumulated deficits	36,522	38,997	44,088	51,139	57,949
Total equity	136,229	138,704	143,795	150,846	157,656
Current assets	96,795	91,862	98,168	107,715	117,214
Non-current assets	66,920	66,987	64,937	62,609	59,935
Current liabilities	23,488	16,651	15,745	15,841	15,856
Non-current liabilities	3,998	3,494	3,565	3,637	3,637

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	183,369	144,146	146,529	147,978	145,999
Total cash received	183,369	144,146	146,529	147,978	145,999
Cash used					
Employees	21,712	21,977	22,526	23,089	23,089
Borrowing costs	-	-	-	-	-
Suppliers	153,560	121,337	121,283	122,176	120,549
Total cash used	175,272	143,314	143,809	145,265	143,638
Net cash from or (used by) operating activities	8,097	832	2,720	2,713	2,361
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	4,458	4,430	2,575	2,575	2,525
Total cash used	4,458	4,430	2,575	2,575	2,525
Net cash from or (used by) investing activities	(4,458)	(4,430)	(2,575)	(2,575)	(2,525)
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	3,639	(3,598)	145	138	(164)
Cash at the beginning of the reporting period	5,254	8,893	5,295	5,440	5,578
Cash at the end of the reporting period	8,893	5,295	5,440	5,578	5,414

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	36,522	21,804	-	77,903	136,229
Adjusted opening balance	36,522	21,804	-	77,903	136,229
Comprehensive income					
Surplus (deficit) for the period	2,475	-	-	-	2,475
Total comprehensive income recognised directly in equity	2,475	-	-	-	2,475
Estimated closing balance as at 30 June 2015	38,997	21,804	-	77,903	138,704

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	4,458	4,430	2,575	2,575	2,525
TOTAL	4,458	4,430	2,575	2,575	2,525
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,458	4,430	2,575	2,575	2,525
Total cash used to acquire assets	4,458	4,430	2,575	2,575	2,525

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 2014				
Gross book value	49,413	19,454	5,358	74,225
Accumulated depreciation/amortisation and impairment	4,083	-	4,303	8,386
Opening net book balance	45,330	19,454	1,055	65,839
Capital asset additions				
By purchase - other	3,630	-	800	4,430
Total additions	3,630	-	800	4,430
Other movements				
Depreciation/amortisation expense	4,143	-	220	4,363
Total other movements	4,143	-	220	4,363
As at 30 June 2015				
Gross book value	53,043	19,454	6,158	78,655
Accumulated depreciation/amortisation and impairment	8,226	-	4,523	12,749
Closing net book balance	44,817	19,454	1,635	65,906

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	52,478	42,955	42,389	42,072	41,285
Other	1,548	1,477	1,514	1,552	1,591
Total expenses administered on behalf of government	54,026	44,432	43,903	43,624	42,876
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Goods and services	130,550	109,825	107,079	103,867	99,712
Total non-taxation revenue	130,550	109,825	107,079	103,867	99,712
Total own-source revenues administered on behalf of Government on behalf of government	130,550	109,825	107,079	103,867	99,712
Total own-sourced income administered on behalf of Government	130,550	109,825	107,079	103,867	99,712
Net Cost of (contribution by) services	(76,524)	(65,393)	(63,176)	(60,243)	(56,836)
Surplus (Deficit)	76,524	65,393	63,176	60,243	56,836

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	10,663	4,894	4,894	4,894	4,894
Total financial assets	10,663	4,894	4,894	4,894	4,894
Non-financial assets					
Inventories	14,869	20,638	20,638	20,638	20,638
Total non-financial assets	14,869	20,638	20,638	20,638	20,638
Total assets administered on behalf of government	25,532	25,532	25,532	25,532	25,532
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	-	-	-	-	-
Total payables	-	-	-	-	-
Total liabilities administered on behalf of government	-	-	-	-	-
Net assets/(liabilities)	25,532	25,532	25,532	25,532	25,532

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services (seigniorage)	89,704	65,393	63,176	60,243	56,836
Total cash received	89,704	65,393	63,176	60,243	56,836
Net cash from or (used by) operating activities	89,704	65,393	63,176	60,243	56,836
Net increase or (decrease) in cash held	89,704	65,393	63,176	60,243	56,836
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for - special accounts	89,704	65,393	63,176	60,243	56,836
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.

